龍源電力集團股份有限公司

China Longyuan Power Group Corporation Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 00916

Global Offering

Sole Global Coordinator and Sole Sponsor

Morgan Stanley

Joint Bookrunners, Joint Lead Managers and Joint Financial Advisors

Morgan Stanley

UBS Investment Bank

**For identification purpose only*

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

龍源電力集團股份有限公司
CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	*2,142,860,000 H Shares (subject to the Over-allotment Option)*
Number of Hong Kong Offer Shares	:	*107,144,000 H Shares (subject to adjustment)*
Number of International Offer Shares	:	*2,035,716,000 H Shares (subject to adjustment and the Over-allotment Option)*
Maximum Offer Price	:	*HK$8.16 per H Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing), plus brokerage of 1%, a SFC transaction levy of 0.004% and a Stock Exchange trading fee of 0.005%*
Nominal value	:	*RMB1.00 per H Share*
Stock code	:	*00916*

Sole Global Coordinator and Sole Sponsor

Morgan Stanley

Joint Bookrunners, Joint Lead Managers and Joint Financial Advisors

Morgan Stanley

UBS Investment Bank

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Company and the Joint Bookrunners (on behalf of the Underwriters) on the Price Determination Date or such later date as may be agreed by the Company and the Joint Bookrunners but in any event no later than December 8, 2009 (Hong Kong time). The Offer Price will be not more than HK$8.16 per Offer Share and is expected to be not less than HK$6.26 per Offer Share. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$8.16 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK$8.16. The Joint Bookrunners (on behalf of the Underwriters, and with the Company's consent) may reduce the number of Hong Kong Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available at the website of the Stock Exchange at www.hkex.com.hk and our website at www.clypg.com.cn. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn. Details of the arrangement will then be announced by the Company as soon as practicable. If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters) on or before December 8, 2009 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the section headed "Risk Factors" and in "Appendix VIII — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix IX — Summary of the Articles of Association" in this prospectus.

Pursuant to the force majeure provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Bookrunners, on behalf of the Underwriters, have the right in certain circumstances to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the date when dealings in the Shares first commence on the Stock Exchange (such first dealing date is currently expected to be December 10, 2009). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for termination" in this prospectus.

The Offer Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the Securities Act provided by, and in accordance with the restrictions of, Rule 144A or outside the United States in accordance with Rule 903 or Rule 904 of Regulation S.

* *For identification purpose only*

November 27, 2009

The Company will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

	Date [1]
Application lists of the Hong Kong Public Offering open[2]	11:45 a.m. on Wednesday, December 2, 2009
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Wednesday, December 2, 2009
Latest time to give **electronic application instructions** to HKSCC[2 and 3]	12:00 noon on Wednesday, December 2, 2009
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[4]	11:30 a.m. on Wednesday, December 2, 2009
Latest time to complete payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, December 2, 2009
Application lists of the Hong Kong Public Offering close	12:00 noon on Wednesday, December 2, 2009
Expected Price Determination Date [5]	Thursday, December 3, 2009

Announcement of:

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer Shares

will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Wednesday, December 9, 2009
Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available (please see *"How to Apply for the Hong Kong Offer Shares — Results of Allocations"*) from	Wednesday, December 9, 2009
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Wednesday, December 9, 2009
H Share certificates in respect of wholly or partially successful applications will be despatched or deposited into CCASS on or before[6 and 7]	Wednesday, December 9, 2009
Refund cheques (if applicable) will be despatched on or before[8]	Wednesday, December 9, 2009
White Form e-Refund Payment Instructions will be despatched on or before[8]	Wednesday, December 9, 2009
Dealings in H Shares on the Stock Exchange to commence on	Thursday, December 10, 2009

Notes:

(1) All dates and times refer to Hong Kong local time and dates unless otherwise stated.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 2, 2009, the application lists will not open on that day. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares — When May Applications Be Made — Effects of Bad Weather Conditions on the Opening of the Application Lists" in this prospectus.

(3) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC" in this prospectus.

(4) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, at which time the application lists will close.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Thursday, December 3, 2009, and in any event no later than Tuesday, December 8, 2009. If, for any reason, the Offer Price is not agreed on or before Tuesday, December 8, 2009, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) The Company will not issue any temporary documents of title in respect of the Offer Shares. H Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, December 10, 2009 (Hong Kong time), provided that (i) the Global Offering has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with their respective terms. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

(7) Applicants who apply on **WHITE** Application Forms or through White Form eIPO service for 1,000,000 H Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect any refund cheques (where applicable) and H Share certificates in person may do so from the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Wednesday, December 9, 2009. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 H Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) but may not elect to collect their H Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for H Shares is the same as that for **WHITE** Application Form applicants.

Applicants being individuals who opt for personal collection must not authorize any person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by their authorized representatives with letters of authorization of their corporations stamped with the corporation's chops (bearing the name of the corporations). Both individuals and authorized representatives of corporations (as applicable) must produce, at the time of collection, evidence of identity and authority (as applicable) acceptable to the Company's H Share Registrar.

Uncollected H Share certificates and refund cheques will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "Further Terms and Conditions of the Hong Kong Public Offering — Despatch/Collection of H Share Certificates and Refunds of Application Monies" in this prospectus.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, please refer to the section headed "Structure of the Global Offering."

(8) e-Refund payment instructions or refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheques, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before cashing of your refund cheques. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheques.

CONTENTS

This prospectus is issued by China Longyuan Power Group Corporation Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, any of the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained in our website, located at www.clypg.com.cn, does not form part of this prospectus.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Offer Shares.

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 cost 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 intangible assets. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our total depreciation and amortization accounted for 16.9%, 19.8%, 20.3% and 31.2% of our total operating expenses (excluding service concession construction cost), respectively. As a percentage of our total depreciation and amortization (before inter-segment elimination), the proportion attributable to our wind power business was 18.2%, 34.9%, 52.0% and 61.9%, to our coal power business was 78.4%, 62.1%, 45.3%, and 35.9%, and to our other business was 3.4%, 3.0%, 2.7% and 2.2% during the same periods, respectively.

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

Wind power business

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

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

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

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 deducted from our 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 2,871.0 GWh, respectively. Revenue contribution from our wind power business accounted for 6.9%, 14.9%, 25.8% and 37.3% of our total revenue (excluding service concession construction revenue) during the same periods, respectively. However, as a result of our shift of focus to wind power and the fact that our wind power business enjoys a higher profit margin than our coal power business, our wind power business's operating profit accounted for 13.3%, 39.6%, 75.7% and 69.4%, respectively, of our total operating profit, and its adjusted operating margin (as defined below) amounted to 32.9%, 45.8%, 53.9%, and 56.5% during those periods.

Concession projects

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

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

Sales of CERs and VERs

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

Coal power business

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

Sales of electricity

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

Our coal power business is directly affected by the planned output and on-grid tariff determined by the relevant PRC government authorities.

- 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 the consolidated net power generation 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	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 periods, respectively. The operating profit of our coal power business accounted for 89.7%, 64.8%, 23.2% and 31.0%, respectively, of our total operating profit, and the adjusted operating margin of our coal power business amounted to 21.7%, 17.4%, 6.6% and 23.3% during those periods.

Coal consumption

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

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

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

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

In response to the increases in coal prices from 2006 to 2008, our strategy to control our cost of coal consumption was to secure long-term coal supplies with major coal suppliers in the PRC and to increase coal consumption efficiency through technology improvements and equipment upgrades. We have directly entered into long-term framework coal supply agreements with Shenhua Zhunge'er Energy Company (神華集團准格爾能源有限責任公司) and former China National Coal Import and Export Corporation (中國煤炭進出口公司) (currently known as China National Coal Group Corporation) since 2004 to cover any shortfall in the coal supply procured by our procurement agents. These framework agreements generally have a minimum term of not less than five years, and contain provisions specifying the grade, quality and amount of coal to be purchased annually. We usually negotiate pricing and other contract terms with our 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 pricing terms 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. Prospective investors 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 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 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 non-recurring impairment losses 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. Prospective investors should be aware that adjusted operating profit and adjusted operating margin presented in this prospectus 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 operate in the PRC's rapidly growing wind energy sector, which benefits from regulatory support and increasing demand for electricity.
- Our comprehensive capabilities in the wind power business allow us to enhance our operational efficiency and profitability.
- We benefit from our long-standing relationships with wind turbine suppliers.
- We have an experienced, professional and motivated management team supported by highly skilled employees to manage our operations effectively and enhance shareholder value.

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

SUMMARY HISTORICAL FINANCIAL INFORMATION

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

Our consolidated financial information was prepared in accordance with IFRSs.

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

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

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

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

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

Forecast consolidated net profit attributable to equity holders of our Company(1) . . . . .not less than RMB886.0 million (approximately HK$1,005.8 million)

Unaudited pro forma forecast earnings per Share(2) . . . . .not less than RMB0.12 (approximately HK$0.14)

Notes:

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

(2) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2009 is based on the above forecast consolidated net profit attributable to our equity holders for the year ending December 31, 2009 assuming that a total of 7,142,860,000 Shares were in issue during the entire year, without taking into account any H Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$6.26	Based on an Offer Price of HK$8.16
Market capitalization of our Shares[(1)]	HK$44,714.3 million	HK$58,285.7 million
Estimated fully diluted price/earnings multiple on a pro forma basis[(2)]	44.5 times	58.0 times
Unaudited pro forma adjusted consolidated net tangible asset value per Share[(3)]	HK$1.80	HK$2.35

Notes:

(1) The calculation of market capitalization is based on 2,142,860,000 H Shares expected to be issued under the Global Offering and assuming that 7,142,860,000 Shares are issued and outstanding following the Global Offering.

(2) The calculation of the estimated price/earnings multiple on a pro forma and fully diluted basis is based on the forecast earnings per Share for the year ending December 31, 2009 on a pro forma and fully diluted basis at the respective Offer Prices of HK$6.26 and HK$8.16 per H Share.

(3) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in Appendix II and on the basis that 7,142,860,000 Shares are in issue following the Global Offering.

DIVIDEND POLICY

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

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

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

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

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

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

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

SPECIAL DISTRIBUTION

According to the Interim Provisions on the Management and Financial Treatment of State Owned Capital in Enterprise Corporate Restructuring (企業公司改制有關國有資本管理財務處理的暫行規定) issued by the Ministry of Finance and effective on August 27, 2002, it is a mandatory requirement for our Group to declare and pay a special distribution to Guodian in an amount equal to our Group's net profit from September 30, 2008, the date on which our state-owned assets were valued, to July 9, 2009, the date of our incorporation (the "Special Distribution"). Pursuant to an ordinary resolution passed by our shareholders on July 17, 2009, our shareholders resolved that Guodian will be entitled to the Special Distribution. We currently estimate such Special Distribution to amount to not more than RMB660 million based on our unaudited net profit generated from September 30, 2008 to July 9, 2009. The actual amount of the Special Distribution will be calculated based on (i) the audited consolidated net profits of the Group for the nine months from October 1, 2008 to June 30, 2009 and (ii) the consolidated net profits of the Group for the year ending December 31, 2009 and prorated according to the actual number of days in the month of July 2009. Such amount will be determined after performing a special audit by a firm of independent accountants, which is expected to be completed by April 30, 2010. We expect to pay the Special Distribution to Guodian after the Global Offering from our available cash and cash equivalents on hand prior to the Global Offering when the actual amount of the Special Distribution is determined after the special audit. We will make an announcement of the final amount of the Special Distribution and the outcome of the special audit prior to the payment of the Special Distribution to Guodian.

Our Directors confirm that we have sufficient distributable reserves to make payment for the Special Distribution.

USE OF PROCEEDS

The net proceeds of the Global Offering (after deducting the relevant expenses) are estimated to be approximately HK$14,753.4 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$7.21 per H Share, being the mid-point of the stated range of the Offer Price between HK$6.26 and HK$8.16 per H Share. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional H Shares will be approximately HK$2,247.8 million, after deducting the relevant expenses, assuming an Offer Price of HK$7.21 per H Share. We intend to apply the net proceeds from the Global Offering in the following manner:

- approximately 50% (approximately HK$7,376.7 million) will be used for investing in the construction of our wind power projects in the PRC and the number of such projects to be undertaken by us may vary depending on the construction progress;
- approximately 20% (approximately HK$2,950.7 million) will be used to repay bank loans, including, among others, (i) a 15-year term loan in the total amount of RMB1,089.8 million from China Development Bank at an annual interest rate of 10% below the PBOC benchmark interest rate which will be due for repayment on December 11, 2023, and (ii) a six-month short term loan in the total amount of RMB935.2 million from China Development Bank at an annual interest rate of 10% below the PBOC benchmark interest rate, which will be due for repayment on March 10, 2010;
- approximately 10% (approximately HK$1,475.3 million) will be used for the purchase of equipment, key components and spare parts produced by foreign wind power equipment manufacturers;

- approximately 10% (approximately HK$1,475.3 million) will be used for increasing our equity investment in Hero Asia (HK), a wholly-owned subsidiary of the Company. Hero Asia (HK) is expected to use this portion of the proceeds to repay its outstanding bank loans from China Construction Bank, Hong Kong Branch and ABN AMRO Bank N.V. (Hong Kong) in an aggregate principal amount of approximately US$179 million; and
- approximately 10% (approximately HK$1,475.3 million) will be used for working capital and other general corporate uses.

The allocation of the proceeds used for investing in the construction of wind power projects will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK$2,247.8 million (assuming the Offer Price is determined at the mid-point of the stated range) will be applied by the Company for investing in the construction of wind power projects.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

RISK FACTORS

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

Risks relating to our wind power business

- Our wind farms' commercial viability and profitability depend on the PRC government's policies and regulatory framework supporting renewable energy development, which the PRC government could change or eliminate.
- Our wind farms' commercial viability and profitability depend on wind and associated weather conditions, as well as our ability to assess such conditions when selecting new wind farm sites.
- The weighted average on-grid tariff of electricity generated from our wind farms has decreased during the Track Record Period.
- We rely on local grid companies for grid connection and electricity transmission and distribution services.
- Our electricity generation and, in turn, our financial condition and results of operations, depend on the operating performance of our wind turbines.
- Sales of CERs depend on the CDM arrangements under the Kyoto Protocol, and any change or expiration of these CDM arrangements could limit our income from the sales of CERs and VERs.
- We may encounter difficulties and delays when constructing new projects.
- We depend on a limited number of qualified wind turbine suppliers and other suppliers.
- We face competition from other wind power developers, as well as other renewable energy companies.
- We may need to purchase and install additional equipment to comply with grid safety and stability requirements.
- To expand our wind power business, we must find, and obtain land use rights for, suitable wind farm sites.

- The basis and underlying assumptions we use to classify our wind power projects are internally developed, and have not been audited or verified by any third party.
- Renewable energy sources face competition from conventional energy sources.
- Nearby objects may interfere with our wind farms.
- We may fail to keep pace with technological changes in the rapidly evolving renewable energy industry.

Risks relating to our coal power business

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

Risks relating to our overall business

- We may not be able to execute our business strategy successfully or to manage our growth effectively.
- We rely heavily on our sole customers, the local grid companies, and they may fail to meet their obligations under the PPAs.
- We operate in a capital intensive business, and a significant increase in capital costs could have a material adverse effect on us.
- Our business may be affected by fluctuations in interest rates and the general availability of credit.
- Our borrowing level, significant interest payment obligations and net current liabilities could limit the funds available to us for various business purposes.
- Our business operations are vulnerable to any significant downturn in the PRC's general economy.
- We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy.
- We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of power plants.
- We may breach current environmental laws, and should the PRC government adopt stricter environmental laws, we may struggle to control our costs.
- We may fail to manage successfully the assets, projects and subsidiaries in which we do not have majority interests, or our relationships with local partners.
- We rely on third-party suppliers and our in-house team to maintain our key equipment.
- Future acquisitions may be expensive and may ultimately fail.
- Any preferential tax treatment currently or previously available to our subsidiaries in the PRC could be discontinued.
- We depend on certain senior managers and key employees.

- Our assets and operations are subject to hazards customary to the electricity generation industry, and we may not have adequate insurance to cover all these hazards.
- We are party to certain legal proceedings.
- We may face labor disputes that could interfere with our operations and business.
- We will continue to be controlled by Guodian, whose interests may differ from yours or those of our other shareholders.
- Our Special Distribution is not an indication of our future dividend policy.

Risks relating to the PRC

- Adverse change in the PRC's economic, political and social conditions, as well as government policies, could affect our business and result of operations.
- The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect us.
- The global credit and capital markets have been, and may continue to be, subject to significant disruption.
- The PRC legal system is not fully developed, and has inherent uncertainties that could limit the legal protections available to you and adversely affect our operations.
- Fluctuations in exchange rates and government control of currency conversion may adversely affect our business and results of operations.
- It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC, or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.

Risks relating to the Global Offering

- There has been no prior public market for our H Shares; the liquidity and market price of our H Shares may be volatile.
- Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares.
- Investors will experience dilution in pro forma adjusted net tangible assets because the Offer Price is higher than our net tangible assets per Share.
- Forward-looking information in this prospectus may prove inaccurate.
- We cannot guarantee the accuracy of facts and other statistics with respect to the PRC, the PRC economy and the PRC power industry contained in this prospectus.
- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** applications form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of the Company adopted on July 17, 2009, which shall take effect on the Listing Date, and as amended from time to time, a summary of which is set out in Appendix IX to this prospectus
"Asia Pacific"	according to the 2009 BTM report, Asia Pacific includes PRC, India, Taiwan, Australia, Japan, New Zealand, South Korea, Indonesia, North Korea, Malaysia, the Philippines, Thailand, Vietnam, etc.
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BTM"	BTM Consult ApS
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China, but for the purposes of this prospectus and for geographical reference only (unless otherwise indicated), excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong
"China Fulin"	中國福霖風能工程有限公司 (China Fulin Wind Power Engineering Co., Ltd.) (formerly known as 中國福霖風能開發公司), a wholly-owned subsidiary of the Company

"CLEPG"	龍源電力集團公司 (China Longyuan Electric Power Group Corporation), a state-owned enterprise established in the PRC and the predecessor of the Company
"Company," "our Company," "we" or "us"	龍源電力集團股份有限公司 (China Longyuan Power Group Corporation Limited), a joint stock limited company incorporated in the PRC on July 9, 2009, and except where the context indicates otherwise, (i) all of its subsidiaries and (ii) with respect to the period before the Company became the holding company of its present subsidiaries, the businesses operated by its present subsidiaries or (as the case may be) their predecessors
"Company Law"	中華人民共和國公司法 (Company Law of the PRC), as amended and adopted by the Standing Committee of National People's Congress on October 27, 2005 and became effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	Guodian
"CSRC"	中國證券監督管理委員會 (China Securities Regulatory Commission)
"Director(s)"	director(s) of our Company
"Domestic Shares"	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Electric Power Law"	Electric Power Law of the PRC, adopted by the Standing Committee of the Eighth National People's Congress on December 28, 1995, and effective as of April 1, 1996
"euros" or "EUR"	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the treaty establishing the European Community, as amended
"Gamesa"	Gamesa Corporación Tecnológica, S.A., an Independent Third Party not connected with the Company
"GD Power"	國電電力發展股份有限公司 (GD Power Development Co., Ltd.), a joint stock limited company incorporated in the PRC and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600795). As at the Latest Practicable Date, Guodian is interested in more than 30% of its total share capital
"GDP"	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
"GE"	General Electric
"Global Offering"	the Hong Kong Public Offering and the International Offering

"Goldwind"	Goldwind Science and Technology Co., Ltd., an Independent Third Party not connected with the Company
"GREEN application form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider designated by the Company
"Guodian"	中國國電集團公司 (China Guodian Corporation), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
"Guodian Group"	the businesses and companies in which Guodian and its subsidiaries (other than the Group) is interested
"Guodian Northeast"	國電東北電力有限公司 (Guodian Northeast Electric Power Co., Ltd.), a wholly-owned subsidiary of Guodian and one of our Promoters
"Group"	the Company and its subsidiaries
"Hero Asia (BVI)"	Hero Asia (BVI) Company Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Hero Asia (HK)
"Hero Asia (HK)"	Hero Asia Investment Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"HK GAAP"	Hong Kong Financial Reporting Standards and other generally accepted accounting principles in Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering by the Company of initially 107,144,000 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) for cash at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 26, 2009 relating to the Hong Kong Public Offering and entered into by, among others, the Sole Global Coordinator, the Hong Kong Underwriters and us as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"H Shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"IFRSs"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IACB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	party(ies) which are not connected with any of the Promoters, Directors, Supervisors, chief executive, Substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates
"Inner Mongolia"	Inner Mongolia Autonomous Region
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, as further described in the section headed "Structure of the Global Offering" in this prospectus, and in the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Offer Shares"	the H Shares offered pursuant to the International Offering
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or before December 3, 2009 by, among others, the Sole Global Coordinator, the Joint Bookrunners, the International Underwriters and us in respect of the International Offering, as further described in the section headed "Underwriting — International Offering"
"Issuing Mandate"	the general unconditional mandate given to the Directors by the Shareholders relating to the issue of new Shares, further details of which are set out in the section headed "Proceedings at the Company's extraordinary general meeting held on July 17, 2009" in Appendix X to this prospectus
"Jiangyin Xiagang Power Plant"	a coal power plant located in Jiangsu and operated by JSPG
"Joint Bookrunners," "Joint Lead Managers" and "Joint Financial Advisors"	Morgan Stanley Asia Limited and UBS AG, Hong Kong Branch

"JSPG"	江陰蘇龍發電有限公司 (Jiangyin Sulong Power Generation Co., Ltd.) , a Sino-foreign equity joint venture established in the PRC, in which the Group, directly and indirectly, owns as to 27% of its equity interest and a subsidiary of the Company
"Latest Practicable Date"	November 20, 2009, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
"Listing"	listing of our H Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about December 10, 2009, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the Main Board of the Stock Exchange
"Mandatory Provisions"	到境外上市公司章程必備條款 (the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and other PRC government departments on August 27, 1994, as amended, supplemented or otherwise modified from time to time
"MEP"	中華人民共和國環境保護部 (Ministry of Environmental Protection of the PRC, formerly known as State Environmental Protection Administration ("SEPA"))
"MOFCOM"	中華人民共和國商務部 (Ministry of Commerce of the PRC)
"MOF"	中華人民共和國財政部 (Ministry of Finance of the PRC)
"Morgan Stanley"	Morgan Stanley Asia Limited
"NDRC"	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission of the PRC)
"New EIT Law"	中華人民共和國企業所得稅法 (The Enterprise Income Tax Law of the PRC) adopted by the Tenth National People's Congress on March 16, 2007, and became effective January 1, 2008
"Non-Competition Agreement"	the non-competition agreement dated July 30, 2009 entered into between Guodian and us
"Non-PRC Resident Enterprise"	as defined under the New EIT Law, means companies established pursuant to a non-PRC law with their *de facto* management conducted outside the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC

"NSSF"	全國社會保障基金理事會 (National Council for Social Security Fund of the PRC)
"NTPG"	南通天生港發電有限公司 (Nantong Tianshenggang Power Generation Co., Ltd.), a Sino-foreign cooperative joint venture established in the PRC, in which the Group, directly and indirectly, owns as to 31.94% of its equity interest and a subsidiary of the Company
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section headed "Structure of the Global Offering — Pricing and Allocation"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option granted by us to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement
"PBOC"	中國人民銀行 (People's Bank of China)
"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC government" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Price Determination Agreement"	the agreement to be entered into by the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about December 3, 2009 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Bookrunners (on behalf of the Underwriters) and us may agree, but in any event no later than December 8, 2009
"Promoters"	the promoters of the Company, namely Guodian and Guodian Northeast
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Provincial DRC"	provincial development and reform commission of the PRC

"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"Renewable Energy Law"	中華人民共和國可再生能源法 ("Renewable Energy Law of the PRC"), adopted by the Standing Committee of the Tenth National People's Congress on February 28, 2005, and became effective as of January 1, 2006
"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the Listing as described in the section headed "History, Reorganization and Corporate Structure — Reorganization" to this prospectus
"Rule 144A"	Rule 144A under the Securities Act
"SAFE"	國家外匯管理局 (State Administration of Foreign Exchange of the PRC)
"SASAC"	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
"Sanfangxiang"	江蘇三房巷集團有限公司 (Jiangsu Sanfangxiang Group Co., Ltd.), holding 16.7% of the total equity interest of JSPG and a connected person of the Company
"SAT"	國家税務總局 (State Administration of Taxation of the PRC)
"SAWS"	國家安全生產監督管理總局 (State Administration of Work Safety)
"Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated under it
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SERC"	國家電力監管委員會 (State Electricity Regulatory Commission of the PRC)
"SETC"	中華人民共和國國家經濟貿易委員會 (State Economic and Trade Commission of the PRC), a former ministry of the PRC government which was dissolved in 2003
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholder(s)"	holder(s) of our Shares
"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
"Sinovel"	Sinovel Wind Co., Ltd., an Independent Third Party not connected with the Company

"Sole Global Coordinator" and "Sole Sponsor"	Morgan Stanley Asia Limited
"Southeast Coastal Provinces"	the five provinces of Fujian, Jiangsu, Zhejiang, Guangdong and Hainan as well as Shanghai in southeast China
"Special Regulations"	國務院關於股份有限公司境外募集股份及上市的特別規定 (Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
"State Council"	中華人民共和國國務院 (State Council of the PRC)
"State Plan"	the plan devised and implemented by the relevant authorities of the PRC government in relation to the economic and social development of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto in section 2 of the Hong Kong Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed thereto in the Listing Rules
"Sulong Energy"	江陰蘇龍電力燃料有限公司 (Jiangyin Sulong Energy Co., Ltd.), a wholly-owned subsidiary of JSPG
"Supervisor(s)"	one (or all) of our supervisors
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Three Northeast Provinces"	the three provinces of Jilin, Liaoning and Heilongjiang in northeast China
"Tianshenggang Power Plant"	a coal power plant located in Jiangsu and operated by NTPG
"Tibet"	Tibet Autonomous Region
"Track Record Period"	the three years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009
"UBS"	UBS AG, Hong Kong Branch
"Underwriters"	the International Underwriters and the Hong Kong Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "U.S.$"	United States dollars, the lawful currency for the time being of the United States
"VAT"	value-added tax

"Vestas"	Vestas Wind System A/S, an Independent Third Party not connected with the Company
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Xinjiang"	Xinjiang Uygur Autonomous Region
"Zhongneng Power-Tech"	中能電力科技開發有限公司 (Zhongneng Power-Tech Development Company Limited), a limited liability company incorporated in the PRC in which the Company owns as to 80% and GD Power, a subsidiary of Guodian, owns as to 20%, a connected person of the Company
"Zhongneng Wind-Power"	北京中能聯創風電技術有限公司 (Beijing Zhongneng Lianchuang Wind Power Technology Company Limited), a limited liability company incorporated in the PRC in which the Company owns as to 50% and Zhongneng Power-Tech owns as to 50%, a connected person of the Company
"%"	per cent.
"sq. m." or "m^2"	square metres

"approved capacity"	the capacity of our projects approved by NDRC or the relevant provincial DRC based on the estimated capacity to be reached after construction work of the projects is completed and the projects become fully operational
"attributable installed capacity" or "attributable installed capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"auxiliary electricity"	electricity consumed by a power plant in the course of generation and transmission
"availability factor"	the amount of time that a wind turbine or a power plant is able to produce electricity over a certain period, divided by the amount of time in such period
"average consolidated installed capacity"	the aggregate amount of consolidated installed capacity by the end of each month in a specified period (in MW) divided by the number of months in the same period
"average utilization hours"	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"capacity under construction"	the capacity of our wind farms where construction work on the roads, foundations or electrical infrastructure has commenced or where we have obtained project approval from the NDRC or the relevant provincial DRC
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"CDM EB"	the CDM Executive Board, which supervises the clean development mechanism under the authority and guidance of the Conference of the Parties to the United Nation Framework Convention on Climate Change
"CERs"	certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol
"coal heat value"	the amount of potential energy in coal that can be converted into actual heating ability

"consolidated gross power generation" or "consolidated net power generation"	the aggregate gross power generation or net power generation (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period
"consolidated installed capacity" or "consolidated capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction does not include the capacity of our associated companies
"demand"	for an integrated power system, the amount of power demanded by customers of energy at any point of time
"desulphurization"	chemical process, using absorbent, to remove the sulphur dioxide (SO_2) in the flue gas from fuel combustion.
"dispatch"	the schedule of production for all the generating units on a power system, generally varying at short notice to match production with power requirements. As a verb, to dispatch a plant means to direct the plant to operate
"dispatch priority"	the ranking or preference of one producer or source of electricity generation capacity over other available producers or sources of electricity generation capacity
"DOE"	designated operating entity accredited for monitoring CDM projects under the Kyoto Protocol
"electricity sale"	the actual amount of electricity sold by a power plant in a particular period of time, which equals gross power generation less comprehensive auxiliary electricity
"excess output"	the amount by which the total output of a power plant in a particular year exceeds its planned output for such year
"g"	metric gram
"gangue"	waste substances occurring in metallic ore
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, including auxiliary electricity and electricity generated during the construction and testing period
"GW"	unit of energy, gigawatt. 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used as a measure for the annual energy production of large power plants
"IPPs"	Independent Power Producers

"installed capacity"	the capacity of those wind turbines or power generators that have been completely assembled and erected and which have been commissioned and started producing electricity
"Kcal"	unit of energy, kilogram calorie. 1 Kcal = 1,000 calorie
"kg"	unit of weight, kilogram. 1 kg = 1,000 g
"KGJ"	unit of energy, kilo gigajoule. 1 KGJ = 10^{12} joule
"kV"	unit of energy, kilovolt. 1 kV = 1,000 volts
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Kyoto Protocol"	a protocol to the United Nations Framework Convention on Climate Change and became effective on March 21, 1994
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"net generation standard coal consumption rate"	measured in grams/kWh and represents the coal consumption volume in a year or period divided by net power generation in that year or period
"net power generation"	for a specified period, the total amount of electricity sold to the relevant local grid company by a power plant in that period, which equals to gross power generation less (i) auxiliary electricity 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
"net steam extraction"	the actual amount of steam sold by a plant in a particular period of time, which equals total steam output less losses incurred during the transmission from the plant to the steam customer
"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"operating projects"	projects that the construction work has been fully or partly complete, and at least one of the wind turbines installed in the project have started producing electricity. Operating projects include projects that are partly operational and partly under construction

"pipeline projects"	wind power projects that have been identified and reserved for future development pursuant to the wind energy investment and development agreements that we entered into with various levels of local government under which we are authorized to develop wind farms at specified sites with certain estimated total capacity. We classify our pipeline projects into "Tier 1," "Tier 2" and "Tier 3"
"planned output"	the actual amount of power sold by a power plant in accordance with annually determined target gross power generation level in a particular year, which equals total output less excess output and output subject to competitive bidding
"PPA"	power purchase agreement entered into between a power producer and a grid company
"projects under construction"	projects for which the construction work on the roads, foundations or electrical infrastructure has commenced, and the project company has received the project approval of the NDRC or provincial DRC and detailed engineering and construction blueprints have been completed
"rated wind speed"	the minimum wind speed below which a wind turbine cannot achieve its maximum capacity under standard circumstances
"standard coal"	coal with an energy content of 7,000 Kcal/kg
"ton"	metric ton
"total installed capacity" (also referred to as "cumulative installed capacity" in the BTM or other industry reports) or "total capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company, which is calculated by including 100% of the installed capacity or capacity under construction of the project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Both total installed capacity and total capacity under construction include the capacity of both our subsidiaries and associated companies
"total technically exploitable capacity"	the amount of the gross theoretical capacity that can be exploited within the limits of current technology
"TWh"	unit of energy, terawatt-hour. 1 TWh = 1 billion kWh
"VERs"	Voluntary Emission Reductions that are carbon credits which are not mandated by any law or regulation, but originate from an organization's desire to take active part in climate change mitigation efforts
"wind power density"	measured in watts per square meter (W/m^2) and is an indication of how much energy is available at the site for conversion by a wind turbine

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "would" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- future development, trends and conditions in our industry;
- our business prospects;
- the competitive markets for our products and the actions and development of our competitors;
- financial condition and performance;
- general political and economic conditions, including those related to the PRC;
- cost, fluctuations in the price and availability of raw materials;
- expansion, consolidation or other trends in our industry;
- our dividend policy;
- exchange rate fluctuations and developing legal system, in each case pertaining to the PRC and the industry and markets in which we operate;
- regulations and restrictions, including tariffs and environmental regulations;
- changes to our expansion plans and estimated capital expenditures;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- our ability to successfully implement our business plan and strategies.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

An investment in our H Shares involves risks. Before deciding to invest in the H Shares, you should carefully consider all of the information in this prospectus, including the following risk factors, in light of the circumstances and your own investment objectives. The occurrence of any of the following events could have a material adverse effect on our business, financial condition or results of operations, in which case the trading price of our H Shares could also decline, and you could lose part or all of your investment. You should pay particular attention to the fact that our Company is a PRC company and is governed by a legal and regulatory environment that may differ significantly from what prevails in other countries. For more information concerning the PRC and certain related matters discussed below, see "Regulatory Environment" and "Appendix VIII — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions."

The risks described below are those that we believe are material, but these may not be the only risks and uncertainties that we face. Additional risks we have not identified or which we currently deem immaterial may nevertheless have a material adverse effect on our business, financial condition or results of operations, or result in other events that could lead to a decline in the value of the H Shares.

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.

The PRC government has adopted policies and established a regulatory framework to encourage the development of wind power projects and to increase the proportion of electricity generated from wind power. Laws and regulations, such as the Renewable Energy Law, also provide economic incentives to companies engaged in the development of wind power projects. Such incentives include mandatory grid connection and dispatch of 100% of electricity generation from wind farms, on-grid tariff premiums (the on-grid tariffs for wind power are generally higher than those for coal power within the same province), and tax benefits such as a refund of 50% of the VAT levied on electricity generation from wind power and other tax reduction plans. In accordance with a recent change in government policies, the on-grid tariff for electricity produced by wind farm projects as determined by "government guided price" has been replaced by geographically unified tariffs, a form of "government fixed price," which we believe will generally be more favorable than that of our wind power projects approved in recent years. 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."

The development and profitability of wind power projects in the PRC, including our wind farms, is significantly dependent on policies and regulatory framework that support such development. For the three years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2009, we received other government grants of RMB61.7 million, RMB94.6 million, RMB207.7 million and RMB 136.4 million, respectively, which mainly represent various preferential tax incentives granted by the PRC government. 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 in fact change or eliminate current incentives and favorable policies currently available to us at any time. In addition, as the regulatory framework in the PRC for renewable energy is relatively new and still evolving, the implementation and enforcement of these policies, laws and regulations involve uncertainties and may differ from region to region in the PRC. Any reduction, discontinuation or unfavorable application of the policies and economic incentives for wind power generation companies like us could reduce demand for wind power which could have a material adverse effect on our business, financial condition, results of operations or prospects. Furthermore, if these favorable policies and incentives were changed or discontinued to our detriment before our wind farms reach the economies of scale necessary to become cost-effective in a non-subsidized market place, we could be forced to compete directly against producers of electricity from fossil fuels and other wind farms in the sale of electricity and the setting of tariffs, which could also have a material adverse effect on our business, financial condition, results of operations or prospects.

Our wind farms' commercial viability and profitability depend on wind and associated weather conditions, as well as our ability to assess such conditions when selecting new wind farm sites.

Our wind power business generates revenue primarily from the sale of electricity generated by our wind farms. For each of the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the operating profit of our wind power business accounted for 13.3%, 39.6%, 75.7% and 69.4%, respectively, of our total operating profit. The amount of electricity generated by, and the profitability of, our wind farms depend on climatic conditions, particularly wind conditions, which can vary dramatically across the seasons and between locations of our wind farms, and are also subject to general climatic changes.

Currently, wind turbines will only begin to operate when wind speeds reach a certain minimum (approximately three to four meters per second), and must be disconnected when wind speeds exceed a certain maximum (approximately 20-25 meters per second). Therefore, if wind speeds are outside these limits, the electricity output from our wind farms will decrease or cease. During the project development phase and before construction of any wind farm, we conduct wind tests to evaluate the site's potential installed capacity, and we base our core operational and financial assumptions and investment decisions on the tests' findings. Although these operational limits did not have any material adverse effect on our business during the Track Record Period, we cannot assure you that the actual climatic conditions at any particular project site will conform to the assumptions that we made during the project development phase and, as a result, we cannot guarantee that our wind farms will be able to meet their anticipated electricity output in the future.

Historically, our wind farms located in northern China usually reach peak electricity output in the months of October to April, and lowest electricity output in the months of July to August. If the seasonal variations and fluctuations in wind conditions of these areas do not conform to our historical observations or do not correspond to our assumptions, it may result in unexpected fluctuations in the electricity output of such wind farms and consequently, our results of operations. Similarly, extreme wind or weather conditions, particularly those affecting multiple wind farms, could reduce our operational efficiency and electricity production, which could have a material adverse effect on our business, financial condition or results of operations.

The weighted average on-grid tariff of electricity generated from our wind farms has decreased during the Track Record Period.

The weighted average on-grid tariff of electricity generated from our wind farms (which 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) per kWh was RMB0.5744, RMB0.5114, RMB0.4799 and RMB0.4653 in 2006, 2007 and 2008 and for the nine months ended September 30, 2009, respectively. Consistent with the industry trend in the PRC, the decrease in the weighted average on-grid tariff of our wind farms during the Track Record Period reflects the fact that some of our earlier projects commissioned before 2006 have higher on-grid tariffs due to the higher wind farm construction costs prevailing at that time. Over time, as we have developed more wind farms and significantly increased our installed capacity, the weighted average on-grid tariff has also decreased. This reflects the lower tariffs of our more recent projects compared to those earlier projects due to their location with abundant wind resources and/or the decreased construction costs attributable to economies of scale and improvement in technology. The on-grid tariffs of our wind power projects are subject to review and approval by the PRC government. Although the mechanism for determining on-grid tariffs of wind power projects has been changed from "government guided price" to "government fixed price" in accordance with the new wind power tariff policy issued by the NDRC, which the Directors believe will generally result in higher on-grid tariffs for wind farms in the same location, we cannot assure you that our weighted average on-grid tariffs of wind farms will not decrease in the future. Any future reductions in the on-grid tariffs of our existing and future wind farms, or the failure on our part to mitigate the possible decrease in on-grid tariffs by increasing installed capacity and improving operational efficiency, could have a material adverse effect on our business, financial condition or results of operations. See "Financial Information — Significant Factors Affecting our Results of Operations and Financial Condition — Changes in on-grid tariffs — Wind."

We rely on local grid companies for grid connection and electricity transmission and distribution services.

We must obtain local grid company's consent to connect our wind farms to its grid.

Before obtaining the project approval of the NDRC or the relevant provincial DRC, we must obtain the relevant local grid company's consent to connect our wind farms to its grid. Obtaining the grid company's consent to such connection may depend on a number of factors, including the availability and the reliability of existing grids, progress of construction and upgrade of local grids, the distance of our proposed wind sites from the local grids and the cost of these grid connection facilities. Furthermore, wind farms and other renewable energy facilities of our competitors located in sites near our wind farms may compete with us to secure grid connection.

Many of these factors are beyond our control, and we cannot assure you that we will be able to obtain all necessary consents for our new wind power projects in a timely manner, or at all. Failure to obtain grid company consent to connect to its grid may delay or prevent the development of our wind power projects.

We depend on local grid companies to purchase electricity and provide electricity transmission and dispatch services.

According to the Renewable Energy Law and its implementing rules, grid companies generally must purchase all electricity generated by renewable energy producers within their grids. Unlike our coal power plants, the electricity sales of which are subject to the planned output limit determined by the relevant PRC government authority each year, the electricity sales of our wind farms benefit from the mandatory purchase obligations of grid companies imposed upon by the Renewable Energy Law. However, we cannot assure you that such favorable statutory requirement will not be abandoned or changed in the future, whether due to policy changes at the national or local level in the PRC, the wind energy or other renewable energy sector maturing to reach a level playing ground to compete with coal power, or any other reasons. Furthermore, as the statutory purchase obligation is a relatively new concept in the PRC law, changes to or uncertainties of the methods by which the local government choose to implement this requirement on grid companies may also negatively impact the statutory support from which we currently benefit. Any change to or elimination of the statutory purchase obligations or other support measures relating to them may materially and adversely affect the sales of electricity generated from our wind farms, our business prospects and results of operations.

Although according to the Renewable Energy Law and its implementing rules, grid companies generally must provide grid connection services to renewable energy producers within their grids, some of our wind farms are located in remote areas where the grids may not be able to take all the electricity that our wind farms generate when operating at full capacity. We typically rely on local grid companies to construct and maintain the infrastructure and provide the electricity transmission and dispatch services necessary to connect our wind farms to the grids, and we cannot assure you that the local grid companies will do so in a timely manner, or at all.

In addition, the transmission and dispatch of the full output of our wind farms may be curtailed as a result of various grid constraints, such as grid congestion, restrictions on transmission capacity of the grid and restrictions on electricity dispatch during certain periods. Since the second half of 2008, some of our wind farms in Gansu and Inner Mongolia have experienced temporary limitations 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. As electricity generated from our wind farms is not stored and must be transmitted or used once it is generated, some 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 "Business — Our Wind Power Business — Electricity Sale." Depending on the progress of construction and upgrade of the grid infrastructure in areas where the construction of wind farms has outpaced the transmission capacity of existing grids, we expect that some of our wind farms in these areas will continue to experience limitation on their output due to grid congestion from time to time. A number of factors affect the decrease in electricity output, including wind speed, wind direction and other wind patterns, the design and build quality of wind turbines, the location of each wind farms, wake effects and topographical characteristics of the wind sites, as well as the length and frequency of the limitation on electricity output due to grid congestion and other grid constrains. Given that these variations are often interrelated and concurrent with other factors beyond our control and there is no established industry standard to evaluate the impact of each factor and their interaction, we cannot reliably estimate the possible financial impact on our wind farms attributable to grid congestion alone. In addition, the PPAs that our wind farms have entered into do not provide for any compensation by the relevant grid companies for any financial losses due to grid congestion or other shortfalls in purchasing the full amount of electricity generated by our wind farms.

Furthermore, 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.

As a result, securing connection to grids depends on a number of factors that are beyond our control. We cannot assure you that we will be able to secure all necessary connection to local grids in a timely manner, or at all. Failure or delays to secure grid connection, or the curtailment of our wind farms' output levels, will reduce our electricity output and limit operational efficiencies, which in turn could have a material adverse effect on our business, financial condition or results of operations.

Our electricity generation and, in turn, our financial condition and results of operations, depend on the operating performance of our wind turbines.

As with all wind power companies, our wind power business and its ability to generate revenue depend upon the operating performance of our wind turbines. A wind turbine's non-performance or under-performance will have a direct negative effect on a wind farm's financial condition and results of operations.

Since 2005, due in part to the PRC government's requirement that at least 70% of wind turbine components (by purchase value) to domestically manufactured, we have increased our sourcing of wind turbine components manufactured by both domestic and foreign-invested suppliers in the PRC. Some wind turbine designs, in particular new models, have relatively short operating histories, and the operating performance of domestically manufactured wind turbines may not be comparable to that of imported wind turbines with more established operating histories. Wind farms installing newly developed and/or domestically manufactured wind turbines may experience performance and availability shortfalls. Furthermore, wind turbine quality testing and certification by professional third parties is a relatively new concept in the PRC, and regulatory or mandatory requirements for quality testing and certification of domestically manufactured wind turbines using international standards are not well established.

Under the turbine supply agreements, our turbine suppliers typically provide performance warranties covering two years after a 240-hour test run of such turbine. The standard performance warranties provide that: (i) the output curve of an individual wind turbine must be greater than or equal to 95% of the standard output curve set by the supplier; for every 1% drop in output curve below the 95% threshold, the supplier is required to reimburse us an amount equal to 1% of the purchase price of such turbine, and (ii) the average availability factor of all the turbines sold under the same supply agreement must be greater than or equal to 95%. For every 1% drop in the average availability factor, the supplier is required to reimburse us an amount equal to 1% of the total purchase price of all the turbines supplied under such supply agreement. The average availability factor and any corresponding reimbursement are calculated at the end of the two-year warranty term. However, a number of our turbine suppliers impose caps on their liability for performance warranties. Although some wind turbine suppliers give us a limited indemnification for performance and availability shortfalls under the turbine supply agreements, we cannot assure you that such indemnification will be adequate to cover any potential adverse effect on our financial performance.

Furthermore, we cannot assure you that when we negotiate new turbine supply agreements, we will be able to negotiate warranty and other terms comparable to those in our existing supply agreements. As a result, project costs could increase due to shorter warranty periods or more restrictive warranties, any of which could have a material adverse effect on our business, financial condition or results of operations.

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.

Pursuant to the Kyoto Protocol, which the PRC government ratified in August 2002, public or private entities can purchase the CERs we generate from our CDM projects and use these CERs to comply with their domestic emission reduction targets or sell them in the open market. All our wind power projects which have sold VERs are CDM projects, and based on our experience, the price of VERs from CDM projects is generally higher than the price of VERs from non-CDM projects. Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol.

We generate other net income from the sales of CERs and VERs, which improves the economic viability of our wind power projects. For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2009, we derived other net income from the sale of these CERs and VERs of RMB29.6 million, RMB117.5 million and RMB116.9 million, respectively, representing 4.1%, 7.2% and 8.8% of the total revenue of our wind power business during the same periods. See "Business — Our Wind Power Business — Carbon Credit Transactions — Clean Development Mechanism and Sale of CERs." If the Kyoto Protocol is not renewed before its expiration on December 31, 2012 or if the PRC government discontinues its support for these CDM arrangements, it could have a material adverse effect on our income from sales of CERs and VERs.

In addition, since the process to register CDM projects with the CDM EB is relatively complicated, the timing and outcome of our registration applications are uncertain. We cannot assure you that the CDM EB will approve all of our current pending applications for the CDM project registration in a timely manner, or at all. Further, should there be any material changes to the verification standards in the registration progress or other changes to the generation registration policy, we may be unable to register our wind and other renewable energy projects as CDM projects in the future, which in turn could have a material adverse effect on our income from the sales of CERs and VERs, our financial condition or results of operations.

We may encounter difficulties and delays when constructing new projects.

We face risks relating to the construction of our wind farms, including delays to construction timetables, failure to complete the projects within budget and to the required specifications, adverse trends in the construction industry and the general economic and financial conditions in the PRC. We may also encounter various setbacks such as adverse weather conditions, difficulties in connecting to grids, construction defects, delivery failures by suppliers, unexpected delays in obtaining permits and authorizations, or legal actions brought by third parties.

We rely on third-party suppliers to produce and supply our turbines and other equipment. We typically rely on third party contractors to transport and install our turbines, and we inspect and commission our turbines under their supervision and assistance. We rely on third-party contractors to construct the balance of the wind farm. While we generally contract with established suppliers, third-party contractors and civil engineers with whom we have long-standing relationships, our projects depend on the success of these works, which are subject to factors outside our control, including actions or omissions by such suppliers, contractors and engineers.

Any setbacks, delays in the delivery of supplies or construction, inability to find suitable contractors and engineers or problems relating to the work performed by contractors and engineers that we engage may result in delays in the completion of a project and other unforeseen construction costs or budget overruns, which could have a material adverse effect on our business, financial condition or results of operations.

In addition, we cannot assure you that our pipeline projects will be completed in the anticipated timeframe or at all, or that projections or estimates relating to our pipeline projects will correspond with our future installed capacity and, accordingly, our actual installed capacity in the future could differ from our own or third-party current expectations.

We depend on a limited number of qualified wind turbine suppliers and other suppliers.

The purchase cost of wind turbines represents approximately 60-70% of the overall cost of building a wind farm. There are a limited number of qualified wind turbine suppliers in the PRC, and the price, supply and delivery lead times of wind turbines largely depend on the market demand. In the past, worldwide demand for wind turbines exceeded the supply, which led to delivery delays and price increases for wind turbines and other necessary equipment. However, we have observed that the contract price of wind turbines has started to decline from the end of 2008 due to what we believe to be over-supply of wind turbines as a result of rapid expansion of production capacity coupled with the global economic downturn. We are exposed to any changes in the market prices of wind turbines when we negotiate new supply agreements, and the price trend of wind turbines has a direct effect on our results of operations. If we are unable to manage our purchases of wind turbines at prices acceptable to us or if the prices of wind turbines increase significantly, profit margins of our wind power business may decrease and our results of operations would be materially and adversely affected.

To ensure the quality of our wind turbines, we usually choose suppliers with leading performance track records and, therefore, our wind turbine suppliers have been relatively concentrated in the past. As of June 30, 2009, our two largest wind turbine suppliers, Gamesa and Goldwind, supplied 43.7% and 31.6%, respectively, of the total installed capacity of our wind farms. Although, as of December 31, 2008, we had entered into wind turbine supply agreements to secure the supply of wind turbines for the estimated total additional installed capacity by the end of 2009, we cannot assure you that in the future we will be able to purchase a sufficient quantity of wind turbines (and other necessary equipment) that meet our quality requirements at commercially acceptable terms, or in a timely manner. We also cannot assure you that our wind turbine suppliers will not delay delivery to us or prioritize delivery to other market participants, including our competitors. Any significant delay by our principal wind turbine suppliers to perform their contractual obligations, the inability of our principal suppliers to meet their quantity commitments as well as our quality requirements or the unavailability of alternate supplies could interrupt our operations and hinder our business plan, which in turn could have a material adverse effect on our business, financial condition or results of operations. Even though we would expect our suppliers to compensate us for delays in delivery or other delays to perform their contractual obligations, we cannot assure you that such compensation would be adequate to cover the shortfall in revenue.

Although we seek to expand and diversify our supplier base, our reliance on a few turbine suppliers and our existing limited relationships with other suppliers exposes us to certain risks, including the loss of any of these suppliers, the inability to find replacement suppliers at commercially acceptable terms, or an adverse change in the terms of our existing contractual agreements with our suppliers. The occurrence of any such events could delay our commercial operation, which in turn could materially and adversely affect our business, financial condition or results of operations.

We face competition from other wind power developers, as well as other renewable energy companies.

In the wind power sector, competition is focused on bidding for new or acquiring existing wind farm sites (in particular sites with favorable wind conditions and existing grid connection infrastructure), securing delivery and installation of key equipment, performance characteristics of technologies used and on-grid pricing. Although we evaluate these competitive factors carefully, certain competitors (including foreign companies and other large PRC utility companies) may have better access to local government support, financial, infrastructure or other resources than us in some areas, enabling them to be more competitive in the development and acquisition of new wind power projects. We also face potential competition from Guodian and GD Power in the wind power business, including in obtaining the wind power projects and the land use rights for wind farm sites, in particular from GD Power which has not provided any non-competition undertaking to the Group.

In addition, we may encounter competition from producers of electricity from other renewable energy sources. In particular, other renewable energy technologies may become more competitive and attractive in the future. Competition from such producers may increase if the technology used to generate electricity from these other renewable energy sources becomes more sophisticated, or if the PRC government elects to further strengthen their support of such renewable energy sources. While we are actively exploring opportunities in other renewable energy sectors, such as solar power, we cannot assure you that we will successfully develop projects utilizing such other renewable energy sources.

If we were unable to maintain and increase our competitiveness in the future, or our efforts to incorporate more competitive renewable energy projects into our portfolio or compete against other renewable power companies were unsuccessful, our business, financial condition, or results of operations could be adversely affected.

We may need to purchase and install additional equipment to comply with grid safety and stability requirements.

In order to meet grid safety and stability requirements, the relevant grid companies may require us to purchase and install, at our cost, additional equipment at our wind farms, after some of our wind farms (in particular larger wind farms with greater installed capacity) have been constructed and connected to the grid. In the future, if we become subject to stricter grid safety and stability requirements, we may need to incur additional expense to comply with such requirements, which could have a material adverse effect on our business, financial condition or results of operations.

To expand our wind power business, we must find, and obtain land use rights for, suitable wind farm sites.

Wind farms require particular wind conditions that are found at a limited number of geographic sites. Furthermore, a variety of factors, including topographic constraints, proximity to and availability of grid capacity, and proximity to areas of population density, nature reserves, airports and military facilities, all limit the number of sites appropriate for installation of wind farms and other renewable energy facilities.

In addition, our ability to find, and obtain land use rights for, suitable wind farm sites is subject to growing competition from an increasing number of renewable energy companies. Some of our competitors have been operating for a long time, and may have better access to local government support, financial or other resources to find, and obtain land use rights for, suitable sites. As a result, they may have competitive advantages over us in terms of acquiring additional land use rights for such sites.

If we were unable to find, or obtain land use rights for, suitable new wind farm sites, we might be unable to construct new projects and start operations on a timely basis or at all, or to maintain and continue our existing operations, any of which could have a material adverse effect on our business, financial condition or results of operations.

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.

Our wind power project development stages disclosed in this prospectus are only used for our internal planning purposes, and are not used by other companies in the same industry, and have not been verified or audited by any third party. Our project classification system divides our wind power projects into three development stages: projects in operation, projects under construction and pipeline projects. We further divide our pipeline projects into three tiers using objective milestones that we have set based on our development experience. See "Business — Our Wind Power Business — Pipeline Projects." No single project classification methodology is generally accepted in the renewable energy industry, and we expect that our project classification methodology differs from that used by other companies in the industry. As such, our project descriptions or our historical or projected operating results may not be comparable with those of such other companies.

Renewable energy sources face competition from conventional energy sources.

Renewable energy sources compete with petroleum, coal, natural gas and nuclear energy. Recent volatility in the price of conventional fuels, in particular, oil and natural gas, have enhanced the price competitiveness of electricity generated using renewable energy sources. However, technological progress in the exploitation of other energy sources or discovery of large new deposits of oil, gas or coal, resulting in a decline in the price of those fuels, could increase the competitiveness of electricity generated from conventional sources. A reduction in demand for energy from renewable sources could have a material adverse effect on our business, financial condition or results of operations.

Nearby objects may interfere with our wind farms.

The operational performance of our wind farms depends on wind speeds and other climatic conditions at the relevant site. However, objects such as buildings, trees or other wind turbines near our wind farms, especially in more built-up areas such as the Southeast Coastal Provinces, may reduce our wind resources due to the disruption of wind flows, known as "wake effects." Although we exercise care when selecting our wind farm sites, we typically only acquire land use rights for the land underlying our wind turbine pylons and the nearby infrastructure. The PRC government could grant land use rights for nearby land which, when developed, would have a negative wake effect on our wind farms. Furthermore, we cannot assure you that the holders of the land use rights related to land near our wind farm sites will not lease or transfer their land use rights to other developers who may construct wind turbines or other structures that would have negative wake effects. Such developments may reduce the operational performance of our wind farms, which could have a material adverse effect on our business, financial condition or results of operations.

We may fail to keep pace with technological changes in the rapidly evolving renewable energy industry.

The technologies used in the renewable energy industry are evolving rapidly, and to maintain our competitiveness and expand our business, we must be able to respond to these technological changes. We may be unable to update our technologies swiftly and regularly, possibly rendering our operations less competitive. Failure to respond to current and future technological changes in the renewable energy industry in an effective and timely manner may have a material adverse effect on our business, financial condition or results of operations.

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.

The cost of coal consumption represented 61.2%, 59.6%, 58.8% and 41.3% of our total operating expenses (excluding service concession construction costs) for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, respectively. We (or our procurement agents) negotiate coal prices applicable to our coal power plants with our coal suppliers, and the coal prices are subject to other factors including market conditions, applicable VAT, government pricing policies and the cost of transportation. Our average standard coal price increased by 32.3% from RMB586.3 per ton during the year ended December 31, 2007 to RMB775.9 per ton during the year ended December 31, 2008, which was generally in line with the increasing trend of coal prices over the same periods. Furthermore, in December 2008, the NDRC announced that it would remove pricing caps on thermal coal in 2009 and adopt a market-oriented pricing mechanism. This could increase the cost of our coal supplies and our cost of sales, and in turn could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that the spot price for coal will not increase further. See "Financial Information — Significant Factors Affecting Our Results of Operations and Financial Condition — Coal consumption."

Our ability to pass on coal price increases to our customers and/or end-users through on-grid tariff increases is limited. In December 2004, the NDRC issued a power pricing reform plan to address the adverse effects on IPPs of increased coal costs. Under this reform plan, in certain circumstances, electricity tariffs may be raised as coal prices increase. When the average coal price increases by more than 5% within a six-month period, IPPs (such as us) can pass on to customers up to 70% of such increase through higher on-grid tariffs, but must bear the remaining 30% of the increased coal costs. If the average coal prices were to increase by less than 5% within a six-month period, the on-grid tariffs would remain unchanged. Since adjustments to on-grid tariffs in relation to coal price increases are subject to various factors, any increase in coal prices may not necessarily result in higher on-grid tariffs. As a result, the percentage of increase in on-grid tariffs may be lower than that of coal prices, which could have a material adverse effect on our business, financial condition and results of operations.

Reductions in tariffs or planned output may adversely affect our results of operations.

The revenue from the sale of electricity we generate from our two coal power plants is primarily determined by the on-grid tariffs and their planned output. The amount of electricity to be dispatched by our coal power plants to the relevant grid company, or the planned output, is determined and controlled by the relevant government authority. Reductions in the amount of planned output to levels below our projections would adversely affect our revenue. Any decrease in the demand for electricity in Jiangsu province where our two coal power plants are located and/or in the PRC generally, could negatively affect the planned output of our coal power plants approved by the relevant government authority. In addition, during a three-year transition period from 2009 to 2011, we will remain entitled to an allocation of annual planned output for the Tianshenggang Power Plant's four decommissioned units. However, after the transition period, we will lose our entitlement to any planned output with respect to the four units. Unless additional planned output is assigned to the new unit of 1,000 MW, which we plan to install in Tianshenggang Power Plant to replace our decommissioned units, before or immediately after the transition period, or the planned output assigned to the power plant is increased for other reasons, the planned output of Tianshenggang Power Plant will be substantially reduced after the transition period, which could have a material adverse effect on our coal power business's financial condition or results of operations.

The on-grid tariffs of our planned output are subject to review and approval by the relevant provincial government authority and the NDRC. See "Industry Overview — The PRC Electricity Generation Industry — On-grid Tariffs" for details of tariff adjustments in recent years. In November 2009, the NDRC announced plans to adjust on-grid tariffs for coal power in order to reflect the changes of construction cost, fuel cost, coal consumption and other operating conditions of coal power companies in different regions of the PRC in recent years. As the profitability of coal power companies in the southeast coastal provinces is generally better than coal power companies in the central and western provinces, the NDRC decided to increase the on-grid tariffs in ten provinces and lower the on-grid tariffs in seven provinces, including Jiangsu. According to a notice regarding grid tariff adjustment in East China issued by the NDRC, on-grid tariffs for coal power in Jiangsu was adjusted downwards by RMB0.0058 per kWh effective from November 20, 2009.

In 2006, 2007 and 2008 and for the nine months ended September 30, 2009, the weighted average on-grid tariff per kWh (excluding VAT) of our two coal power plants were RMB0.3171, RMB0.3153, RMB0.3447 and RMB0.3601, respectively. The new on-grid tariff adjustment is applicable to our two coal power plants in Jiangsu, representing a decrease of approximately 1.5% based on the weighted average on-grid tariff during the nine months ended September 30, 2009. However, if there is any further significant reduction in our on-grid tariffs, or if the PRC government refuses to raise tariffs to cover future increases in our costs (in particular fuel costs), it could have a material adverse effect on our business, financial condition or results of operations.

Further increase in the supply of coal power in the PRC may adversely affect the average utilization hours of our coal power plants.

In recent years, many new coal power plants have been built in Jiangsu Province, where our two coal power plants are located, and elsewhere in the PRC. Since 2005, growth in the supply of coal power in the PRC has outpaced growth in demand. This has caused the local governments to lower the planned output for certain coal power plants in the PRC, which in turn has resulted in a decrease in the average utilization hours of such coal power plants since 2005. See "Industry Overview — The PRC Electricity Generation Industry — Supply and Demand for Electricity in the PRC." Although during the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, the average utilization hours of our coal power business were 5,282.2, 5,130.6, 6,023.6 and 2,576.0, respectively, we cannot assure you that the supply of coal power will not continue to increase in Jiangsu Province or elsewhere in the PRC and/or that the local governments in Jiangsu Province will not lower the planned output of our coal power plants, either of which could have a material adverse effect on our coal power business and its operating results.

Our coal power business is vulnerable to competition from new generation capacity.

With the rapid development of the PRC electricity generation industry and the shortage of electricity supply in recent years, significant numbers of power plants (especially coal power plants) have been built or expanded, both in Jiangsu where both of our coal power plants are located, and elsewhere throughout the PRC. An increase in the power supply in the local area, including the addition of new electricity generation capacity by our competitors, could negatively affect the planned output of our coal power plants and the on-grid tariffs approved by the PRC government. Furthermore, if the growth in demand for power does not increase as rapidly as expected, due to an economic slowdown in the PRC or other reasons, the coal power industry may experience a period in which industry-wide capacity exceeds demand, which could have a material adverse effect on our business, financial condition or results of operations. See "Industry Overview — The PRC Electricity Generation Industry — Supply and Demand for Electricity in the PRC."

Coal supply disruption or unavailability may adversely affect the operation of our coal power plants.

We typically purchase coal to fuel our two coal power plants from major coal suppliers through procurement agents or from our direct coal suppliers pursuant to annual coal supply agreements, and the remainder from the spot market. See "Business — Our Coal Power Business — Fuel Supply." Notwithstanding our coal supply agreements, we cannot assure you that we can avoid any disruption in, unavailability of, or changes to the commercial terms of, our coal supplies, or that we will be able to purchase sufficient supplies of coal in the open market, at commercially reasonable prices or at all, to meet our future uncontracted requirements.

Currently, the PRC's freight transportation infrastructure is inadequate to support coal transportation demand in the PRC. Delivery disruption could occur for a variety of reasons beyond our control, including transportation bottlenecks, accidents and natural disasters. We cannot assure you that we can avoid disruption in or unavailability of coal transportation services, which could have a material adverse effect on our business, financial condition or results of operations.

Our coal supply business is influenced by coal prices, which are cyclical and subject to significant fluctuations.

For the six months ended June 30, 2009, revenue derived from our coal supply business was RMB199.1 million, representing 9.5% of revenue from our coal power business during the same period. The coal supply business and its operating results are subject to the volatile price movement of coal in the PRC market and are dependent on factors affecting such price movement, including regional and national supply and demand for coal, regulations and policies introduced by the PRC government and general economic conditions. The PRC's coal market has in the past exhibited significant fluctuations in supply, demand and prices from year to year. According to China Coal Transport and Distribution Association, the average coal price at the Qinhuangdao port of the PRC increased by 15.3% from 2006 to 2007, and further by 80.2% from 2007 to 2008. However, due to the slowdown of the PRC's economy and the resulting decreased demand for coal, coal prices have experienced a substantial downturn since the end of 2008. Subject to the volatile price movement, revenue from the sales of coal may significantly fluctuate from time to time. Further, if the coal price increases and we cannot pass on the price increases to our customers due to fixed price arrangements, the profitability of our coal supply business may be materially and adversely affected.

Our limited operating history in the coal supply business may not serve as an adequate indicator of its future results of operations.

Our coal power business started to engage in coal supply activities from May 2009 through a newly established subsidiary. Given the fact that we have limited experience in coal supply business and our coal supply business has a limited operating history, we cannot assure you that we will effectively manage and develop our coal supply business or succeed in achieving our goal to ensure a reliable coal supply for our own use through the new coal supply business line. We purchase coal from coal mines and coal trading intermediaries and supply the coal to one of our coal power plants, Jiangyin Xiagang Plant and third party customers. Our consolidated financial information during the Track Record Period included in this prospectus only reflected the operating results of the coal supply business from May 2009 to June 2009. As such, the historical operating results of this new business line may not provide a meaningful basis for evaluating its financial performance going forward. Our coal supply business may not be able to achieve a similar growth rate or maintain profitability in the future, which in turn could adversely affect our overall results of operations and financial condition.

Risks Relating to Our Overall Business

We may not be able to execute our business strategy successfully or to manage our growth effectively.

We are experiencing a period of rapid growth and expansion that has placed and is expected to continue to place, significant demands on our management, capital, administrative and human resources. Our wind power consolidated installed capacity increased from 586.6 MW as of December 31, 2006 to 3,032.0 MW as of September 30, 2009, representing a CAGR of 89.1%. 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 capacity of wind power to approximately 6,500 MW by the end of 2010 and maximizing our operational efficiency. However, our ability to execute our business strategy successfully depends on a variety of factors, including our ability to develop and expand our existing portfolio of projects (including obtaining the necessary financing), to operate our existing and future assets successfully, our ability to contract timely for new turbines and the ability of our turbine suppliers and contractors to supply and install turbines on schedule. Our ability to execute our business strategy is also subject to a variety of additional risks, including those set forth in this section. Besides, in the event we are unable to execute our business strategy fully or successfully, our development might be hindered. In addition, we have to address the risks frequently encountered by companies that experience significant growth in a short period of time, including our ability to effectively manage large scale projects, to maintain adequate control over our expenses and to obtain sufficient financing on favorable terms. As such, we cannot assure you that we will be able to execute our business plan successfully or fully within the expected timetable or at all, or that we will be able to manage our growth effectively, and our failure to do so could have a material adverse effect on our business, prospects, financial condition or results of operations.

We rely heavily on our sole customers, the local grid companies, and they may fail to meet their obligations under the PPAs.

Each of our operating wind farms and coal power plants has entered into a PPA with its sole customers, the relevant local grid companies, to sell electricity. Our wind farms and coal power plants currently sell substantially all the electricity that they generate to the grid companies to whose grids they are connected, and do not sell electricity directly to any industrial or residential end-users. Therefore, our wind power and coal power business rely heavily on their respective sole customers. During the Track Record Period, our electricity sales to the local grid companies accounted for substantially all of our revenue from sales of electricity in our wind power and coal power business, representing 91.8%, 90.0%, 90.1% and 83.4% of our total revenue (excluding service concession construction revenue) for the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively.

Although most of our grid company counterparties are state-owned enterprises and we believe they are creditworthy, we cannot assure you that the grid companies will purchase 100% of the electricity generated by our wind farms and make full and timely payments for our electricity output according to the approved on-grid tariffs, comply with their other contractual obligations under the PPAs or not be subject to insolvency or liquidation proceedings during the term of the relevant PPA. Any significant non-purchase, non-payment, non-compliance, insolvency or liquidation of our sole customers could have a material adverse effect on our business, financial condition or results of operations.

We operate in a capital-intensive business, and a significant increase in capital costs could have a material adverse effect on us.

Our business operation and development requires significant capital expenditures. The capital investment required to develop and construct a power plant such as a wind farm or other renewable energy facility generally varies based on the cost of the necessary fixed assets, such as turbines. The price of such equipment and/or civil construction works may increase if the market demand for such equipment or works is greater than the available supply, or if the prices of key component commodities and raw materials used to build such equipment increase. Other factors affecting the amount of capital investment required include, among others, construction costs and finance expenses. A significant increase in the costs of developing and constructing our wind farms or other renewable energy facilities could have a material adverse effect on our business, financial condition or results of operations.

We plan to increase the consolidated installed capacity of our wind farms to approximately 6,500 MW by the end of 2010. To achieve this target, we estimated that we would incur approximately RMB33.1 billion of capital expenditures as of September 30, 2009 to complete construction of additional projects in the fourth quarter of 2009 and in 2010. We expect to finance these capital expenditures principally with bank loans, supplemented by the proceeds from the Global Offering, cash flow from operating activities and our existing cash resources. See "Financial Information — Capital Expenditures, Commitments and Contingent Liabilities — Capital Expenditure." Our ability to obtain external financing in the future is however subject to a variety of uncertainties, including (i) obtaining the necessary PRC government approvals to raise financing for projects; (ii) our future financial condition, operating results and cash flows; and (iii) the general condition of the global and domestic financial markets and changes in the monetary policy of PRC government with respect to bank interest rates and lending policies. In addition, we have applied for the issue of the Proposed Domestic Bond; however, this application is subject to the approval of the relevant PRC regulator. 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. In the event our current resources are not sufficient for our needs, we may have to seek additional financing, including equity or debt financing. If we decide to raise additional funds through the issue of equity or equity-linked instruments, our Shareholders may experience dilution in their shareholding. We cannot assure you that we will be able to raise the financing required for our planned capital expenditures on acceptable terms or at all. If we were unable to raise such financing, we may have to reduce our planned capital expenditures and delay or abandon our expansion plan, which in turn could have a material adverse effect on our business or results of operations.

Our business may be affected by fluctuations in interest rates and the general availability of credit.

We are exposed to interest rate risk resulting from fluctuations in interest rates on our debt, and changes in interest rates affect our finance expenses and, ultimately, our results of operations. As we rely heavily on external financing to secure investment capital to finance the expansion of our wind power business, we are sensitive to the cost of capital in securing these loans. Our finance expenses amounted to RMB345.4 million, RMB457.4 million, RMB1,003.1 million and RMB545.4 million during the years ended 31 December 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. On December 23, 2008, the PBOC lowered the benchmark one-year lending rate to 5.31% as well as the lending rates on loans of other maturities. The PBOC also abolished the upper limit on Renminbi lending rates, which could result in us paying higher interest rates, and permitted banks to offer deposit rates below the PBOC benchmark rate, which could cause us to earn lower interest income on our cash deposits. Although rates have been lowered, there can be no assurance that they will remain at or near this level. If the PBOC were to raise benchmark lending rates, our finance expenses will increase, which would have a material adverse effect on our business, financial condition and results of operations.

Our borrowing levels, significant interest payment obligations and net current liabilities could limit the funds available to us for various business purposes.

Due to the rapid expansion of our wind power business during the Track Record Period, we have relied on both long-term and short-term borrowings to fund a portion of our capital requirements, and expect to continue to do so in the future. Our long-term and short-term borrowings increased from RMB6,656.8 million as of December 31, 2006 to RMB27,537.2 million as of June 30, 2009. As a result, our net gearing ratio (which is calculated by dividing (i) the long-term and short-term borrowings minus cash and cash equivalents (the "Net Debt") by (ii) Net Debt plus total equity (including non-controlling interests)) increased from 60.9% in 2006 to 74.8% in 2008 and further to 77.2% in the six months ended June 30, 2009. We recorded net current liabilities of RMB4,595.3 million, RMB6,416.3 million, RMB4,532.4 million and RMB10,189.4 million, respectively, as of December 31, 2006, 2007 and 2008 and June 30, 2009. The net current liabilities position during the Track Record Period was mainly attributable to our utilization of short-term borrowings by taking advantage of the lower financing costs of short-term borrowings in the PRC compared to the financing costs of long-term borrowings.

We may continue to have net current liabilities in the future. The degree to which we are leveraged and the high level of net current liabilities could constrain our operational flexibilities and have significant consequences, including (i) requiring a substantial portion of our cash flows from operations to be used for servicing our debt, thereby reducing the cash flow for working capital, capital expenditure or other general corporate uses, (ii) increasing our exposure to interest rate fluctuations, and (iii) limiting our ability to obtain, and increasing the cost of, additional financing to fund future working capital, capital expenditures or general corporate uses.

We cannot assure you that we will always be able to raise necessary funding to finance our current liabilities and other debt obligations. Our business, prospects and financial condition may be materially and adversely affected, if our cash flows and capital resources are insufficient to finance our debt obligations.

Our business operations are vulnerable to any significant downturn in the PRC's general economy.

As our business focuses primarily on sales of electricity generated by our wind farms and coal power plants, and our sole customers are the local grid companies, our business and prospects are heavily dependent on the level of demand for electricity in the PRC. In the past, our growth in wind and coal power business was largely fuelled by the increasing demand for electricity as a result of the rapid growth in the PRC's economy. However, there is no assurance that there will be continued growth in the PRC's economy and/or growing demand for electricity from end-users in the PRC. If the demand for electricity on national or regional level generally decreases due to any significant downturn in the PRC's economy, the planned output assigned to our coal power plants may decrease and the electricity output of certain of our wind farms may be curtailed from time to time due to the limited capacity of overloaded grid when electricity supply on the grid exceeds electricity demand by end-users, which in turn could have a material and adverse impact on our business, operating results and financial condition.

We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy.

As of the Latest Practicable Date, approximately 4.3% of the land and approximately 6.6% of the buildings that our operating wind farms or coal power plants occupy have defective titles, respectively. We are currently in the process of applying for and obtaining valid land use rights certificates and building ownership certificates for most of the land and buildings having title defects. Based on advice from our PRC legal counsel, our Directors are uncertain whether we can obtain the relevant certificates or permits in a timely manner, or at all. In addition, there is no assurance that our use and occupation of the relevant land and buildings will not be challenged. Although most of these land and properties are not used for our power production activities, if we cannot obtain the relevant certificates or permits in a timely manner and our legal right to use or occupy the relevant land and buildings is challenged, our operations or construction on the affected land or in the affected buildings could be interrupted, which in turn could have an adverse effect on our business, financial condition or results of operations.

We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of power plants.

Our wind farms, coal power plants and other renewable energy projects are subject to strict PRC laws and regulations relating to their development, construction, licensing and operation of power plants. These laws and regulations relate to, among other things, project approval and other government approval and licensing requirement for power companies, building and construction of new projects, landscape conservation and power dispatch and transmission.

In particular, before we construct and operate our wind farms or coal power plants we must first obtain operational and construction permits from various authorities. Procedures for granting operational and construction permits vary by local area, and certain provinces may deny requests for permits for a variety of reasons. Furthermore, third parties may challenge a decision to grant us operational and construction permits in some provinces after we have been granted the permits. Finally, we must comply with laws and regulations and the conditions contained in the operational and construction permits, and failure to do so may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licenses or permits. These factors could have an adverse effect on our business, financial condition or results of operations. See “Regulatory Environment.”

We may breach current environmental laws, and should the PRC government adopt stricter environmental laws, we may struggle to control our costs.

Our power plants, in particular our coal power plants, are subject to various environmental, health and safety regulations and requirements. Like all coal power plants, our two coal power plants discharge pollutants into the environment and are subject to central and local government environment protection laws and regulations, including requirements to pay discharge fees for various pollutants and waste. Compliance with such laws and regulation increases our operating and capital expenses. These laws and regulations also impose fines and provide for the closure by the PRC government of any power plant that violates environmental laws, regulations or decrees. We cannot assure you that the PRC government will not adopt stricter environmental laws and regulations. We may be unable to comply with any additional requirements implemented in the future on a cost-effective basis, if at all, which could have a material adverse effect on our business, financial condition or results of operations.

We may fail to manage successfully the assets, projects and subsidiaries in which we do not have majority interests, or our relationships with local partners.

We may not be able to execute successfully or fully our business strategy with respect to assets, projects or subsidiaries in which we have equity interests of less than 50%. Our control over such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. For example, through contractual arrangements with other equity owners, we have the power to exercise control over the management, policies, business and affairs of certain of our subsidiaries in which we do not have majority interests.

Furthermore, in several provinces, we conduct our project development activities through one or more joint venture companies with local partners. In general, local partners may be involved in sourcing new projects and carrying out various activities during the development phase. We generally enter into such partnerships where we believe we are able to benefit from the strong local insight and experience of local partners. We also have equity interests of less than 50% in certain project companies for historical reasons.

Under the current contractual arrangements, if other equity owners or our local partners fail to perform their respective obligations or otherwise breach the terms and conditions of our shareholding arrangements or partnerships, it could have a material adverse effect on our business, financial condition or results of operations.

We rely on third-party suppliers and our in-house team to maintain our key equipment.

Our wind turbine suppliers are contractually obligated to provide operational and maintenance services for two years after each wind turbine enters into operation, pursuant to which they undertake to conduct (i) scheduled and unscheduled maintenance in accordance with day-to-day operational guidelines and maintenance routines and (ii) component repair or replacement. Our in-house team performs our operational and maintenance activities following the expiration of such terms. With respect to our key equipment in the coal power generation business, such as power generating units or transformers, we rely primarily on our operations and maintenance team from each of our coal power plants for regular inspections, routine maintenance, and repairs. In addition, our operations also rely on computer information and communications technology and related systems in order to operate properly.

If the third-party suppliers or our in-house operations and maintenance team were to fail to provide inspection, maintenance or repair works for our key equipment and systems in a timely manner or at all, our power generation and business operation could be interrupted or delayed, possibly without warning. The occurrence of any of these events could have a material adverse effect on our business, financial condition or results of operations.

Future acquisitions may be expensive and may ultimately fail.

In addition to organic growth, our current strategy involves growth through acquisitions of complementary technologies, businesses, services and entry into strategic alliances. We may be unable to continue to implement our growth strategy, or this strategy may ultimately be unsuccessful. Any potential acquisitions or alliances may result in material transaction expenses, increased interest and amortization expense, increased depreciation expense and increased operating expense, any of which could have a material adverse effect on our operating results. Acquisitions may entail integration and management of the new businesses to realize economies of scale and control costs, as well as other risks, including diversion of management resources otherwise available for ongoing development of our business and risks associated with entering new markets. Although we would from time to time consider potential investment opportunities or potential acquisition targets, as of the Latest Practicable Date, we had not identified any definitive investment or acquisition targets nor had we entered into any definitive agreements with respect to any acquisitions or strategic investments. We may be unable to identify suitable acquisition candidates, obtain financing on acceptable terms or consummate any future acquisitions. Further, any acquisitions or alliances may expose us to the risk of unanticipated business uncertainties or legal liabilities relating to those acquired businesses or alliances for which the sellers of the acquired business or alliance partners may not indemnify us. Future acquisitions may also cause us to issue securities that will have a dilutive effect on our shareholders. Any of these events could have a material adverse effect on our business, financial condition or results of operations.

Any preferential tax treatment currently or previously available to our subsidiaries in the PRC could be discontinued.

Prior to January 1, 2008, under the then-applicable PRC tax laws and regulations, companies established in the PRC were generally subject to enterprise income tax, or EIT, on their assessable profits, at the statutory rate of 33%, consisting of 30% state income tax and 3% local income tax. However, there were various types of preferential tax treatment applicable to different enterprises. For instance, foreign invested production type enterprises with an operating term of more than ten years were fully exempted from PRC state income tax for two years starting from the first profit-making year and were 50% exempted from such tax for the three years thereafter. Some of our subsidiaries in the PRC that are foreign invested enterprises therefore enjoyed such preferential tax treatments applicable to foreign invested enterprises.

In March 2007, the New EIT Law was promulgated, which took effect on January 1, 2008, and adopts a unified EIT rate of 25% for all enterprises, including foreign invested enterprises, and revokes any previous tax exemptions, reductions and other preferential treatments which were applicable to foreign invested enterprises. The Implementation Rules of the Enterprise Income Tax Law ("Implementation Rules") and "Notice on the Implementation of the Transitional Preferential Tax Policies" ("Circular 39") were promulgated in December 2007. Pursuant to the New EIT Law, the Implementation Rules and Circular 39, entities which were established before March 16, 2007 and which were entitled to tax holidays and/or reduced tax rates under selected preferential tax treatments granted by the then-effective tax laws and regulations can enjoy the preferential transitional treatments. Further, enterprises that were entitled to tax holidays for a fixed term may continue to enjoy such treatment until such fixed term expires. For instance, some of our subsidiaries, which were entitled to a 15% preferential income tax rate prior to January 1, 2008 due to their location, such as in western China, in one of the special technology zones or special economic zones, could still enjoy preferential tax rates ranging from 15% to 18% in 2008. However, when the PRC government discontinues the preferential tax treatments that our PRC subsidiaries currently enjoy, the affected entities may be subject to the standard EIT rate of 25% in the PRC. Any increase in the EIT rate applicable to us or discontinuation or reduction of any of the preferential tax treatments or financial incentives our PRC subsidiaries currently enjoy could have a material adverse effect on our business, results of operations or financial condition.

Effective January 1, 2009, the PRC government abolished the VAT refund policy available to certain foreign invested enterprises that purchase domestically manufactured equipment, pursuant to the Notice on the Abolishment of the Tax Refund Policy for the Purchase of Domestically Manufactured Equipment by Foreign invested Enterprises. There was, however, a six-month transition period. Foreign invested enterprises that have purchased domestically manufactured equipment, received VAT invoices and submitted a VAT refund application with the relevant tax authorities on or prior to June 30, 2009 were still entitled to receive the VAT refund. After the transition period, our subsidiaries that previously enjoyed VAT refund policy cannot claim a VAT refund for the input VAT incurred on the equipment purchases, and need to pay VAT on the import of equipment. However, under the new VAT rules, they are allowed to recover the input VAT at the time when they sell electricity by offsetting the excess input VAT. As a result, wind power companies will only be able to recover the input VAT after they start to sell electricity. As a result, the VAT reform may adversely affect the cash flow of companies that previously enjoyed VAT refund policy, in particular newly established companies, which in turn could have a material adverse effect on our business, financial condition or results of operations.

We depend on certain senior managers and key employees.

Our historical success is substantially attributable to the role played by a group of our senior management and key employees. Although we have strengthened our team by recruiting several high-level executives and employees who bring experience in all administration and development, together with, in many cases, renewable energy industry specialists, our future success depends significantly on the full involvement of these key executives and employees and our ability to continue to retain and recruit high-level personnel. Furthermore, competition for qualified personnel with relevant expertise in the PRC is intense due to the scarcity of qualified individuals in the rapidly growing renewable energy industry, and in particular the wind power sector. We may need to offer higher compensation and other benefits to attract and retain key personnel. Our inability to retain such key executives and employees, or, alternatively to adequately replace them or hire qualified new executives and employees as our business grows, could adversely affect our ability to achieve our objectives and business strategy, and thereby have a material adverse effect on our business, financial condition or results of operations.

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.

Our main assets include, among other things, coal power generators, wind turbines, blades, transformers and interconnection infrastructure. Operating these assets involve, risks and hazards that may adversely affect our operations, including equipment failures, natural disasters, environmental hazards and industrial accidents. These and other hazards can cause significant personal injury or death, severe damage to and destruction of property, plant and equipment, contamination of, or damage, to the environment and suspension of operations. We may also face civil liabilities or fines in the ordinary course of business as a result of damages suffered by third parties, which may require us to make indemnification payments in accordance with applicable laws.

In accordance with industry practice in the PRC, we do not carry business interruption insurance, and we would not be compensated for any loss arising from the interruption in our production operations. We have entered into insurance policies to cover certain other risks associated with our business. While we believe this insurance coverage is commensurate with our business structure and risk profile, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, our insurance policies are subject to annual review by our insurers, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeded the limits of our insurance policies, it could have a material adverse effect on our business, financial condition or results of operations.

We are party to certain legal proceedings.

In the ordinary course of business, we have been, and from time to time in the future may be, named as a party in regulatory or legal actions, claims and disputes in connection with our business activities. These actions may include employment-related claims and contractual disputes or claims for personal injury or property damage that occur in connection with services performed relating to project or construction sites, or actions by regulatory or tax authorities. For example, one of our subsidiaries provided guarantees of RMB24.0 million to a PRC commercial bank for a loan granted to an independent third party in 1997. After the borrower defaulted on its loan and a judgment was rendered by the relevant PRC court, our subsidiary and the relevant parties subsequently entered into a settlement agreement, under which, the commercial bank discharged our subsidiary's joint and several guarantee obligation after we repaid 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. Our PRC legal counsel has advised that our maximum liability for such unpaid loan is up to RMB19.0 million. Any material litigation could have adverse financial consequences for us, and we may not have adequately provisioned for any potential losses associated with litigation not otherwise covered by insurance. Additionally, any negative outcome with respect to any legal actions in which we are involved in the future could adversely affect our reputation.

We may face labor disputes that could interfere with our operations and business.

While we believe we have a satisfactory working relationship with our employees, we remain subject to the risk of labor disputes and adverse employee relationships. These potential disputes and adverse relations could result in work stoppage or other events that could disrupt our business operations, which could have a material adverse effect on our business, financial condition or results of operations.

We will continue to be controlled by Guodian, whose interests may differ from yours or those of our other shareholders.

Upon completion of the Global Offering, Guodian will own an aggregate of approximately 67.0% of our Shares assuming no exercise of the Over-allotment Option (or approximately 63.7% if the Over-allotment Option is exercised in full). Subject to the Articles of Association and applicable laws and regulations, Guodian will, through its representatives on our Board, be able to influence our major policy decisions, including our management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment of our articles of incorporation and other actions that require the approval of our directors and shareholders. See "Relationship with Guodian Group." It is possible that differences in opinion may arise between Guodian Group and any of the remaining shareholders from time to time. We cannot guarantee that Guodian will influence the Company to pursue actions that are in the best interests of the remaining shareholders.

Our Special Distribution is not an indication of our future dividend policy.

Pursuant to the Interim Provisions on the Management and Financial Treatment of State Owned Capital in Enterprise Corporate Restructuring（企業公司改制有關國有資本管理財務處理的暫行規定）issued by the Ministry of Finance, we are required to make a Special Distribution to Guodian which we currently expect to amount to not more than RMB660 million, which represents our Group's unaudited net profit from September 30, 2008, the date on which our state-owned assets were valued, to July 9, 2009, the date of our establishment. See the section headed "Financial Information — Special Distribution" for details.

The actual amount will be determined by the outcome of a special audit. We will only pay the Special Distribution to Guodian after completing that special audit. See the section headed "Financial Information — Special Distribution" for details.

The Special Distribution was not determined in accordance with our dividend policy as described in the section headed "Financial Information — Dividend Policy." Investors of H Shares in the Global Offering will not be entitled to participate in the Special Distribution. The amount of the Special Distribution is not indicative of the dividends that our Company may declare or pay in the future.

Risks Relating to the PRC

Adverse change in the PRC's economic, political and social conditions, as well as government policies, could affect our business and result of operations.

All of our power plants are located in, and we derive all of our revenue from our operations in, the PRC. Accordingly, our business, financial condition or results of operations are subject, to a significant degree, to economic, political and legal developments in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including the extent of government involvement, its stage of development, its growth rate, its control of foreign currency exchange and the allocation of resources.

The PRC's economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven across both geographic regions and sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Even if some of these measures may benefit the overall economy of the PRC they may have a negative effect on our business, financial condition or results of operations.

The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect us.

Although the PRC's economy continues to grow more quickly than most developed economies, its real GDP growth rate declined from 13.0% in 2007 to 9.0% in 2008. A number of factors have contributed to this slowdown, including the appreciation of the Renminbi, which has adversely affected China's exports, and the PRC government's tightening macroeconomic measures and monetary policies aimed at preventing overheating of the PRC's economy and controlling China's high level of inflation. The slowdown has been further exacerbated by the challenging global economic conditions in the financial services and credit markets, which in recent years has resulted in extreme volatility and dislocation of the global capital and credit markets.

It is uncertain how long the challenging global economic conditions in the financial services and credit markets will continue and how much of an adverse effect it will have on the global economy in general, and the PRC economy in particular. In response to the challenging global financial conditions, in September 2008 the PRC government began to loosen economic measures and monetary policies by reducing interest rates and decreasing the statutory reserve rates for banks. On November 5, 2008, the State Council announced an economic stimulus plan in the amount of RMB585 billion to stimulate economic growth and bolster domestic demand. The economic stimulus plan includes, among others, increased spending on basic infrastructure construction projects for water, electricity, gas and heat to improve the standard of living in China and protect the environment. We cannot assure you that the economic stimulus plan or various macroeconomic measures and monetary policies adopted by the PRC government to guide economic growth and the allocation of resources will be effective to sustain the growth of the PRC economy. The slowdown of the PRC economy could lead to a decrease in business and construction activity nationwide, which could reduce demand for electricity and could in turn have a material adverse effect on our business, financial condition and results of operations.

The global credit and capital markets have been, and may continue to be, subject to significant disruption.

The availability of credit to entities, such as us, which operate within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole, and so any factors that affect market confidence could affect the price or availability of funding for entities within any of these markets, including us. Since the second half of 2007, global credit and capital markets, particularly in the United States and Europe, have experienced difficult conditions. These challenging market conditions have resulted in reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and lack of market confidence. It is difficult to predict how long these conditions will continue to exist and the extent to which we could be affected. It is also difficult to evaluate and predict how much the PRC economy has been and will be adversely affected by the current market uncertainties elsewhere. While as of the Latest Practicable Date we have not experienced any difficulty in or tighter credit terms for renewing our existing bank borrowings or obtaining new bank facilities, and have been able to borrow the funds necessary to finance our operations in the current market environment, prolonged disruptions to the credit and capital markets could limit our ability to borrow funds from our current funding sources or cause our continued access to funds to become more expensive or subject to less favorable terms. Furthermore, there can be no assurance that measures implemented by governments around the world to stabilize the credit and capital markets and new financial and economic policies, rules and regulations in the PRC where we operate will improve market confidence and the overall credit environment and economy. As a result, continued disruption to the global credit and capital markets may have a material adverse effect on our business, financial condition and results of operations.

The PRC legal system is not fully developed, and has inherent uncertainties that could limit the legal protections available to you and adversely affect our operations.

We and substantially all of our subsidiaries through which we conduct our operations, are organized under PRC laws. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organization and governance, commerce, taxation and trade. However, many of these laws and regulations, in particular, the regulatory regime relating to renewable energy projects, are relatively new and will likely continue to evolve, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, there are only limited volumes of published court decisions that may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections that are available to you, and can adversely affect the value of your investment.

In particular, the PRC power industry including the renewable energy sector is a highly regulated industry. Many aspects of our business, such as the amount and timing of electricity generation and the setting of tariffs, depend upon the receipt of the relevant government authority's approval. As the PRC legal system and the PRC power industry develop, we cannot assure you that changes in such laws and regulations, or in their interpretation or enforcement, will not have a material adverse effect on our business, financial condition or results of operations.

Fluctuations in exchange rates and government control of currency conversion may adversely affect our business and results of operations.

We receive revenue primarily in Renminbi, some of which we convert into foreign currencies to purchase foreign-made equipment and parts for repair and maintenance, repay the principal and interests of our foreign currency-denominated debts and distribute dividends to our shareholders. The value of the Renminbi is subject to changes in the PRC's governmental policies and international economic and political developments. Since July 21, 2005, the Renminbi is no longer pegged solely to the U.S. dollar. Instead, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to rise or fall by as much as 0.3% each day, based on market supply and demand and by reference to a basket of other currencies. It is likely that the exchange rates of the Hong Kong dollar and the U.S. dollar against the Renminbi will further fluctuate. In the event of significant change in the exchange rates of Hong Kong and U.S. dollars against Renminbi, our ability to pay dividends in foreign currencies may be adversely affected. Accordingly, our financial condition and results of operations could also be adversely affected. In addition, any dividends in respect of our H Shares will be declared in Renminbi and paid in Hong Kong dollars. Accordingly, holders of H Shares in countries other than the PRC are subject to risks arising from adverse movements in the value of the Renminbi against the Hong Kong dollar, which may reduce any dividends paid in respect of the H Shares.

It is possible that PRC authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange market. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

Additionally, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. The Renminbi cannot be freely converted into any other foreign currency. Pursuant to the PRC's current foreign currency exchange control system, it cannot be guaranteed that at a certain exchange rate, there would be sufficient foreign exchange activity to meet an enterprise's foreign exchange requirements. Under the PRC's current foreign currency exchange control system, foreign currency exchange transactions under the current account, including the payment of dividends, do not require advance approval from SAFE. However, foreign exchange transactions under the capital account must be approved in advance by SAFE. We may be unable to secure sufficient foreign currency to pay dividends to shareholders or satisfy any other foreign exchange requirements. If we were to fail to obtain the approval from SAFE to convert Renminbi into any foreign currency for any of the above purposes, our capital expenditure plans and our business, may be materially and adversely affected.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC, or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.

Most of our Directors, Supervisors and executive officers reside within the PRC. Substantially all of our assets and those of our Directors, Supervisors and executive officers are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. As a result, it may not be possible for investors to effect service of process upon us or those persons in the PRC, or to enforce against us or them in the PRC, any judgments obtained from non-PRC courts. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Our Articles of Association and the Hong Kong Listing Rules provide that most disputes between holders of H Shares and our Company, our Directors, Supervisors or executive officers arising out of the Articles of Association or the Company Law and related regulations concerning our Company's affairs, are to be resolved through arbitration. Under the current arrangement for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by the PRC arbitral authorities that are recognized under the Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC. On July 14, 2006, the Supreme People's Court of the PRC and the Hong Kong Government signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Under this arrangement, where any designated People's Court or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Risks relating to the Global Offering

There has been no prior public market for our H Shares; the liquidity and market price of our H Shares may be volatile.

Prior to the Global Offering, there was no public market for our H Shares. The Offer Price for our H Shares will be determined by us and the Underwriters based on, among other things, market and economic conditions on the date the Offer Price is determined, our results of operations, market valuations of other companies engaged in similar activities, the present state of our business operations, our management, indications of interest from potential investors in the H Shares and other factors deemed relevant, and may differ from the market prices for the H Shares after the Global Offering. We have applied to list and deal in our H Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active and liquid public trading market for our H Shares. In addition, the price and trading volume of our H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows may affect the volume and price at which our H Shares will be traded.

Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares.

Future sales by our shareholders of substantial amounts of our H Shares or other securities relating to our H Shares in the public markets after the Global Offering, or the perception that these sales may occur, could adversely affect market prices prevailing from time to time. Please see the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering" of this prospectus for a more detailed discussion of restrictions that may apply to future sales of our Shares.

After these restrictions lapse, the market price of our H Shares may decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Investors will experience dilution in pro forma adjusted net tangible assets because the Offer Price is higher than our net tangible assets per Share.

Because the Offer Price of our Offer Shares is higher than the net tangible assets per Share immediately prior to the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK$1.80 per Share (assuming an Offer Price of HK$6.26 per Share), or HK$2.35 per Share (assuming an Offer Price of HK$8.16 per Share). If we issue additional Shares in the future, purchasers of our Shares may experience further dilution in their ownership percentage.

Forward-looking information in this prospectus may prove inaccurate.

This prospectus contains certain forward-looking statements and information relating to us that are based on our management's belief and assumptions. The words "anticipate," "believe," "estimate," "expect," "going forward" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described herein. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected.

We cannot guarantee the accuracy of facts and other statistics with respect to the PRC, the PRC economy and the PRC power industry contained in this prospectus.

We have derived certain facts and other statistics in this prospectus relating to the PRC, the PRC economy and the PRC power industry from various government publications or communications with various PRC government agencies that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or without the PRC. The facts and other statistics include the facts and statistics included in the sections entitled "Risk Factors," "Industry Overview," "Business" and "Appendix VI — Technical Report." Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and you should not place undue reliance on them. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering. Prior to the date of this prospectus, there has been press and media coverage regarding us and the Global Offering, which included certain financial information, financial projections, valuations, capital expenditure and other information about us that do not appear in this prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such information and that such information is not sourced from or authorized by our directors or our management. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information included in or referred to by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding us or the Global Offering. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we would not accept any responsibility for it and you should not rely on any such information. Accordingly, you are cautioned that, in making your decisions as to whether to purchase our Offer Shares, you should rely only on the financial, operational and other information included in this prospectus and the Application Forms. By applying to purchase our Offer Shares in this Global Offering, you will be deemed to have agreed that you will not rely on any information other than the information contained in this prospectus and the Application Forms.

MANAGEMENT PRESENCE

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, and this will normally mean that at least two of its executive Directors must be ordinarily resident in Hong Kong.

Since substantially all of the Company's business operations and management are located in the PRC, there is no business need to appoint executive Directors to be based in Hong Kong. As all of our executive Directors currently reside in the PRC, the Company does not contemplate in the foreseeable future that it will have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules.

An application has been made to the Stock Exchange for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rule 8.12 and Rule 19A.15 of the Listing Rules and such waiver has been granted by the Stock Exchange.

The arrangements proposed by the Company for maintaining regular and effective communication with the Stock Exchange for the purpose of Rule 8.12 and Rule 19A.15 of the Listing Rules are

(i) the Company will have at least one independent non-executive Director who ordinarily resides in Hong Kong;

(ii) both of the Company's alternate authorized representatives, namely, Mr. Ngai Wai Fung and Mr. Zhang Songyi ordinarily reside in Hong Kong. The Directors who do not ordinarily reside in Hong Kong will be readily contactable through the Director who ordinarily resides in Hong Kong by telephone, facsimile or email. The authorized representatives will act as the principal channel of communication between the Company and the Stock Exchange. The authorized representatives of the Company possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, they will be able to meet with the relevant members of the Stock Exchange on short notice. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary;

(iii) the Company will retain Hong Kong legal advisers to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Global Offering;

(iv) all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

(v) the Company will retain a compliance adviser acceptable to the Stock Exchange to advise on corporate finance matters after listing for the period commencing on the Listing Date and ending on the date on which it complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date pursuant to Rule 3A.19 of the Listing Rules; and

(vi) the compliance adviser shall have access at all times to our authorized representatives and our alternative authorized representative, our Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company.

COMPANY SECRETARY

According to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experiences, is in the opinion of the Stock Exchange capable of discharging those functions. Rule 19A.16 of the Listing Rules provides that the secretary of a PRC issuer, such as our Company, need not be ordinarily resident in Hong Kong, provided that such person can meet the other requirements of Rule 8.17 of the Listing Rules.

Our Company has appointed Mr. Jia Nansong as one of the joint company secretaries. Mr. Jia is experienced in handling administrative work and preparing meeting materials for the Board, and has a thorough understanding of the operation of the Board and our Company. However, Mr. Jia does not possess a qualification as stipulated in Rule 8.17 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 8.17 and Rule 19A.16 of the Listing Rules. As such, our Company has appointed Mr. Ngai Wai Fung as another joint company secretary who is able to fully comply with the requirements set out under Rule 8.17 of the Listing Rules. Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Jia to become a joint company secretary who possesses all the requisite qualifications as required under the Listing Rules:

— Mr. Ngai will assist and guide Mr. Jia in his discharge of duties as a joint company secretary and in gaining the relevant experience as required by the Listing Rules; and

— our Company will ensure Mr. Jia has access to the relevant training and support to enable him to familiarise himself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 8.17 and Rule 19A.16 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. Upon the expiry of such three-year period, our Company will re-evaluate the qualifications and experience of Mr. Jia to consider whether the requirements stipulated in Rule 8.17 and Rule 19A.16 of the Listing Rules can be satisfied.

WAIVER AND EXEMPTION FROM CERTAIN VALUATION REPORT REQUIREMENTS

According to the valuation report set out in Appendix IV to this prospectus, we owned, held or occupied 728 parcels of land (excluding land for projects under construction without proper land use right certificates) with a total site area of 6,836,197 sq. m. and leased four parcels of land with a total site area of approximately 59,774 sq. m. in the PRC. We owned, held or occupied 331 buildings and units (excluding buildings under construction) with a total gross floor area of 392,402 sq. m. and leased 64 buildings with a total gross floor area of 17,790 sq. m. in the PRC. We also held 28 parcels of land for project construction (without land use right certificates) with a total site area of approximately 871,559 sq. m. and 29 buildings under construction with a total actual gross floor area of approximately 44,905 sq. m. in the PRC. Owing to the substantial number of properties involved, it was estimated that a full valuation report prepared in accordance with the Hong Kong Listing Rules would consist of more than 500 pages. In the circumstances, we have applied to the SFC for an exemption pursuant to section 342A of the Hong Kong Companies Ordinance from strict compliance with the requirements under Paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance; and to the Stock Exchange for a waiver from strict compliance with the requirements of Rules 5.01, 5.06, Paragraph 3(a) of Practice Note 16 and Rule 19A.27(4) of the Listing Rules, respectively, on the grounds that (i) it would be unduly burdensome to include a fully compliant valuation report in this prospectus and the inclusion of such detailed information would be irrelevant to potential investors in a power generation company as the inclusion of a valuation report of over 500 pages would seem out of proportion to the prospectus; and (ii) it would be irrelevant and unduly burdensome to prepare an English translation of the fully compliant valuation report, as all of the properties of the Group are situated in the PRC and consequently the formal addresses, descriptions of such properties and title information are all in Chinese. The exemption has been granted by the SFC under section 342A of the Hong Kong Companies Ordinance and the waiver has been granted by the Stock Exchange from Rules 5.01, 5.06, Paragraph 3(a) of Practice Note 16 and Rule 19A.27(4) of the Listing Rules, subject to the following conditions:

(i) a full version of the valuation report in the Chinese language complying with the requirements under the Listing Rules and Paragraph 34 of the Third Schedule to the Hong Kong Companies Ordinance will be made available for inspection in accordance with "Appendix XI — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection:"

(ii) the valuer's letter and the valuer's certificate containing a summary valuation of all property interests be included in the prospectus in the form set out in Appendix IV; and

(iii) this prospectus shall set out particulars of this exemption.

We are of the view that the exemption from the SFC and the waiver from the Stock Exchange would not prejudice the interests of investors on the grounds mentioned above.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

CSRC APPROVAL

The CSRC issued an approval letter on November 2, 2009 for the Global Offering and for the submission of the application to list our H Shares on the Stock Exchange. In granting its approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 107,144,000 H Shares and the International Offering of initially 2,035,716,000 H Shares (subject, in each case, to reallocation on the basis described in the section headed "Structure of the Global Offering" in this prospectus)

The listing of the Shares on the Stock Exchange is sponsored by Morgan Stanley as the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions that the Offer Price is agreed between the Joint Bookrunners, on behalf of the Underwriters, and us. The International Offering is managed by the Sole Global Coordinator and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about December 3, 2009, subject to agreement on the Offer Price between the Company and the Joint Bookrunners, on behalf of the Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners, on behalf of the Underwriters on or before December 8, 2009, or such later date or time as may be agreed between the Joint Bookrunners (on behalf of the Underwriters) and the Company, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Bookrunners (on behalf of the Underwriters) and the Company on or around December 3, 2009, and in any event no later than on or before December 8, 2009.

If the Joint Bookrunners (on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before December 8, 2009, or such later date or time as may be agreed between the Joint Bookrunners (on behalf of the Underwriters) and the Company, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON SALE OF SHARES

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of Hong Kong Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company, the Sole Global Coordinator, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see "Structure of the Global Offering," "How to Apply for the Hong Kong Offer Shares" and the relevant Application Forms.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, our Offer Shares to be issued pursuant to the Global Offering including: (i) any H Shares which may be issued by us pursuant to the Global Offering and upon the exercise of the Over-allotment Option; and (ii) any H Shares, converted from Domestic Shares, which are to be held by the NSSF (including such Domestic Shares converted to H Shares and transferred by Guodian and Guodian Northeast to the NSSF and such additional Domestic Shares converted to H Shares to be further transferred to the NSSF by Guodian and Guodian Northeast upon the exercise of the Over-allotment Option, in each case, pursuant to the relevant regulations in relation to the reduction of State-owned shares). Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorized approval authorities of the State Council, details of which are set out in the section headed "Share Capital — Conversion of Our Domestic Shares into H Shares."

Save as disclosed herein, no part of the Share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Hong Kong Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(d) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

H SHARE REGISTER AND STAMP DUTY

All H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's H Share register of members to be maintained in Hong Kong. We will maintain the Company's principal register of members at our current registered office in the PRC.

Dealings in our H Shares registered in the H Share register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders listed on the Hong Kong branch register of the Company, by ordinary post, at the Shareholders' risk, to the registered address of each shareholder of the Company.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Stock Exchange or any other date as HKSCC chooses. Settlement of transaction between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in our H Shares. It is emphasized that none of the Company, the Underwriters, the Sponsor, any of their respective directors, supervisors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of our H Shares.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, the Sole Global Coordinator (on behalf of the International Underwriters) or any person acting for it may over-allot or effect transactions with a view to prevent a decline in the market price of our H Shares for a limited period after the issue date. However, there is no obligation on the Sole Global Coordinator or any person acting for it to do this. Such stabilization action, if taken, may be discontinued at any time and is required to be brought to an end after a limited period. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Company intends to grant to the Sole Global Coordinator (on behalf of the International Underwriters) the Over-allotment Option, which will be exercisable in full or in part by the Sole Global Coordinator (on behalf of the International Underwriters) for up to 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Company may be required to issue and allot at the Offer Price up to an aggregate of 321,429,000 additional H Shares, representing 15% of the total number of H Shares initially available under the Global Offering, in connection with over-allocations in the Global Offering, if any.

Further details with respect to stabilisation and the Over-allotment Option are set out in the section headed "Underwriting — Stabilization and Over-allotment" of this prospectus.

PROCEDURES FOR APPLICATION FOR SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" and on the relevant Applications Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

MARKET SHARE DATA

The statistical and market share information contained in this prospectus has been derived from official government publications, market data providers and other independent third party sources. Unless otherwise indicated, the information has not been verified by us independently. This statistical information may not be consistent with other statistical information from other sources within or outside China. Our Directors have reproduced the data and statistics extracted from such official government publications and other sources in a reasonably cautious manner.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rates. No representation is made that the Renminbi amounts could actually be converted into any Hong Kong dollar amounts at the rates indicated or at all. Unless indicate otherwise, the translation of Renminbi into HK dollars was made at the rate of RMB0.8809 to HK$1.00, the exchange prevailing on November 13, 2009, set by PBOC for foreign exchange transactions. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Further information on exchange rates is set forth in "Appendix VII — Taxation and Foreign Exchange."

DIRECTORS

Name	Residential Address	Nationality
Non-executive Directors		
Zhu Yongpeng, Chairman (朱永芃)	No. 11, Unit 4 Building 207, District 2 Jinsong Chaoyang District Beijing PRC	Chinese
Wang Baole (王寶樂)	No. 21 Dongsongshu Hutong Xicheng District Beijing PRC	Chinese
Luan Baoxing (欒寶興)	No. 5 Sanlihe East Road, District 2 Sanlihe Xicheng District Beijing PRC	Chinese
Executive Directors		
Xie Changjun, President (謝長軍)	Room 1203, Building 4 Wanliu Yangchun Guanghua Jiayuan Haidian District Beijing PRC	Chinese
Tian Shicun, Vice President (田世存)	No. 1 Renjishanzhuang Zizhuyuan West Road Haidian District Beijing PRC	Chinese
Wang Liansheng (王連生)	Room 702, Building 3 Jinhuijiayuan Haidian District Beijing PRC	Chinese

Name	Residential Address	Nationality
Independent non-executive Directors		
Li Junfeng (李俊峰)	Room 1201, Unit 3 Building 6 District 3 Shijicheng Yuandayuan Haidian District Beijing PRC	Chinese
Zhang Songyi (張頌義)	8A, Magazine Court 5-7 Magazine Gap Road Hong Kong	British
Meng Yan (孟焰)	Room 1204, Building 2 Taiyueyuan, Zhichun Road Haidian District Beijing PRC	Chinese
Supervisors		
Chen Bin (陳斌)	Room 1202, Unit 3 Building 2 Xizhuan Hutong No. 2 Xuanwu District Beijing PRC	Chinese
Yu Yongping (于永平)	Room 305, Building 11 Taiyueyuan Haidian District Beijing PRC	Chinese
Wang Jianting (王建庭)	Room 1202, Unit 2, Building 1 Jinhuijiayuan Haidian District Beijing PRC	Chinese

PARTIES INVOLVED

Sole Global Coordinator and Sole Sponsor	Morgan Stanley Asia Limited 46th Floor International Commerce Center 1 Austin Road West Kowloon Hong Kong
Joint Bookrunners, Joint Lead Managers and Joint Financial Advisors	Morgan Stanley Asia Limited 46th Floor International Commerce Center 1 Austin Road West Kowloon Hong Kong
	UBS AG, Hong Kong Branch 52/F, Two International Finance Center 8 Finance Street Central Hong Kong
Auditors and reporting accountants	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Legal advisers to the Company	*as to Hong Kong and U.S. law*
	Clifford Chance 28th Floor, Jardine House One Connaught Place Central Hong Kong
	as to PRC law
	Beijing Jiayuan Law Firm F407-F408, Ocean Plaza 158 Fuxing Men Nei Avenue Beijing 100031 PRC

Legal advisers to the Underwriters	*as to Hong Kong law and U.S. law* Freshfields Bruckhaus Deringer 11th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong *as to PRC law* Jingtian & Gongcheng 15th Floor, The Union Square 20 Chaoyangmenwai Dajie Beijing PRC
Independent professional valuer	Jones Lang LaSalle Sallmanns Limited 17th Floor, Dorset House Taikoo Place 979 King's Road Quarry Bay Hong Kong
Independent technical consultant	Mott MacDonald Limited Victory House, Trafalgar Place Brighton BNI 4FY United Kingdom
Receiving bankers	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road Central Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

CORPORATE INFORMATION

Registered office	Room 1206, 12th Floor No. 7, Baishiqiao Street Haidian District Beijing PRC
Head office in the PRC	Tower C, International Investment Plaza 6-9 Fuchengmen North Street Xicheng District Beijing PRC
Principal place of business in Hong Kong	8th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
Company's website	www.clypg.com.cn
Joint company secretaries	Mr. Jia Nansong Mr. Ngai Wai Fung *FCIS, FCS (PE), HKICPA, ACCA*
Authorized representatives	Mr. Xie Changjun (Executive Director) Room 1203, Building 4 Wanliu Yangchun Guanghua Jiayuan Haidian District Beijing PRC Mr. Jia Nansong Room 1701, Unit 3 Building 1, District 58 Xizhimen North Street Haidian District Beijing PRC Mr. Zhang Songyi (as Mr. Xie Changjun's alternate) 8A Magazine Court 5-7 Magazine Gap Road Hong Kong Mr. Ngai Wai Fung (as Mr. Jia Nansong's alternate) 26A Wah Shan Mansion 17 Taikoo Shing Road Quarry Bay Hong Kong
Audit Committee	Mr. Meng Yan (Independent Non-executive Director) (Chairman) Mr. Zhang Songyi (Independent Non-executive Director) Mr. Luan Baoxing (Non-executive Director)

Nomination Committee	Mr. Xie Changjun (Executive Director) (Chairman) Mr. Li Junfeng (Independent Non-executive Director) Mr. Meng Yan (Independent Non-executive Director)
Remuneration and Assessment Committee	Mr. Wang Baole (Non-executive Director) (Chairman) Mr. Zhang Songyi (Independent Non-executive Director) Mr. Li Junfeng (Independent Non-executive Director)
Strategic and Planning Committee	Mr. Xie Changjun (Executive Director) (Chairman) Mr. Wang Baole (Non-executive Director) Mr. Tian Shicun (Executive Director) Mr. Wang Liansheng (Executive Director)
Compliance Adviser	China Merchants Securities (HK) Co., Ltd. 48/F, One Exchange Square Central Hong Kong
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	China Development Bank No. 29 Fuchengmenwai Street Xicheng District Beijing PRC China Construction Bank Corporation Beijing Branch Building 28 Xidajie Street Xuanwumen, Xuanwu District Beijing PRC Bank of Communications Co., Ltd. Beijing Branch No.33 Financial Street Xicheng District Beijing PRC

Certain information and statistics set out in this section have been extracted from various government publications, market data providers and other independent third party sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy. Accordingly, such information should not be unduly relied upon.

OVERVIEW OF THE PRC ECONOMY

The PRC is one of the fastest growing economies in the world; between 2001 and 2008 its real GDP grew at a CAGR of 10.5%. According to the Eleventh Five Year Plan for National Economy and Social Development (the "Eleventh Five Year Plan"), the PRC government expects to achieve an average 7.5% annual GDP growth during the period from 2006 to 2010.

Since 2001, electricity generation in the PRC has grown at a rate higher than the PRC's GDP in most years. The faster growth of electricity generation since 2001 has largely been driven by rapid industrialization and also by rising residential electricity demand as per capita income increased.

Year	Real GDP Growth Rate Over Preceding Year	Electricity Generation Growth Rate Over Preceding Year
	(%)	(%)
2001	8.3	9.2
2002	9.1	11.7
2003	10.0	15.5
2004	10.1	15.3
2005	10.4	13.5
2006	11.6	14.6
2007	13.0	14.5
2008	9.0	4.6

Sources: International Monetary Fund, World Economic Outlook Database, April 2009; BP Statistical Review of World Energy, June 2009

However, as shown below, while the economic growth rate in the PRC is among the highest of that of the countries and regions presented, the PRC has the lowest per capita electricity generation among the countries and regions presented.

Country	2008 Per Capita Electricity Generation	Real GDP Growth Rate				
		2004	2005	2006	2007	2008
	(kWh)	(%)	(%)	(%)	(%)	(%)
United States	14,178	3.6	2.9	2.8	2.0	1.1
South Korea	9,533	4.6	4.0	5.2	5.1	2.2
Japan	9,040	2.7	1.9	2.0	2.4	(0.6)
Singapore	8,937	9.3	7.3	8.4	7.8	1.1
Hong Kong	5,420	8.5	7.1	7.0	6.4	2.5
China	2,586	10.1	10.4	11.6	13.0	9.0

Sources: BP Statistical Review of World Energy June 2009; International Monetary Fund, World Economic Outlook Database, April 2009

THE PRC ELECTRICITY GENERATION INDUSTRY

Supply and Demand for Electricity in the PRC

Electricity generation in the PRC has grown rapidly in recent years. From 2001 to 2008, electricity generation in the PRC grew at a CAGR of 12.8%, faster than the PRC's real GDP CAGR of 10.5% over the same period. In 2008, industrial consumption accounted for 74.5% of the PRC's electricity consumption.

The PRC had an aggregate installed capacity of approximately 793 GW at the end of 2008. As shown in the following table, the PRC's total electricity generation grew faster than its installed capacity since 2001, resulting in increasing utilization hours from 2001 to 2004. However, starting in 2005, installed capacity began to outpace demand for power throughout the PRC. This trend has caused utilization hours to decrease between 2004 and 2008.

Year	Total Installed Capacity	Total Electricity Generation	Utilization Hours(1)
	(GW)	(TWh)	(hours)
2001	338.6	1,480.8	4,501.4
2002	356.6	1,654.0	4,758.5
2003	391.4	1,910.6	5,108.6
2004	442.4	2,203.3	5,285.0
2005	517.2	2,500.3	5,211.2
2006	623.7	2,865.7	5,023.7
2007	713.3	3,281.6	4,908.9
2008	792.5	3,433.4	4,560.2

Sources: China Electric Power Yearbook 2008; China Electricity Council; BP Statistical Review of World Energy, June 2009

(1) Total electricity generation in a year divided by the average amount of the total installed capacity for the same year and the previous year multiplied by 1,000

The following table sets out, as of June 30, 2009 and in each province and municipality in the PRC, the total power installed capacity (with unit capacity over 6,000KW), wind power installed capacity, and net power generation by all power sources.

	Total power installed capacity (with unit capacity over 6,000KW)	Wind power installed capacity	Net power generation by all power sources
	(MW)	(MW)	(GWh)
Beijing	5,820	50	30,440
Tianjin	7,510	—	21,927
Hebei	34,480	990	94,165
Shanxi	37,040	40	44,030
Inner Mongolia	49,900	3,320	51,195
Liaoning	23,270	1,390	54,676
Jilin	14,290	1,260	18,975
Helongjiang	18,190	970	24,442
Shanghai	16,850	40	41,483
Jiangsu	54,480	760	119,264
Zhejiang	48,430	180	93,394
Anhui	27,940	—	33,134
Fujian	24,960	300	43,771
Jiangxi	11,670	60	21,321
Shandong	58,070	480	95,952
Henan	46,550	—	79,416
Hubei	42,300	10	39,852
Hunan	23,350	—	36,141
Guangdong	53,490	280	141,532
Guangxi	23,310	—	31,542
Hainan	2,850	60	4,790
Chongqing	10,430	—	18,812
Sichuan	31,920	—	44,155
Guizhou	25,300	—	50,771
Yunnan	20,560	80	39,397
Tibet	—	—	
Shaanxi	19,840	—	27,469
Gansu	16,200	600	26,524
Qinghai	9,120	—	12,637
Ningxia	9,590	420	15,518
Xinjiang	10,930	520	13,968

Source: China Electricity Council 2009

Fuel Sources and Supply

The PRC is a country rich in coal resources, but with relatively limited oil and gas resources. As such, coal electricity generation units have accounted for the majority of electricity generation installed capacity in the PRC. In addition to coal power generation, significant new electricity generation projects that utilize hydroelectric, natural gas, wind and nuclear energy as fuel sources are under development. The average coal price at the Qinhuangdao port of the PRC increased by 15.3% from 2006 to 2007, and further increased by 80.2% from 2007 to 2008. The following table sets forth the month end price of 6,800 Kcal/kg coal at the Qinhuangdao port of the PRC during the Track Record Period.

Price (USD/ton)	2006	2007	2008	2009
January	48.0	59.0	99.0	92.0
February	48.5	NA	NA	97.5
March	49.0	66.0	132.5	87.0
April	49.5	66.5	126.3	89.7
May	50.9	66.0	91.0	91.0
June	51.0	71.8	90.0	90.0
July	51.3	74.0	87.0	87.0
August	52.0	74.4	165.7	89.7
September	52.0	74.3	NA	86.4
October	52.0	74.7	120.0	
November	NA	86.0	100.0	
December	NA	93.5	87.0	

Source: Bloomberg

Some of these new fuel types such as hydroelectricity and wind do not use traditional fuels and effectively protect the generation companies against adverse impact of traditional fuel cost fluctuation. The following table sets forth total installed electricity generation capacity in the PRC by fuel type as of December 31, 2008.

Fuel Type	As of December 31, 2008 Installed Capacity by Fuel Type
	(%)
Coal	76.0
Hydro	21.8
Nuclear	1.1
Wind	1.1
Total	100.0

Source: China Electricity Council

Future Plans for the PRC Power Industry and the Eleventh Five Year Plan

Energy scarcity and environmental deterioration are major global concerns. Due to rapid economic development, rising living standards and continuous increase in per capita energy consumption in the PRC, energy shortage has been a limiting factor for China's economic development. As such, in the outline of the Eleventh Five Year Plan published in 2005, the PRC government suggested a number of energy conservation and environmental protection policies and national targets. Some of the PRC government's targets mentioned in the Eleventh Five Year Plan include reduction of energy consumption per unit of GDP by 20% and significant expansion of highly efficient energy sources, including wind, hydroelectric, natural gas, nuclear, other renewable sources and cogeneration.

The table below sets forth the Eleventh Five Year Plan's targeted increase in installed capacity for the power industry by fuel type.

	Eleventh Five Year Plan Incremental Installed Capacity by Fuel Type	
Fuel Type	**Total Incremental Installed Capacity (GW)**	**% of Total**
Coal	87.4	53.0
Hydro	45.1	27.3
Gas	13.6	8.3
Nuclear	4.0	2.4
New Energy(1)	1.0	0.6
Other	13.9	8.4
Total	165.0	100.0

Source: Power Industry Eleventh Five Year Plan and 2020 Development Plan

(1) According to the United Nations Conference on New and Renewable Sources of Energy (1981), new energy primarily includes wind power, solar power, biomass power, and tidal power as well as other non-fossil-fuel-based energy sources.

Background and Restructuring of the PRC Power Industry

In January 1997, the State Power Corporation was established to take ownership of state-owned power generation assets and virtually all of the high voltage power transmission grids and local electricity distribution networks in the PRC. The State Power Corporation was responsible for the investment, development, construction, management, operation and ownership of power plants, the inter-connections of interprovincial and interregional electricity grids, and the transmission of electricity across regions.

In March 1998, the SETC was established to assume the governmental and administrative functions in relation to the power industry. The Electric Power Bureau was established within the SETC and given the responsibility of promoting reform policies and regulations, formulating development strategies, specifying technical requirements and industry practice and supervising the operation of the power industry.

As a result of further restructuring of the PRC power industry, in December 2002, the State Power Corporation was reorganized into two power grid companies and five large independent power generation groups. The two power grid companies are the State Grid Corporation of China ("State Grid") and the China Southern Power Grid Company ("Southern Grid"). The State Grid owns and manages five regional power grid companies, namely, northeast China, north China, east China, central China and northwest China power grids, which in turn own and operate interprovincial high voltage power transmission grids and local power distribution networks in 24 provinces (regions). The State Grid also manages the Tibet Power Grid. Southern Grid owns and manages interprovincial high voltage power transmission grids and local power distribution networks in five provinces (regions) including Guangdong, Guizhou, Yunnan and Hainan provinces, and Guangxi Zhuang Autonomous Region.

State Grid and Southern Grid Coverage

As of 2007, the five largest electricity generation groups owned and managed approximately 42% of the total installed electricity generation capacity available in the PRC. The remaining 58% was primarily owned by provincial, local and other power companies. The table below sets out the approximate installed capacity in the PRC controlled by the five large independent electricity generation groups:

Electricity Generation Groups	2007 Total Installed Capacity [(1)]
	(GW)
China Huaneng Group	71.3
China Datang Corporation	64.2
China Huadian Corporation	62.8
China Guodian Corporation	59.9
China Power Investment Corporation	42.1
China Resources Power Holdings Company Limited[(2)]	22.1
Others	390.9
Total	713.3

Source: China Electricity Industry Annual Development Report 2008, China Resources Power Holdings Co. Ltd. Annual Report

(1) Using total consolidated installed capacity

(2) Includes capacity of China Resources Power Holdings Company Limited only; does not include capacity of other members of the China Resources group.

Pursuant to the on-going reform of the electric power industry, a new industry regulator, the SERC, was established under the State Council in 2002. The main responsibilities of the SERC include ensuring fair competition in the electric power industry, monitoring the quality and standard of power plant production, administering electric power business permits and handling electric power market disputes.

In July 2004, the State Council issued further guidance on approval requirements for different types of power plants. For example,

- wind power plants at or above 50 MW in installed capacity need approval from the NDRC; others need approval from regional development and reform commissions or other equivalent authorities;
- coal power plants need approval from the NDRC; and
- hydro power plants on major rivers at or above 250 MW in installed capacity need approval from the NDRC; others need approval from regional development and reform commissions or other equivalent authorities.

Transmission and Dispatch

All electricity generated in the PRC is dispatched by power grid companies, except for that generated by power plants which are not connected to a grid. Power plants liaise with the relevant power grid companies annually to determine the volume of output to be dispatched. The electricity dispatched to each grid is administered by dispatch centers owned and operated by the power grid companies.

The main system for the transmission and distribution of power in the PRC consists of the five interprovincial power grids owned by State Grid and six power grids owned by Southern Grid. The table below shows the aggregate installed capacity of the power plants connected to the power grids as a percentage of the total installed capacity in the PRC, and the total electricity generated on those grids as a percentage of the total electricity generated in the PRC in 2007.

	2007	
Power Grid	**Installed Capacity**	**Electricity Generation**
	(%)	(%)
State Grid		
East China Power Grid	24.2	24.4
Central China Power Grid	22.7	20.4
North China Power Grid	19.0	21.4
Northeast Power Grid	8.2	8.5
Northwest Power Grid	6.9	7.4
Southern Grid		
Guangdong Provincial Grid	8.7	8.7
Guizhou Provincial Grid	3.2	3.2
Yunnan Provincial Grid	3.3	2.9
Guangxi Provincial Grid	2.9	2.2
Tianshengqiao Plant	0.4	0.4
Hainan Provincial Grid	0.4	0.4
Nationwide total	100.0	100.0

Source: China Electric Power Yearbook 2008

The PRC's energy sources, such as coal and hydroelectric resources, are principally located in the northern, central and south western inland provinces, but the provinces with the highest electricity consumption are located in the eastern and southern coastal areas of the PRC. As a result of plans to develop large power plants in areas with abundant energy sources, the expansion of the PRC's electricity transmission capabilities is of major importance. The PRC plans to expand the interconnected power grids to enable the transmission of electricity generated by mine-mouth power plants and hydroelectric power plants over long distances to areas of high consumption.

In order to achieve a more efficient and rational dispatch of electric power, the State Council issued, with effect from November 1, 1993, the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (the "Dispatch Regulations"). Under the Dispatch Regulations, dispatch centers were established at each of the five levels: the national dispatch center, the dispatch centers of the interprovincial power grid, the dispatch centers of the provincial power grid, the dispatch centers of the power grid of municipalities under provinces and the dispatch centers of the county power grid. Dispatch centers are responsible for the administration and dispatch of planned output of power plants connected to the grid. Each power plant receives on a daily basis from its local dispatch center an expected hour-by-hour output schedule for the following day, based on expected demand, the weather and other factors.

The dispatch centers must dispatch electricity in compliance with the electricity consumption schedule. The electricity consumption schedule is generally determined according to, among other things: (1) power supply agreements entered into between a power grid and large or primary electricity customers, which take into account the electricity generation and consumption plans formulated annually by the PRC government; (2) agreements entered into between a dispatch center and each power plant subject to its dispatch; (3) interconnection agreements between power grids and (4) the actual conditions of the grid, including equipment capabilities and safety reserve margins.

On-grid Tariffs

An on-grid tariff is the tariff that grid companies pay to generation companies. Different on-grid tariffs are applicable to planned output, excess output and output subject to competitive bidding. In general, the on-grid tariffs for planned output and excess output are subject to a review and approval processes involving the relevant provincial price bureaus and the NDRC. Each year, the relevant provincial government agency forecasts the electricity demand in the region based on the projected economic growth to determine total electricity output. Pursuant to such estimates, each power plant and the power purchaser reach an agreement on the amount of planned output and excess output. Additional output is subject to the competitive bidding of on-grid tariffs.

The PRC Electric Power Law, which came into effect in 1996, sets out the general principles for determining on-grid tariffs in China. Under the PRC Electric Power Law, the on-grid tariffs granted to a power producer are formulated to provide reasonable compensation for costs as well as a reasonable return on investment.

In April 2001, a new on-grid tariff setting mechanism for planned output was issued. This new mechanism is based on the operating term of a power plant as well as the average cost of technologically comparable power plants that were constructed during the same period within the same provincial grid. In March 2005, the NDRC issued a new legislation with respect to the on-grid tariff setting mechanism. Under this new legislation, on-grid tariff will be determined by the provincial price bureaus based on the number of years a power plant has been in operation. The rule also seeks to provide reasonable compensation and return to the IPPs. In particular, reasonable return is determined by adding a certain premium to the long-term government bond yield.

In order to reduce environmental pollution, the NDRC has also provided incentives for IPPs to install desulphurization equipment. In June 2006, the NDRC announced an on-grid tariff premium of RMB15 per MWh for all plants which had installed and operated flue gas desulfurization equipment and had acquired the final acceptance from relevant authorities before the end of 2006.

In December 2004, the NDRC issued a power pricing reform plan to address the adverse effects on increased coal costs on IPPs. Under this reform plan, electricity tariffs may be adjusted upwards as coal prices increase. In essence, IPPs are allowed to pass through 70% of increases in coal prices to power grids through increases in on-grid tariffs. However, the actual tariff adjustment is calculated by a more complicated formula using factors such as net generation standard coal consumption rate and coal heat value. When the average coal price increases by more than 5% within a six-month period, 70% of such increases could be passed through to power grids through an increase of on-grid tariffs, while IPPs will bear the remaining 30% of the increased coal costs. If the average coal prices increase by less than 5% within such six-month period, the on-grid tariffs will remain unchanged. This new policy will use the sale prices of thermal coal as of the end of May 2004 as the base for calculating the fluctuation of the average coal prices during the following six-month period.

In 2007, despite further increases in coal price, due to the PRC government's intention to suppress inflation, there was no further increase of on-grid tariffs and retail power tariffs, which are the tariffs consumers pay to grid companies.

On July 2, 2008, the NDRC announced the details of an on-grid tariff increase by the provincial authorities. The national average on-grid tariff hike was RMB17 to 18 per MWh. On August 19, 2008, the NDRC announced a further overall increase in on-grid tariff of RMB10 to 25 per MWh, averaging RMB20 per MWh (including 17% VAT), without adjusting the retail tariffs.

In November 2009, the NDRC announced plans to adjust tariff for coal power. Effective from November 20, 2009, the average national retail tariff payable by non-residential users will increase by RMB28 per MWh, but the adjustments for each individual region and industry will vary. According to the announcement made available on the NDRC's website, the retail tariff increase is intended to alleviate profitability margin pressure on grid companies which resulted when the national average on-grid tariff was increased in 2008 by an average of RMB20 per MWh, while the retail tariff was not correspondingly adjusted. In addition, the NDRC also announced plans to increase the on-grid tariffs in ten provinces in China by RMB2 to 15 per MWh and decrease the on-grid tariffs in seven provinces by RMB3 to 9 per MWh. According to a notice on the grid tariff adjustment in East China issued by the NDRC, the on-grid tariffs for coal power in Jiangsu were adjusted downwards by RMB5.8 per MWh with effect from November 20, 2009. As part of the NDRC's tariff adjustment plans, the NDRC also plans to increase the tariff surcharges related to on-grid tariffs of renewable energy sources and the desulfurization equipment-related on-grid tariff subsidies in light of increasing expenses associated with installation and operation of desulfurization equipment.

Since 1998, the PRC government has begun to experiment with conducting electricity sales through a competitive bidding process in several provinces. For conventional coal power plants, electricity produced in excess of the planned output will be sold to the grid on a competitive basis against other plants according to a mechanism known as power pooling. The power pooling concept has been piloted in eastern China, northeastern China and southern China. Each day, power plants submit generation capacity and prices for every 15-minute slot of the following day. The grid companies will then select those plants with the lowest prices and the final on-grid tariff will be the market clearing price. The power pooling process typically results in a lower selling price than the tariffs received from the electricity dispatched as part of the planned output.

However, not all plants are under the power pooling program. According to a SERC regulatory release in March 2006, power plants are categorized into two types: Type A and Type B. Type A plants are subject to the power pooling program, while Type B plants are not currently subject to the power pooling program.

Type A plants refer to plants that own coal units with single turbine capacity above 100 MW. Type B plants refer to plants that own the following units, including:

- coal units with single turbine capacity below 100 MW;
- cogeneration units;
- gas-fired units;
- oil-fired units;
- wind power, waste and other renewable energy units;
- nuclear units;
- hydro units; and
- other non-Type A units.

THE RENEWABLE POWER GENERATION INDUSTRY

Renewable power generation technologies include, among others, wind, solar (thermal and photovoltaic), mini-hydro, biomass, wave and tidal. According to "World Energy Outlook 2008" by the International Energy Agency, the share of renewable energy in the world electricity generation market is 18% in 2006, and is expected to account for 20% in 2015 and 23% in 2020. The principal factors which contribute to increased demand for renewable energy include:

- concern over the security of energy supply in developed countries;
- increased worldwide environmental awareness and concern for environmental sustainability; and
- renewable energy technologies becoming more economically efficient.

Overview of a Wind Farm

The principal component of a wind farm is the wind turbines. Each wind turbine comprises three blades, a nave, a gearbox, a generator, a cabin, a supporting tower and certain other secondary support systems. The remainder of the wind farm infrastructure includes access roads, concrete foundations, an electrical collection system, a step-up substation, and a box-type transformer as well as a control building.

Wind causes the blades to rotate, which spins the rotor to which they are connected. The energy generated by this rotor is then transmitted to a generator that produces electric currents, thereby transforming the force of the wind into mechanical energy, which is transformed again into electrical power. Through the electrical collection system, electric power feeds into a step-up substation, in which a power transformer converts the low/medium voltage from the collection system to the high voltage level of the local grid. The substation allows the power to flow to the grid at a pre-determined voltage.

Wind turbines are grouped into various design classes, primarily depending on maximum wind speed and the turbine's ability to withstand turbulence. Average annual wind speeds and turbulence levels vary widely between project sites, and a wind power company's ability accurately to select, procure and allocate the most appropriate class of wind turbine for different sites increases its competitiveness and profitability, by achieving optimal output while conforming to the technical requirements of each individual turbine. The total installed capacity of a wind farm varies from project to project, driven largely by the site characteristics, available land, grid connection and limits imposed by the relevant planning consent and other government permits and approvals governing the project's construction.

Global Wind Power Industry

Wind is the fastest growing renewable energy technology in the world due to its cost efficiency, resource availability and the maturity of the technology in comparison to other types of renewable energy technologies. According to BTM, global wind installed capacity grew at a CAGR of 24.8% from 2003 through 2008, bringing cumulative installed capacity from 40,301 MW as of December 31, 2003 to 122,158 MW as of December 31, 2008.[1] The 28,190 MW of additional global wind capacity installed in 2008 (approximately 42% growth) set an industry record, notwithstanding wind turbine supply constraints that restricted wind farm development. The strong growth during 2008 was mainly due to the Production Tax Credit ("PTC") in the United States, which is due to remain in force until the end of 2009. Another reason for the strong growth was a significant increase in China, which doubled its capacity compared to 2007.

BTM expects that global wind installed capacity will increase at a CAGR of 22.9% between 2008 and 2013, reaching 343,153 MW in 2013. The following table sets forth BTM's global and regional wind capacity growth in 2008 and expectations for 2009 through 2013.

Forecast for Wind Power Development 2009-2013
Year End Installed Capacity (MW)

Region	2008	2009E	2010E	2011E	2012E	2013E	08-13E CAGR
Europe	65,971	77,551	91,056	106,956	125,036	145,186	17.1%
Americas	28,918	36,568	47,018	59,468	75,668	93,968	26.6%
South & East Asia	22,174	31,824	42,124	54,524	67,924	83,224	30.3%
OECD-Pacific(1)	4,256	5,356	6,706	8,306	10,206	12,456	24.0%
Other Areas	840	1,485	2,520	3,990	5,800	8,320	58.2%
Total	**122,158**	**152,783**	**189,423**	**233,243**	**284,643**	**343,153**	**22.9%**

Sources: International Wind Energy Development, March 2009 (BTM)

(1) Organization for Economic Co-operation and Development in Pacific region, includes Australia, New Zealand and Japan

At the end of 2008, Europe represented 54.0% of global wind installed capacity but, according to BTM, in the future the global wind power market will continue to diversify geographically from Europe to the Americas and South & East Asia Pacific regions. BTM expects the Americas and South & East Asia Pacific regions to experience greater growth in relative terms than Europe; from 2008-2013, the Americas and South & East Asia Pacific regions' wind installed capacity are projected to grow at 26.6% and 30.3% respectively while Europe's is projected to grow only 17.1%.

[1] Founded in 1986, BTM is a private independent consultancy company based in Denmark and specialized in renewable energy including wind energy. BTM states on its website that its staff has been working with wind energy utilization since 1979. Services provided by BTM include market assessment and business development, appraisal and due diligence investigations. It publishes, among other things, International Wind Energy Development - World Market Update, a non-governmental publication, on an annual basis since 1995 containing statistics and market updates of the worldwide wind energy industry. Neither the Directors nor the Sponsor commissioned BTM to prepare any research report and BTM is an independent third party of the Group.

Regional Wind Power Markets

Europe

Europe is the largest wind power market in terms of installed capacity, with 65,971 MW at the end of 2008. Within Europe, Germany and Spain are the two largest wind markets, with 23,933 MW and 16,453 MW at the end of 2008. The following table sets forth BTM's wind capacity growth expectations for Europe on a national basis from 2008 through 2013.

Forecast for Europe Wind Power Development 2008-2013
Year End Installed Capacity (MW)

Region	2008	2009E	2010E	2011E	2012E	2013E	08-13E CAGR
Germany	23,933	25,533	27,333	29,733	32,233	35,233	8.0%
Spain	16,453	18,453	20,453	22,953	24,953	27,453	10.8%
Italy	3,731	4,831	6,031	7,531	9,031	10,531	23.1%
France	3,671	5,271	7,071	9,171	11,671	14,371	31.4%
UK	3,263	4,863	6,863	9,063	11,563	14,363	34.5%
Denmark	3,159	3,484	3,784	3,884	4,384	4,534	7.5%
Portugal	2,829	3,729	4,729	5,729	6,729	7,929	22.9%
Netherlands	2,222	2,472	2,772	3,022	3,422	3,822	11.5%
Greece	1,102	1,302	1,502	1,802	2,102	2,402	16.9%
Sweden	1,024	1,424	1,924	2,424	3,174	3,924	30.8%
Ireland (Rep.)	1,015	1,215	1,415	1,715	2,015	2,365	18.4%
Austria	997	1,047	1,247	1,447	1,747	2,047	15.5%
Turkey	512	762	1,062	1,512	2,012	2,512	37.5%
Poland	472	772	1,072	1,572	2,272	3,272	47.3%
Belgium	385	485	915	1,015	1,345	1,545	32.0%
Norway	385	585	885	1,385	2,085	3,085	51.6%
Hungary	162	212	312	412	612	862	39.7%
Czech Rep.	138	188	238	338	488	638	35.8%
Finland	113	163	263	463	663	863	50.2%
Rumania	76	176	276	426	576	776	59.2%
Lithuania	71	121	171	246	346	446	44.4%
Estonia	67	117	167	242	342	442	45.8%
Bulgaria	66	116	191	291	391	541	52.3%
Latvia	29	79	129	204	279	379	67.2%
Switzerland	13	43	93	143	218	318	89.5%
Rest of Europe: Other East European and Baltic Countries	84	109	159	234	384	534	44.8%
Total Europe[(1)]	**65,971**	**77,552**	**91,057**	**106,957**	**125,037**	**145,187**	**14.4%**

Source: International Wind Energy Development, March 2009 (BTM)

(1) The total numbers in this table may not match the total numbers for this region in the table headed "Forecast For Wind Power Development 2009-2013."

Americas

The Americas is the second largest wind power market in terms of installed capacity, with 28,918 MW at the end of 2008. Within the Americas, the United States is the largest wind market, with 25,237 MW at the end of 2008. The following table sets forth BTM's wind capacity growth expectations for the Americas on a national basis from 2008 through 2013.

Forecast for Americas Wind Power Development 2008-2013
Year End Installed Capacity (MW)

Region	2008	2009E	2010E	2011E	2012E	2013E	08-13E CAGR
U.S.	25,237	31,237	39,737	49,737	62,737	77,237	25.1%
Canada	2,371	3,371	4,571	6,071	8,071	10,571	34.8%
Brazil	687	987	1,287	1,687	2,187	2,687	31.4%
Mexico	332	582	882	1,182	1,582	1,982	43.0%
Other Americas	291	391	541	791	1,091	1,491	38.6%
Total Americas(1)	**28,918**	**36,568**	**47,018**	**59,468**	**75,668**	**93,968**	**26.6%**

Source: International Wind Energy Development, March 2009 (BTM)

(1) The total numbers in this table may not match the total numbers for this region in the table headed "Forecast For Wind Power Development 2009-2013."

South and East Asia

South and East Asia is the third largest wind power market in terms of installed capacity, with 22,174 MW at the end of 2008. Within South and East Asia, China is the largest wind power market, with 12,121 MW at the end of 2008. The following table sets forth BTM's wind capacity growth expectations for South and East Asia on a national basis from 2008 through 2013.

Forecast for South and East Asia Wind Power Development 2008-2013
Year End Installed Capacity (MW)

Region	2008	2009E	2010E	2011E	2012E	2013E	08-13E CAGR
P.R. China	12,121	19,421	26,921	35,421	44,421	54,921	35.3%
India	9,655	11,755	14,255	17,755	21,505	25,505	21.4%
Taiwan	369	569	819	1,119	1,569	2,169	42.5%
Rest of Asia: Indonesia, N. Korea, Malaysia, Philippines, Thailand, Vietnam, etc.	28	78	128	228	428	628	86.3%
Total South and East Asia(1)	**22,174**	**31,823**	**42,123**	**54,523**	**67,923**	**83,223**	**30.3%**

Source: International Wind Energy Development, March 2009 (BTM)

(1) The total numbers in this table may not match the total numbers for this region in the table headed "Forecast For Wind Power Development 2009-2013."

China

In China, wind power installed capacity for the six years from 2002 to 2007 was 473 MW, 571 MW, 769 MW, 1,264 MW, 2,588 MW and 5,875 MW, respectively. The newly installed capacity during 2008 reached 6,246 MW, increasing its cumulative capacity to 12,121 MW. This has exceeded the PRC government's original short term target for 5GW by 2010. In terms of national policy, the NDRC released its Medium and Long-Term Development Plan for Renewable Energy in August 2007. This sets out targets for renewables up to 2020, with a 10% contribution to total energy consumption by 2010 and 15% by 2020. To meet its commitment, the PRC government has announced its intention to invest about $200 billion in the development of renewable energy. The Medium and Long-Term Development Plan also set a target for wind energy capacity to reach 30 GW in 2020. Because recent and forecasted high growth rate in wind energy market, the Medium and Long-Term Development Plan forecasts wind energy to reach 100 GW in 2020, exceeding the original target by 70 GW. Additionally, this plan also includes a "mandated market share" policy, which sets targets for electricity from non-hydro renewable sources at 1% by 2010 and 3% by 2020. Given that electricity generated from photovoltaics and biomass is likely to be modest given its current rate of development, achievement of this aggressive target will likely rely heavily on wind power.

In terms of industrialisation of the domestic wind power industry, China now has more than 20 turbine manufacturers and is also building its own supply chain. The PRC government plans to have most of the wind equipment made by domestic suppliers by 2010 and to encourage the development of large-scale wind farms.

With a land mass of 9.56 million square kilometers and 32,000 km of coastline (including islands), China has abundant wind energy resources with significant development potential. According to the second general measurement of wind resources conducted by the PRC government at a height of ten meters in the late 1980s, the technically exploitable wind resources on land and offshore were respectively 253 GW and 750 GW. However, with the increased height of modern wind turbines, this potential will be much greater. At a hub height of 50 meters, China's wind resources could reach 3,000 GW, according to a forecast by the United Nations Environment Program.

The PRC government believes the areas with high potential for wind energy development in the PRC are Northern China and the South-Eastern coastal areas. Additionally, some parts of inland China influenced by lakes or other special topographic conditions also have abundant wind energy resources. The most abundant wind resources in Northern China include the regions of Inner Mongolia, Jilin, Liaoning, Heilongjiang, Gansu, Ningxia, Xinjiang and Hebei. The most abundant wind resources along coastal areas and offshore are found in Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, Guangxi and Hainan.

According to BTM, of the global cumulative wind installed capacity of 122,158 MW at the end of 2008, China accounted for approximately 10% and was ranked the fourth largest country in terms of cumulative wind installed capacity at the end of 2008. BTM estimates that by the end of 2013, China's cumulative wind installed capacity will increase to 54,921 MW, accounting for 16% of the global cumulative wind installed capacity at that time and will become the second largest country in terms of cumulative wind installed capacity only after the U.S. BTM also expects that China will have the highest wind installed capacity CAGR from 2008-2013 among the top five countries in terms of cumulative wind installed capacity at the end of 2008, including U.S., Germany, Spain, China and India (in descending order of their installed capacity).

The following table sets forth the estimated cumulative installed capacity during the period from 2008 to 2013, listed by country.

Country	2008 Year End Cumulative Installed Capacity	2013 Expected Cumulative Installed Capacity	2008-2013 Expected Installed Capacity Addition	2008-2013 Expected Installed Capacity CAGR
	(MW)	(MW)	(MW)	
China	12,121	54,921	42,800	35%
U.S.	25,237	77,237	52,000	25%
India	9,655	25,505	15,850	21%
Spain	16,453	27,453	11,000	11%
Germany	23,933	35,233	11,300	8%
Other countries except China	110,037	288,232	178,195	21%

Source: International Wind Energy Development, March 2009 (BTM)

The following table sets forth the wind installed capacity penetration rates in selected countries as of December 31, 2008.

Country	Wind Installed Capacity	Total Installed Capacity	Penetration Rate(1)
	(MW)	(MW)	
China	12,121	792,500	1.5%
Germany	23,933	123,386	19.4%
Spain	16,453	86,840	18.9%

Sources: International Wind Energy Development, March 2009 (BTM), China Electricity Council and Platts

(1) Wind installed capacity divided by the national total installed capacity in each country

The following table sets forth the 2008 China Wind Power Report's estimate of China's wind resources in selected provinces.

China's Wind Resources in Selected Provinces

Province	Technically exploitable wind resources
	(GW)
Inner Mongolia	≈150
Xinjiang	>100
Gansu	>100
Hebei	>40
Jiangsu	>10
Jilin	>10

The uneven distribution of wind resources in China has influenced where wind power capacity will be installed in each province. Although the coastal and offshore areas have abundant wind resources, wind power production capacity has so far been located mainly in North China. As shown in the table below, Inner Mongolia, Liaoning, Hebei, Jilin are the most developed areas. The following table sets forth an estimate of China's cumulative wind installed capacity and gross wind power generation as of June 30, 2009 by province as a percentage of the total nationwide installed capacity.

Wind power installed capacity and gross power generation in the PRC by province as of June 30, 2009

Regions	Wind Power Installed Capacity	Wind Gross Power Generation
	(%)	(MWh)
Inner Mongolia	28.1%	3,808,850
Liaoning	11.8%	1,294,230
Jilin	10.7%	1,348,410
Hebei	8.4%	1,206,220
Helongjiang	8.2%	1,237,320
Jiangsu	6.4%	627,880
Gansu	5.1%	493,600
Xinjiang	4.4%	614,230
Shandong	4.1%	466,460
Ningxia	3.6%	355,520
Fujian	2.5%	306,870
Guangdong	2.4%	320,130
Zhejiang	1.5%	175,660
Yunnan	0.7%	114,410
Jiangxi	0.5%	39,520
Hainan	0.5%	41,210
Beijing	0.4%	81,980
Shanxi	0.3%	—
Shanghai	0.3%	34,770
Hubei	0.1%	13,510
Tianjin	0.0%	—
Anhui	0.0%	—
Henan	0.0%	—
Hunan	0.0%	—
Guangxi	0.0%	—
Chongqing	0.0%	—
Sichuan	0.0%	—
Guizhou	0.0%	—
Tibet	0.0%	—
Shaanxi	0.0%	—

Source: China Electricity Council July 2009

The leading wind farms operator in the PRC

In China, China Longyuan Power Group Corporation Limited is the largest wind farm operator in terms of 2008 installed capacity accounting for 24.1% of 2008 cumulative wind installed capacity in China, according to BTM.

Company	2008 cumulative installed capacity	Percentage of China wind power capacity
	(MW)	(MW)
China Longyuan Power Group Corporation Limited	2,924.0[(1)]	24.1%
China Datang Corporation	2,154.0[(1)]	17.8%
China Huaneng Group	1,439.2[(1)]	11.9%
Shenhua Group Corporation Limited	650.0[(1)]	5.4%
China Guangdong Nuclear Power Holding Co., Ltd.	450.0[(2)]	3.7%
China Huadian Corporation	376.5[(2)]	3.1%
China Power Investment Corporation	328.0[(3)]	2.7%

Sources: International Wind Energy Development, March 2009 (BTM) and company websites

(1) Total installed capacity

(2) Data source does not specify whether installed capacity is consolidated or total

(3) Consolidated installed capacity

In China, China Longyuan Power Group Corporation Limited is the largest wind farm operator in terms of gross wind power generation in 2008, according to 2008 Power Industry Statistics Express by China Electricity Council. The following table sets forth gross wind power generation in 2008, listed by company.

Company	Gross Wind Power Generation in 2008
	(GWh)
China Longyuan Power Group Corporation Limited	3,901[(1)]
China Datang Corporation	1,833
China Huaneng Group	1,030
China Huadian Corporation	500
China Power Investment Corporation	348

Sources: China Electricity Council

(1) Including power generated from the Company's associated companies in the amount of 246.3 GWh in 2008.

Offshore versus onshore

The development of offshore wind power projects globally has evolved more slowly than onshore projects due to higher operation and maintenance costs, larger required capital expenditures and larger minimum investment sizes required to compensate for the associated larger fixed costs. However, offshore wind energy technology continues to mature.

According to BTM, in 2008, of the total global cumulative wind installed capacity of 122,158 MW, offshore wind installed capacity was only 1,421 MW, representing approximately 1.2% of the total global wind installed capacity. The table below sets forth BTM's estimation of the status of the offshore installation at the end of 2007 and 2008, listed by country.

	2007		2008	
Country	**Newly Installed Offshore Capacity**	**Cumulative Installed Offshore Capacity**	**Newly Installed Offshore Capacity**	**Cumulative Installed Offshore Capacity**
	(MW)	**(MW)**	**(MW)**	**(MW)**
UK	90.0	394.0	194.0	588.0
Denmark	—	397.9	—	397.9
The Netherlands	—	126.8	120.0	246.8
Sweden	110.0	133.3	—	133.3
Belgium	—	—	30.0	30.0
Ireland	—	25.0	—	25.0
Total capacity - World	200.0	1,077.0	344.0	1,421.0

Sources: International Wind Energy Development, March 2009 (BTM)

BTM expects that offshore capacity will continue to form a small part of the global installed wind power capacity. Of the total incremental installed wind power capacity of 220,995 MW that BTM expects will be added globally from 2009-2013, BTM expects that offshore wind capacity will only account for 4.7% of this. For Europe, however, the percentage is slightly higher at 11.9%.

Leading Utilities/IPP Wind Farm Operators

The following table set out the top 15 global wind power generation companies by installed capacity, by megawatts and as a percentage of the total global wind power production capacity.

Company	Country	2008 Cumulative Installed Capacity	Percentage of global wind power capacity
		(MW)	
Iberdrola Renovables	Spain	8,960	7.3%
FPL Energy	U.S.	6,374	5.2%
EDP Renovaveis	Portugal	5,052	4.1%
Acciona Energy	Spain	4,566	3.7%
China Longyuan Power Group Corporation Limited	P.R. China	2,924	2.4%
Datang Corporation	P.R. China	2,154	1.8%
EDF Energies Nouvelies	France	2,031	1.7%
Endesa	Spain	1,925	1.6%
E.ON Climate and Renewables	Germany	1,890	1.5%
Eurus Energy Holding	Japan	1,722	1.4%
Babcock Brown Windpartners(1)	Australia	1,530	1.3%
MidAmerican Energy	U.S.	1,284	1.1%
International Power	Great Britain	1,223	1.0%
AES	U.S.	1,213	1.0%
Cielo Wind Power	U.S.	1,148	0.9%
Total of the above companies		**43,996**	**36.0%**

Sources: International Wind Energy Development, March 2009 (BTM)

(1) Since the release of the BTM report, Babcock Brown Windpartners has been renamed as "Infigen Energy."

As can be seen in the table above, the global wind power market is relatively fragmented. According to BTM, at the end of 2008, the combined cumulative installed capacity of the top 15 wind generation companies was 43,996 MW, or approximately 36.0% of the global installed capacity.

OVERVIEW

Substantially all of our operations are based in the PRC. Accordingly, both of our renewable energy and coal power businesses are subject to extensive regulations by the PRC government. These regulations govern a wide range of areas including, among others, project approvals, power generation, transmission and dispatch, on-grid tariffs and environmental protection and safety. In addition, our operations are subject to general regulations in the PRC without industry-specific requirements, such as foreign investments, foreign exchange control and taxation.

Principal Regulatory Authorities Relating to our Businesses

We are principally subject to the governmental supervision and restriction by the following PRC agencies and regulatory authorities:

- The NDRC and provincial DRC are responsible for:
  - setting and implementing major policies concerning China's economic and social development;
  - reviewing and approving investment projects in the power industry at a certain scale;
  - promulgating regulations and rules in connection with the operation of power plants;
  - setting power tariffs; and
  - accepting and approving CDM projects
- The SERC and its local branches, are mainly responsible for:
  - promulgating rules for the power industry;
  - supervising the operations and legal compliance of the power industry;
  - issuing and administering Electric Power Business Permits (電力業務許可證); and
  - supervising the power market.
- The MEP, which was formed pursuant to a resolution passed by the Eleventh National People's Congress in March 2008 and has taken over substantially all authority from the former SEPA, is responsible for the supervision and control of environmental protection and monitoring of the PRC's environmental system at the national level.
- The SAWS is responsible for supervising work safety of power generation operations and project construction, and implementing various safety regulations.
- The MOFCOM, which, together with the NDRC and the MOF, encourages energy saving and rational development and utilization of renewable energy through tax incentives and designating special funds for the development of renewable energy.
- The SAT, which is responsible for promulgating and implementing tax policies and regulations.
- The SASAC, which the State Council authorized on behalf of the state to fulfill the investors' responsibilities has an indirect influence over us, as our controlling shareholder, Guodian is a State-owned enterprise under their direct supervision. In particular, the SASAC has the power to nominate director or senior manager candidates, and instruct Guodian Group to propose their appointment; SASAC also has the power to request Guodian Group propose the removal of our Directors and senior management in accordance with relevant procedures provided by law and by our Articles of Association.

OVERALL REGULATORY SCHEME IN THE PRC POWER INDUSTRY

The regulatory framework of the PRC power industry is set out in the Electric Power Law of the PRC ("Electric Power Law," 《中華人民共和國電力法》) and the Electric Power Regulatory Ordinance (《電力監管條例 》), which became effective on April 1, 1996 and May 1, 2005, respectively. One of the stated purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and regulates PRC and foreign investment in the power industry. The Electric Power Regulatory Ordinance sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of Electric Power Business Permit, the regulatory inspections of power generators and grid companies and the legal liabilities from violations of the regulatory requirements.

Electric Power Business Permit

Pursuant to the SERC's Provision on the Administration of the Electric Power Business Permit (《電力業務許可證管理規定》, the "Permit Provision"), which became effective on December 1, 2005, the PRC power industry adopted a market-access permit system. Pursuant to the Permit Provision, unless otherwise provided by the SERC, any company or individual in the PRC may not engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business permit issued by the SERC. According to the SERC, power plants which were constructed and became operational after December 1, 2005 and before July 31, 2006 must obtain the electric power business permit applicable to power generation companies by the end of 2006. For power plants having newly constructed power generating projects which became operational after August 1, 2006, such power plant shall obtain a electric power business permit for its newly constructed projects as well as its existing projects within three months from the commencement of operations. According to the Permit Provision, an applicant for the electric power business permit applicable to power generation business must obtain relevant government approvals in respect of the power plant's construction plan, generation capacity and environmental compliance.

Dispatch

All electric power generated in China is dispatched through power grids, except for electric power generated by facilities not connected to a grid. Dispatch of power to each grid is administered by dispatch centers. Dispatch centers are responsible for the administration and dispatch of planned output of power plants connected to the grid. The Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例》, "the Dispatch Regulations") issued by the State Council, effective on November 1, 1993, regulates the operation of dispatch centers.

Pursuant to the Dispatch Regulations, dispatch centers are established at each of five levels: the national dispatch center, the dispatch centers of the interprovincial power grid, the dispatch centers of the provincial power grid, the dispatch centers of the power grid of municipalities under provinces and the dispatch centers of the county power grid. Each power plant receives on a daily basis from its local dispatch center an expected hour-by-hour output schedule for the following day, based on expected demand, the weather and other factors.

The dispatch centers must dispatch electricity in compliance with electricity consumption schedules, which are generally determined according to:

- power supply agreements entered into between a power grid and large or primary electricity customers, where such agreements take into account the electricity generation and consumption plans formulated annually by the PRC government;
- agreements entered into between a dispatch center and each power plant subject to the dispatch center's dispatch ("Dispatch Agreements");
- interconnection agreements between power grids; and
- the actual conditions of the grid, including equipment capacities and safety reserve margins.

On-grid Tariff

Since its effectiveness in 1996, the Electric Power Law has set forth the general principles for the determination of power tariffs. Tariffs are to be formulated to provide reasonable compensation for costs and a reasonable return on investment, to share expenses fairly and to promote the construction of further power projects. The on-grid tariffs for planned output and excess output are subject to review and approval process involving the NDRC and the provincial pricing bureaus.

In July 2003, the State Council approved the Power Tariff Reform Plan (《電價改革方案》) (the "Reform Plan") and stated that their long-term objective is to establish a standardized and transparent on-grid tariff-setting mechanism.

On March 28, 2005, the NDRC issued the Provisional Measures for the Administration of On-grid Tariff (《上網電價管理暫行辦法》), which provides regulatory guidance for the Reform Plan. For power plants within the regional grids that have not implemented competitive bidding tariff-setting mechanisms, on-grid tariffs will be set and announced by relevant pricing bureaus based on production costs plus a reasonable investment return. For power plants within the regional grids that have implemented competitive bidding tariff-setting mechanisms, on-grid tariffs are two folds: (i) a capacity tariff determined by the NDRC based on the average investment cost of the power generators competing within the same regional grid and (ii) a competitive tariff determined through the competitive bidding process. This NDRC regulation became effective from May 1, 2005.

REGULATORY REQUIREMENTS RELATING TO RENEWABLE ENERGY

Overall Regulatory Scheme

The challenges of increasing demand for energy, sustainable development and the increased concern regarding the negative environmental effects of energy generation using fossil fuels have led the PRC government to pay greater attention to the development and utilization of renewable energy. The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》), which came into effect on January 1, 2006, sets out the regulatory framework for the development and use of renewable energy. Renewable energy includes wind energy, solar energy, hydropower, biomass power, geothermal energy, ocean energy and certain other types of non-fossil energy.

In response to "The 11th Five-year Plan" (《中華人民共和國國民經濟和社會發展第十一個五年規劃綱要》) announced by the State Council in 2006 in which the PRC government plans to accelerate the development of wind, solar and biomass power, the NDRC promulgated the "Medium and Long-term Development Plan for the Development of Renewable Energy" (《可再生能源中長期發展規劃》) (the "Development Plan") in August 2007. According to the Development Plan, the PRC planned to increase its cumulative installed wind power capacity to 5 GW by 2010, and further to 30 GW by 2020. However, taking into consideration the rapid development in the wind power industry, the NDRC then promulgated "The 11th Five-year Development Plan for the Development of Renewable Energy" (《可再生能源發展"十一五"規劃》) in March 2008, pursuant to which the target cumulative installed wind power capacity in the PRC increased to 10 GW by 2010.

The Guidance Catalogue on Renewable Energy Industrial Development (《可再生能源產業發展指導目錄》, the "Catalogue"), issued by the NDRC on November 29, 2005, sets out 88 types of renewable energy projects that may be entitled to preferential tax treatment or designated funding if other requirements are satisfied. The Catalogue describes the technical specifications for renewable energy projects to allow the relevant government departments to make policies and measures to support the projects' development.

Approvals

In accordance with the Decision on Institutional Reform of Investment System (《關於投資體制改革的決定》), the Interim Measures on Examination and Approval of Enterprise Investment Projects (《企業投資項目核准暫行辦法》) and the Interim Measures on Administration of Examining and Approving Foreign

Invested Projects (《外商投資項目核准暫行管理辦法》), before commencing construction a renewable energy power generation project must obtain requisite permits and government approvals, which include approvals related to pre-approval views of the project construction sites, environmental impact assessment, project approvals and construction permits.

The Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》), which became effective on January 5, 2006, provides that wind power projects with installed capacity of 50 MW or above must be approved by the NDRC. Wind power projects with installed capacity below 50 MW must be approved by the provincial DRC and then report the project to the NDRC. Filing with and approval of the NDRC are required for other renewable projects including biomass, geothermal, oceanic and solar power projects, if the projects are under the support of government policies and funding.

The Notice of the Requirements Regarding the Administration of Wind Farm Construction (《國家發展改革委關於風電建設管理有關要求的通知》) issued by the NDRC on July 4, 2005 specifically mandates that at least 70% of a turbine's components (by purchase value) used by a wind power project must be manufactured in the PRC, otherwise the NDRC will not approve the construction of such wind power project.

Mandatory Purchase and Dispatch Priority

The Renewable Energy Law imposes mandatory obligations on grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connection services and related technical supports.

In addition, pursuant to the Supervision Measures on Purchase of the Full Amount of Renewable Energy Power by Grid Enterprises (《電網企業全額收購可再生能源電量監管辦法》), which became effective on September 1, 2007, the SERC and its local branches should supervise grid companies of their mandatory purchase and grid-connection obligations under the Renewable Energy Law. Grid companies that fail to satisfy these obligations may be penalized. The SERC may also prescribe a time limit within which the grid companies must compensate the losses incurred by such renewable energy enterprise and remedy their failure, otherwise they may be fined to a sum no more than the following the losses.

On August 2, 2007, the State Council approved the Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法(試行)》), which is aimed at optimizing the efficient use of natural resources and encouraging energy savings to achieve sustainability. Pursuant to this regulation, power generators are able to enjoy the highest dispatch priority if they use renewable energy including wind, solar and tidal power. Pursuant to such regulation, the dispatch priority of power generation units is determined in the following sequence: (a) non-adjustable power generation units utilizing renewable fuels; (b) adjustable power generation units utilizing renewable fuels; (c) nuclear power generation units; (d) cogeneration units and resources comprehensive utilization power generation units; (e) gas-fired power generation units; (f) other coal power generation units, including cogeneration units without heat load; and (g) oil-fired power generation units.

Tariff and Cost Sharing Program

According to the Renewable Energy Law and the Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》), the relevant pricing authority under the State Council determines the on-grid tariffs for renewable energy power based on various factors, including the power generated from different types of renewable energy, different geographic locations, and the need to facilitate the development and use of renewable energy on a reasonable commercial basis.

The Provisional Administrative Measures on the Price of Renewable Electricity and Cost Sharing Program (《可再生能源發電價格和費用分攤管理試行辦法》, the "Price and Cost Sharing Regulation"), which was promulgated by the NDRC and became effective on January 1, 2006, provides details for the determination of renewable energy tariffs. According to the Cost and Sharing Program, there are two types of on-grid tariff for electricity generated from renewable energy: "government fixed price" and "government guided price."

- For wind power projects that obtained approvals from the NDRC or provincial DRCs after December 31, 2005, the on-grid tariff is the "government guided price." On-grid tariffs of concession projects are determined through public tender and then approved by the government; on-grid tariffs of non-concession projects are approved by the relevant pricing authorities by reference to the approved prices of concession projects in the neighboring areas.

- On-grid tariffs for biomass projects granted through a bidding process are based on the bid-winning prices, while all other biomass projects are "government fixed price," which is determined by the relevant pricing authorities on the basis of provincial or local on-grid price of desulfurized coal power in 2005 plus a government subsidy of RMB0.25 per KWh. This government subsidy will be eliminated once a biomass project has been in operation for 15 years. For all biomass projects approved after 2010, the government subsidy provided per KWh generated will decrease at an annual rate of 2%.

- For other renewable energy projects including solar, tidal and geothermal power, their on-grid tariffs are "government fixed price," which is determined by the relevant pricing authorities on the basis of "reasonable cost plus reasonable return on investment."

In addition, pursuant to the Price and Cost Sharing Regulation, for the renewable energy projects approved after January 1, 2006, the resulting additional cost that grid companies pay compared to the cost calculated on the basis of the average on-grid tariff of coal power generation may be passed to end-users. In this regard, the Cost Sharing Program states that (i) the price difference between on-grid renewable energy power and on-grid desulfurized coal power, (ii) the price difference between the costs relating to the operation and the maintenance of the public and independent renewable power system invested or subsidized by the State and the average sales tariff of the local provincial grid, as well as (iii) the grid-connection fee for renewable energy power projects will be borne by end-users within the coverage of the grid companies at or above the provincial level by paying a tax-free tariff surcharge. According to notices about on-grid tariff adjustment in various regions of the PRC issued by the NDRC, the tariff surcharge is increased to RMB4.0 per MWh with effect from November 20, 2009.

On July 24, 2009, the NDRC issued the "Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power," which has come 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 tariff, a form of government-fixed price. Specifically, the PRC is categorized into four wind resource zones, and all onshore wind power projects in the same zone apply the same standard on-grid tariff (including VAT) (RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh) applicable to that zone. For wind farms spanning across areas with different fixed on-grid tariffs, the higher tariff applies. The new on-grid tariffs will continue to be subsidized by on-grid tariff premiums enjoyed by renewable power projects in general.

The above notice also required the continuous implementation of the wind power tariffs sharing system as described above.

Designated Funds

The Interim Measures on Administration of Designated Fund for the Development of Renewable Energy (《可再生能源發展專項資金管理暫行辦法》), which became effective on May 30, 2006, states that the MOF will allocate funds from the PRC central financial budget to support the development of renewable energy. The MOF will also be responsible for granting the final approval for applications for funding support submitted by companies and individuals. The MOF may provide grants (primarily to unprofitable renewable energy projects that provide substantial public benefit) or subsidized loans/primarily to renewable energy projects that satisfy the necessary requirements for financing and are within the descriptions in the Catalogue.

CDMs

CDM is an arrangement under the Kyoto Protocol to the UNFCCC. It allows industrialized countries with a greenhouse gas emission reduction commitment to invest in emission reducing projects in developing countries in order to earn CERs. These credits can be used by investors from industrialized countries against domestic emission reduction targets or sold to other interested parties, and therefore provides an alternative to more expensive emission reductions in their own countries.

The PRC approved and ratified the UNFCCC in 1993 and the Kyoto Protocol in 2002, but with no binding obligation to meet emission reduction targets. Among the central organizations that are responsible for policy-making, approval and supervision of CDM projects in the PRC, the National Climate Change Coordination Committee is responsible for policy-making and general coordination, while the National CDM Board is responsible for the examination and approval of CDM projects to be implemented in the PRC.

On November 12, 2005, 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") were promulgated by the NDRC jointly with the Ministry of Science of Technology ("MOST"), the Ministry of Foreign Affairs ("MFA") and MOF. The CDM Measures set forth general rules and specific requirements for the application for, and approval of, CDM projects, including, among others, the following:

- only companies wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. Consequently, a company controlled by foreign parties does not qualify to apply for PRC government's approval for a CDM project.
- the approval procedures of CDM projects includes (i) a review by experts from relevant organizations appointed by the NDRC, (ii) an examination of applications for approval of a CDM project by the National CDM Board and (iii) approval jointly by the NDRC, MOST and MFA, issued by the NPRC.
- the CDM Board will review the floor price of the sale of the CERs in the PRC.
- for CDM projects approved on or after October 12, 2005, (i) the resources of emission reductions are owned by the PRC government, (ii) CERs produced from a particular CDM project are owned by the PRC project owner, (iii) the PRC government imposes a levy on the proceeds from selling CERs under a CDM project at various levels depending on the types of projects. With respect to wind power projects that develop and utilize renewable energy and are encouraged as a matter of the government policy, only 2% of the proceeds are payable to the PRC government.

REGULATORY REQUIREMENTS RELATING TO COAL POWER

Approvals

On July 16, 2004, the PRC State Council promulgated the Decision on Institutional Reform of Investment System, (《國務院關於投資體制改革的決定》, the "Investment Reform Decision"), which significantly modifies the government approval process for major investment projects in China. Pursuant to the Investment Reform Decision, applications for all new coal power plants are required to be submitted to the NDRC for approval. Prior to the commencement of construction, applicants are also required to obtain requisite permits, including approvals related to pre-approval views of the project construction sites, construction permits and environmental impact assessment, apart from the project approvals.

On-grid Tariff

To accelerate the development of desulphurizing facilities and reduce the emission of carbon dioxide in the PRC, the Provisional Measures on the Administration of Price of the Desulphurized Coal Power and

Operation of the Desulphurizing Facilities (《燃煤發電機組脱硫電價及脱硫設施運行管理辦法(試行)》) was jointly issued by the NDRC and formal SEPA and became effective on July 1, 2007. Regarding the on-grid tariffs, these measures include, among others, the following:

- construction of new or extended coal power plants should be conducted pursuant to the relevant standards regarding the installation of desulphurizing facilities, and the applicable on-grid tariff corresponding to the benchmark price of desulphurized coal power set by the NDRC;
- a tariff surcharge of RMB0.015 per KWh was added to the selling price of electricity generated from desulphurized coal power generators; and
- power plants using coal with average sulphureous content above 2% or below 0.5%, the tariff surcharge for the installation of desulphurizing facilities of which may be set by the local government and subject to a review and approval process involving the provincial pricing bureaus and the NDRC.

In December 2004, the NDRC, with the approval of the State Council, issued a new policy (《關於建立煤電價格聯動機制的意見》) to link thermal coal and power prices, which will allow coal power generation companies to pass through 70% of certain increases in coal prices to end users through increases of on-grid tariffs. Under this new policy, when the average coal price increases by more than 5% within a six-month period, power generation companies may pass on to end-users 70% of such increase through an increase of on-grid tariffs, while power generation companies will bear the remaining 30% of the increased coal costs. If the average coal prices increase by less than 5% within such six-month period, the on-grid tariffs would remain unchanged, but the rate increase may be accumulated in the next six-month period. This new policy is retrospectively applied from June 2004, using the sale prices of thermal coal as of the end of May 2004 as the base for calculating the fluctuation of the average coal prices during the following six-month period.

The first round of coal-electricity price linkage was implemented in May 2005 in accordance with the NDRC's mechanism. The national average retail tariffs of electricity has risen by RMB0.0252 per unit of electricity from May 1, 2005. The second round of coal-electricity price linkage was implemented on June 30, 2006, by which time the tariffs had risen by RMB0.025. On June 19, 2008, NDRC announced the third round, which increased the national average retail tariffs of electricity by RMB0.025 per KWh.

In November 2009, the NDRC announced plans to increase the on-grid tariffs in ten provinces in China by RMB2 to 15 per MWh and lower the on-grid tariffs in seven provinces by RMB3 to 9 per MWh. According to a notice about grid tariff adjustment in East China issued by the NDRC, on-grid tariffs for coal power companies in Jiangsu are adjusted downwards by RMB5.8 per MWh effective from November 20, 2009. According to the NDRC's notice, the tariff adjustment aims to reflect the changes of construction cost, fuel cost, coal consumption and other operating conditions of coal power companies in different regions of the PRC in recent years.

Incentives

According to the Administrative Measures on the Recognition of Comprehensive Resource Utilization Encouraged by the State (《國家鼓勵的資源綜合利用認定管理辦法》), if a coal power plant uses no less than 60% coal sludge as fuel and blends this coal fuel with coke, it may be recognized by the PRC government as a Resource Comprehensive Utilization Plant, which would entitle it to a reduction of 50% of the VAT levied on electricity generation according to applicable PRC tax laws.

According to the Interim Provisions on the Administration of the Construction of Power Generation Projects of Steam-Electricity Cogeneration and Comprehensive Utilization of Coal Sludge (《熱電聯產和煤矸石綜合利用發電項目建設管理暫行規定》), if a coal power plant provides steam simultaneously during the power generation process, the power generation units may be recognized as cogeneration units by the PRC government, which entitles it to sell steam to the customers within the heat zone of the coal plant (generally within an eight-kilometer radius) on an exclusive basis and enjoy higher dispatch priority under some conditions.

ENVIRONMENTAL PROTECTION

The main PRC environmental laws and regulations applicable to construction and operation of our power plants include the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the PRC Law on the Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》), the PRC Law on the Prevention and Treatment of Air Pollution (《中華人民共和國大氣污染防治法》), the PRC Law on Prevention and Treatment of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》) and the PRC Law on Appraising Environment Impacts (《中華人民共和國環境影響評價法》).

Coal Power Plants

Pursuant to the Emission Standards of Air Pollutants for Coal Power Plants (《火電廠大氣污染物排放標準》) (the "Emission Standards"), which became effective on January 1, 2004, newly built, extended or reconstructed thermal power plant projects that were constructed and commenced commercial operation or received environmental certification before 31 December 1996 must implement the first stage of emissions control standards. Projects that received environmental certification on or after January 1, 1997 but before the implementation of the Emission Standards, must implement the second stage of emission control requirement. From January 1, 2004, such power projects that received the environmental certification (including the environmental certification received during the second stage, for the fifth anniversary from the approval date, thermal power plant projects which construction have not commenced before the implementation of this emission standard) must implement the third stage of emission control requirement.

The Administration Regulation on the Levy and Use of Discharge Fees (《排污費徵收使用管理條例》) promulgated by the State Council together with two implementing rules (collectively, the "Discharge Fees Regulations") came into effect on July 1, 2003. According to the Discharge Fees Regulations and starting from July 1, 2005, the discharge fees for the emission of sulphur dioxide will be comparable to the general discharge fees for the emission of air pollutants. In addition, the discharge fees for the emission of nitrous oxide became comparable to the general discharge fees for emission of air pollutants starting from July 1, 2004. The Discharge Fees Regulations also provide that the amount of sulphur dioxide discharged by power plants with installed capacities of over 300 MW shall be evaluated and limits determined by the environmental protection administrative authorities at the respective levels of the provinces, autonomous regions and municipalities directly under the PRC government. Power plants with desulphurization equipment are expected to pay substantially lower discharge fees than other coal power plants.

According to the Measures on the Administration of Environmental Protection of Electric Power Industry (《電力工業環境保護管理辦法》), which became effective on December 2, 1996, coal power construction projects are subject to the PRC's environmental impact assessment system. The power generators may choose its environmental assessor, subject to the confirmation of local administrative authorities in charge of environmental protection at the provincial level, and file an environmental impact assessment report with the local administrative authorities. In addition, power plants must assign a specific department and its personnel to discharge its obligations with regard to environmental protection. Power enterprises should also set aside funds for the prevention and treatment of environmental pollution caused by their own construction operation.

Renewable Energy

According to the Provisional Measures on the Use of Construction Land and Administration of Environmental Protection of Wind Power Project (《風電場工程建設用地和環境保護管理暫行辦法》), which became effective on August 9, 2005, the construction of wind power projects is subject to the PRC's environmental impact assessment system, in which the local administrative authorities in charge of environmental protection at the provincial level are responsible for the review and approval of the environmental impact assessment of the wind power project. In case a national nature reserve is involved in the construction site of a wind power project, the local administrative authorities in charge of environmental protection must seek MEP's comments before issuing any approval.

SAFETY AND LABOR PROTECTION

The Work Safety Law of the PRC (《中華人民共和國安全生產法》), which became effective on November 1, 2002, is the principal law governing the supervision and administration of work safety and labor protection for power projects. In accordance with the Measures on Supervision and Administration of the Work Safety of Electricity Industry (《電力安全生產監督管理辦法》), issued by the SERC in March 2004, power plants are responsible for maintaining their safety operations in accordance with requirements set by the regional grid in which they are located. Power plants are required to report to the SERC, the SAWS and relevant local government authorities, within 24 hours, any safety accident that causes worker fatalities or is classified as a serious or extraordinary accident.

The main PRC employment laws and regulations applicable to our power plants include the Labor Law of the PRC (《中華人民共和國勞動法》), the Employment Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Implementing Regulations of the Employment Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》).

The Employment Contract Law of the PRC (《中華人民共和國勞動合同法》) was promulgated on June 29, 2007 and became effective on January 1, 2008. This law governs the establishment of employment relationships between employers and employees, and the execution, performance, termination of, and the amendment to, employment contracts. Compared to the PRC Labor Law, the new PRC Employment Contract Law provides additional protection to employees by requiring written labor employment contracts and long-term contractual employment relationships, limiting the scope of the circumstances under which employees could be required to pay penalties for breach of employment contracts and imposing stricter sanctions on employers who fail to pay remuneration or social security premiums for their employees.

TAXATION

While coal power generators in the PRC are subject to a variety of taxes and fees levied by the PRC central and local governments, the renewable energy industry in the PRC generally enjoys certain tax incentives and rebates.

Enterprise Income Tax Law

Prior to January 1, 2008, under the then applicable PRC law and regulations (the "Old EIT law") entities established in China were generally subject to a 33% enterprise income tax, or EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until December 31, 2007, foreign invested manufacturing enterprises scheduled to operate for a period not less than ten years were exempted from paying state income tax for two years starting from its first profit making years and is allowed a 50% reduction in its tax rate in the third, fourth and fifth years. Various preferential income tax treatment was also available for enterprises in western China, in high-and-new technology zones or in special economic zones.

On March 16, 2007, the PRC National People's Congress enacted the PRC Enterprise Income Tax Law (the "New EIT Law"), which, together with its related implementation rules issued by the PRC State Council on December 6, 2007, became effective on January 1, 2008. The New EIT Law imposes a single uniform income tax rate of 25% on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatment available under the previous tax laws and regulations. On December 26, 2007, the PRC State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies (國務院關於實施企業所得稅過渡優惠政策的通知), or Circular 39. Pursuant to Circular 39, with the effectiveness of the New EIT Law, certain of our subsidiaries are entitled to apply the transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, Circular 39 grandfathers the tax holidays already granted to those foreign invested production type enterprises scheduled to operate for a period not less than ten years and requires such holidays to commence on January 1, 2008 should they have not started earlier.

Under the New EIT law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. Our subsidiaries located in western China are taxed at a preferential income tax rate of 15%. Foreign invested enterprises engaged in energy transportation are also taxed at a preferential income tax rate of 15%.

In addition, pursuant to the Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment ("Circular 46") (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), an enterprise set up after January 1, 2008 and engaged in public infrastructure projects is entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from the first year it generates operating income. Accordingly, each of our wind power projects which have obtained government approval on or after January 1, 2008 is fully exempted from EIT for three years starting from the year when operating income is first derived from the sales of wind electricity, and is 50% exempted from EIT for three years thereafter.

In addition, pursuant to the New EIT Law, starting from January 1, 2008, dividends and interest payable to foreign investors are subject to a 10% withholding tax (unless the foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement, and the preferential tax rate is approved by the competent authorities).

VAT Law

Pursuant to the "Notice on Value Added Tax Policy Regarding Comprehensive Utilization of Resources and Other Products" (《關於資源綜合利用及其他產品增值稅政策的通知》), we are entitled to a tax rebate equivalent to 50% of the VAT payable by our wind power business during the Track Record Period and we continue to enjoy such tax rebate.

Under the VAT reform, effective from January 1, 2009, general VAT payers are allowed to credit against output VAT in respect of input VAT on fixed assets purchased or self-manufactured based on the relevant VAT credit receipts in accordance with the revised VAT regulations and its implementation rules.

Effective as of January 1, 2009, the VAT refund policy available for certain foreign invested enterprises that purchase domestically manufactured equipment was abolished pursuant to the Notice on the Abolishment of the Tax Refund Policy for the Purchase of Domestically Manufactured Equipment by Foreign invested Enterprises (《關於停止外商投資企業購買國產設備退稅政策的通知》), which was jointly promulgated by MOF and SAT on December 25, 2008. There is, however, a six-month transition period. Foreign invested enterprise that purchase domestically manufactured equipment, receive VAT invoices and submit a VAT refund application with the relevant tax authorities on or prior to June 30, 2009 are entitled to receive the VAT refund as before.

HISTORY AND DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REORGANIZATION

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

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

(1) According to International Wind Energy Development Mode in China November 2008 (BTM)

Assets, liabilities and equity interests we retained from CLEPG

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

Assets, liabilities and equity interests injected by our Promoters

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

Businesses retained by Guodian

We carved out the following equity interests to Guodian:

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

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

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

Representations and warranties

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

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

Indemnities

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

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

Non-Competition Agreement

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

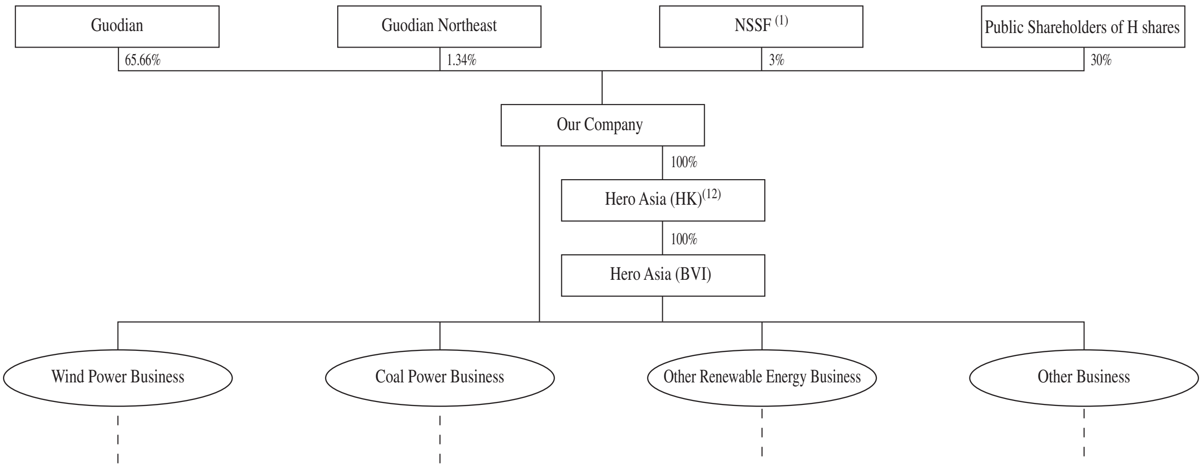
Approvals

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

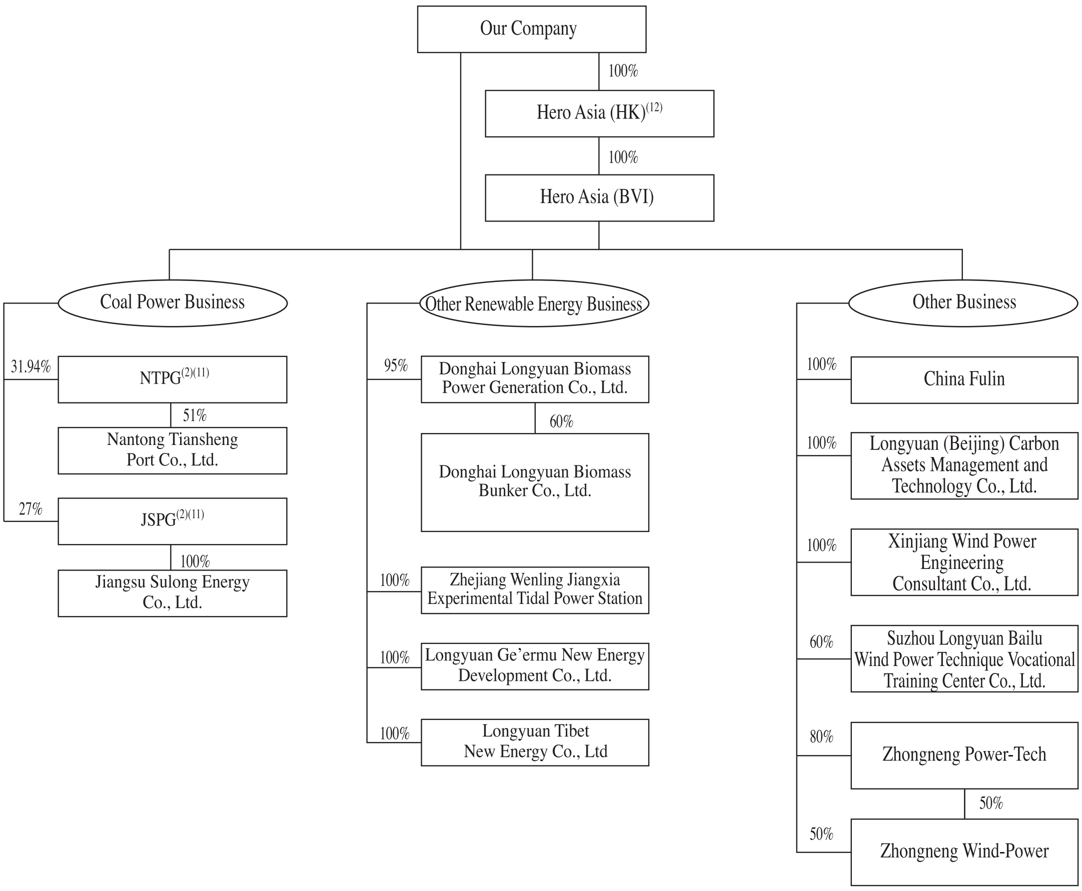
OUR CORPORATE STRUCTURE

The following chart sets forth our ownership and principal subsidiaries as of the Latest Practicable Date and immediately after the Global Offering assuming the Over-allotment Option is not exercised:

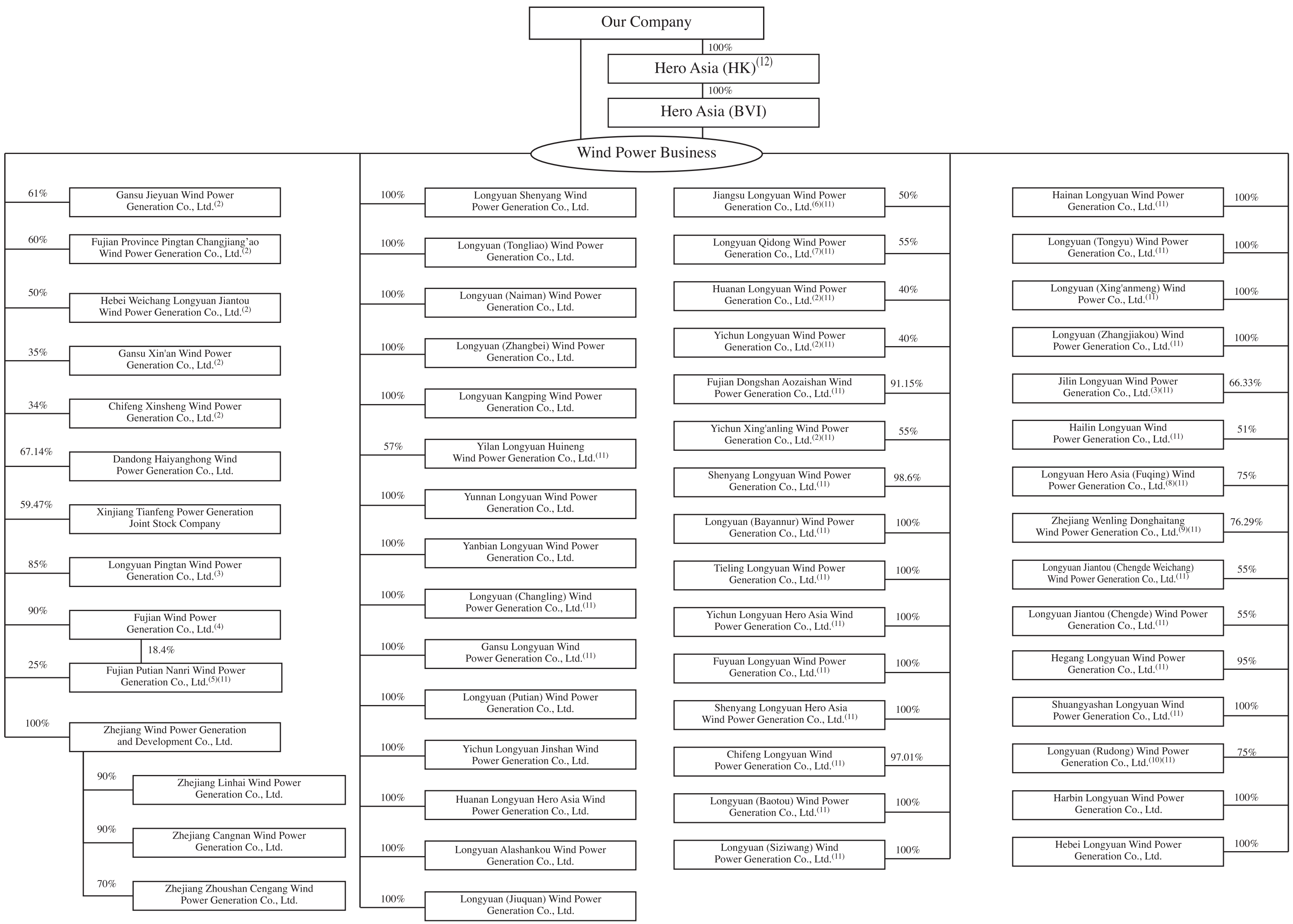
Our Shareholders



Coal Power Business, Other Renewable Energy Business, Other Business



Wind Power Business



Notes:

(1) Upon completion of the Global Offering and assuming the Over-allotment Option is not exercised, 214,290,000 H Shares (converted from Domestic Shares) representing approximately 3% of our total share capital will be transferred to and held by NSSF pursuant to relevant PRC regulations regarding reductions of state-owned shares.

(2) The Company has entered into a concert party agreement with certain equity owners of this company. Please see the subsection "Concert Party Agreements" in this section for details of the concert party agreement.

(3) The remaining 5% of the equity interest in Longyuan Pingtan Wind Power Generation Co., Ltd. is held by Fujian Wind Power Generation Co., Ltd., in which we hold 90% of the equity interest. In August 2007, we acquired 30% of the equity interest in Longyuan Pingtan Wind Power Generation Co., Ltd. from Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司). Prior to that, we directly or indirectly held 56.5% of the equity interest in this company. Under its articles of association, two-thirds of the vote at the shareholders' meeting was required to approve any matter relating to the financial and operating policies of this company. The Company has entered into a concert party agreement with certain equity owners of this company. Please see the subsection "Concert Party Agreements" in this section for details of the concert party agreement.

(4) We acquired 60% of the equity interest in Fujian Wind Power Generation Co., Ltd. from Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司) and Fujian Hoshing Group Co., Ltd. (福建和盛集團有限公司), each for 30%, in April 2008. Prior to the equity transfer, we directly or indirectly held 30% of the equity interest in this company. The Company has entered into a concert party agreement with certain equity owners of this company. Please see the subsection "Concert Party Agreements" in this section for details of the concert party agreement.

(5) The remaining 18.4% of the equity interest in Fujian Putian Nanri Wind Power Generation Co., Ltd. is held by Fujian Wind Power Generation Co., Ltd., in which we hold 90% of the equity interest.

(6) The remaining 25% of the equity interest in Jiangsu Longyuan Wind Power Generation Co., Ltd. is held by NTPG, in which we hold 31.94% of the equity interest.

(7) The remaining 45% of the equity interest in Longyuan Qidong Wind Power Generation Co., Ltd. is held by NTPG, in which we hold 31.94% of the equity interest.

(8) The remaining 25% of the equity interest in Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd. is held by Fujian Wind Power Generation Co., Ltd., in which we hold 90% of the equity interest.

(9) The remaining 15% of the equity interest in Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd. is held by Zhejiang Wind Power Generation and Development Co., Ltd., which is our wholly-owned subsidiary.

(10) The remaining 25% of the equity interest in Longyuan (Rudong) Wind Power Generation Co., Ltd. is held by NTPG, in which we hold 31.94% of the equity interest.

(11) Certain subsidiaries' interest is indirectly held by Hero Asia (BVI), please see "Statutory and General Information — Sino-Foreign Joint Ventures" for details of shareholding percentage.

(12) The entire issued share capital of Hero Asia (HK) comprises 10,000 shares, of which 9,500 shares are held by Mr. Xie Changjun, our President and Executive Director, and 500 shares are held by Mr. Lo Tit Shing, an employee of Hero Asia (HK). Such shares are held on trust by these individuals as nominees on behalf of the Company pursuant to the declarations of trust entered into between Mr. Xie Changjun and the Company on January 25, 2002 and between Mr. Lo Tit Shing and the Company on May 20, 1993. The beneficial ownership of the entire issued share capital of Hero Asia (HK) remains with the Company since the date on which the Company became the sole beneficial shareholder of Hero Asia (HK), i.e. May 20, 1993.

Concert Party Agreements

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

Under the respective articles of association of these 16 subsidiaries, a simple majority, two-thirds majority, or unanimous vote (as the case may be) at the board/shareholders meeting are required to approve any matter relating to the financial and operating policies of the respective subsidiary. Neither the Company nor the Other Equity Owners of these 16 subsidiaries has sufficient equity interests reaching the aforementioned controlling threshold as stipulated under the articles of association to control such subsidiary. However, since the date of the establishment of each of these 16 subsidiaries (in respect of one subsidiary, Gansu Xin'an Wind Power Generation Co., Ltd., since January 1, 2009, the date on which its financial statements were consolidated by the Company), the Company had the power to control the operation of these subsidiaries and the Group's control has been accepted by the Other Equity Owners as they lack the necessary expertise and experience in developing, managing and operating wind power business. During the Track Record Period, the Company had the power to control the operation of each of these 16 subsidiaries in the following manner: approving the annual production plan and annual budget, approving the financial management, appointing the senior management (including the general manager and/or the chief financial officer) as well as approving their remuneration package and approving any new projects.

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

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

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

	Subsidiary	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
1.	JSPG	November 10, 2007	The Company	2%	74%*
			Hero Asia (BVI)	25%	
			Jiangyin Electric Power Investment Co., Ltd. (江陰電力投資有限公司)	25%	
			Jiangsu Sanfangxiang Group Co., Ltd. (江蘇三房巷集團有限公司)	16.7%	
			Jiangyin Maoyuan Investment Co., Ltd. (江陰茂源投資有限公司)	5.3%	
2.	NTPG	October 10, 2007	The Company	0.65%	100%
			Hero Asia (BVI)	31.29%	
			Jiangsu Communication Holding Company (江蘇交通控股有限公司)	31.08%	
			Nantong Tianshenggang Electric Power Investment Service Co., Ltd. (南通天生港電力投資服務有限公司)	29.98%	
			Jiangsu Costal Highway Management Co., Ltd. (江蘇沿海高速公路管理有限公司)	3.5%	
			Jiangsu Suhuaiyan Highway Management Co., Ltd. (江蘇宿淮鹽高速公路管理有限公司)	3.5%	
3.	Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司)	January 10, 2008	The Company	30%	100%
			Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司)	30%	
			Fujian Hoshing Group Co., Ltd. (福建和盛集團有限公司)	30%	
			Fujian Electric Power Company Limited (福建省電力有限公司)	10%	

	Subsidiary	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
4.	Longyuan Pingtan Wind Power Generation Co., Ltd (龍源平潭風力發電有限公司)	October 8, 2007	The Company	55%	90%*
			Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司)	30%	
			Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司)	5%	
5.	Fujian Pingtan Chang Jiang Ao Wind Power Generation Co., Ltd (福建省平潭長江澳風電開發有限公司)	October 8, 2007	The Company	60%	100%
			Fujian Pingtan Power Supply Co., Ltd. (福建省平潭縣供電有限公司)	40%	
6.	Fujian Putian Nanri Wind Power Generation Co., Ltd (福建省莆田南日風電有限公司)	October 10, 2007	Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司)	46%	100%
			Hero Asia (BVI)	25%	
			Fujian Putian Lineng Group Co., Ltd. (福建莆田荔能集團有限責任公司)	12.1%	
			Fujian Nanping Nandian Hydro Power Equipment Manufacturing Co., Ltd. (福建南平南電水電設備製造有限公司)	12.1%	
			Wei Jiufu (魏九富)	4.8%	
7.	Gansu Jieyuan Wind Power Generation Co., Ltd (甘肅潔源風電有限責任公司)	September 15, 2007	The Company	61%	100%
			Gansu Province Electric Power Investment Group Corporation (甘肅省電力投資集團公司)	30%	
			Gansu Xinmiao Energy Resource Development Co., Ltd. (甘肅鑫淼能源開發有限公司)	9%	
8.	Jilin Longyuan Wind Power Generation Co., Ltd (吉林龍源風力發電有限公司)	October 11, 2007	The Company	56.58%	75%*
			Jilin Jineng Electric Power Group Co., Ltd. (吉林省吉能電力集團有限公司)	18.42%	
9.	Yichun Xinganling Wind Power Generation Co., Ltd (伊春興安嶺風力發電有限公司)	September 10, 2007	The Company	30%	100%
			Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司)	45%	
			Hero Asia (BVI)	25%	
10.	Yichun Longyuan Wind Power Generation Co., Ltd 伊春龍源風力發電有限公司)	September 10, 2007	The Company	5%	70%*
			Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司)	30%	
			Hero Asia (BVI)	35%	

	Subsidiary	Effective date of the concert party agreement	Parties	Individual shareholding	Aggregate shareholding
11.	Huanan Longyuan Wind Power Generation Co., Ltd (樺南龍源風力發電有限公司)	September 10, 2007	The Company	15%	70%*
			Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司)	30%	
			Hero Asia (BVI)	25%	
12.	Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd (河北圍場龍源建投風力發電有限公司)	September 17, 2007	The Company	50%	100%
			Hebei Construction & Investment Group Co., Ltd (河北建投新能源有限公司)	50%	
13.	Chifeng Xinsheng Wind Power Generation Co., Ltd (赤峰新勝風力發電有限公司)	September 30, 2008	The Company	34%	100%
			GD Power	33%	
			State Grid Xin Yuan Company Limited (國網新源控股有限公司)	33%	
14.	Gansu Xin'an Wind Power Generation Co., Ltd (甘肅新安風力發電有限公司)	January 4, 2009	The Company	35%	100%
			State Grid Xin Yuan Company Limited (國網新源控股有限公司)	35%	
			Gansu Power Mingzhu Group Co., Ltd. (甘肅電力明珠集團有限公司)	30%	
15.	Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd (龍源建投(承德)風力發電有限公司)	September 7, 2009	The Company	30%	100%
			Hero Asia (BVI)	25%	
			Hebei Construction & Investment Group Co., Ltd (河北建投新能源有限公司)	45%	
16.	Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd (龍源建投(承德圍場)風力發電有限公司)	September 7, 2009	The Company	30%	100%
			Hero Asia (BVI)	25%	
			Hebei Construction & Investment Group Co., Ltd (河北建投新能源有限公司)	45%	

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

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 cost 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 intangible 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 deducted from our 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.

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.

- 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 the consolidated net power generation 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	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 pricing terms 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. Prospective investors 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 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 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 non-recurring impairment losses 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. Prospective investors should be aware that adjusted operating profit and adjusted operating margin presented in this prospectus 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 29.4% for the top ten countries in terms of 2008 year end total installed wind power capacity. 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 Inner Mongolia, Gansu, Qinghai, Xinjiang, Ningxia and Beijing, 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 regions 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 and is an Independent Third Party.

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.

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 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, 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."

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**

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."

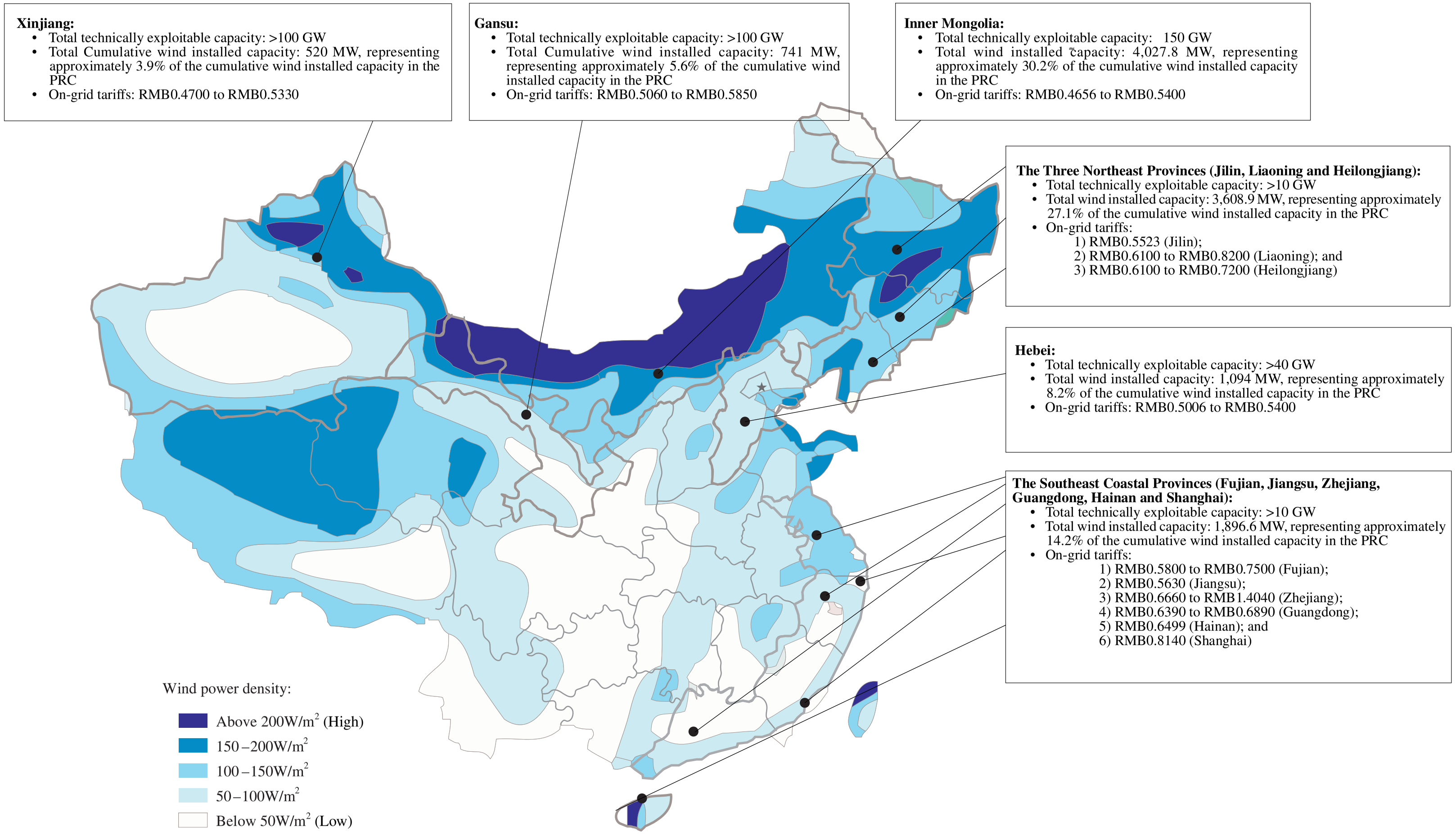
The table below sets forth the details of our projects under construction, Tier 1 and Tier 2 pipeline projects as of September 30, 2009, which we expect to complete construction prior to the end of 2010.

	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 Electricity 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 power 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."

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).*

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").

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 power 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 power 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 power 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 power 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 power 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 fixed 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. According to notices about on-grid tariff adjustment in various regions of the PRC issued by the NDRC, the tariff surcharge was increased to RMB0.0040 per kWh with effect from November 20, 2009. The Directors believe that our wind business will benefit from the increase in tariff surcharge as additional funds are available for grid companies to settle receivables in the sales of electricity of our wind farms.

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 an active part in climate change mitigation efforts. The VER market is an emerging market for carbon credits outside the Kyoto Protocol regime. We sell VERs which are attributable to electricity output from our projects before being registered as 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 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 were 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.

OUR COAL POWER BUSINESS

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

Jiangyin Xiagang Power Plant and Tianshenggang Power Plant had a total installed capacity of 1,875.0 MW and attributable installed capacity of 538.9 MW, as of September 30, 2009. Both coal power plants also produce steam as part of the power generation process. These 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 prospectus, 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 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 coal 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	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 power 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 prospectus, we directly or indirectly own 31.94% equity interest 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 government 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 plan 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	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 power 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 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 issue 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.

Electricity sales are derived from 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 primarily comprises 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 procure 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 pricing terms 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.

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 the 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 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 a 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 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 Inner Mongolia, Gansu, Qinghai, Xinjiang, Ningxia and Beijing 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 regions 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 less 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 compulsory 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 coal 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 coal power plant is subject to continuous government monitoring.

Both of our coal power plants have adopted measures to control various emissions into the atmosphere. All the power generation units of our operating coal power plants have installed desulphurization equipment to substantially reduce emissions of air pollutants, such as sulphur dioxide. Each coal power plant has a waste water treatment facility to treat water used by the coal power plant. We pay discharge fees based on measurements made at the discharge points of each coal power 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 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 Safe Production Law of the PRC, Supervision Measures on Safe Power Generation issued by the SERC, Measures on Supervision and Administration of Safe Production of Electric Power Industry (《電力安全生產監督管理辦法》), and implementation rules on safe 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 the 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 the 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 or results of operations 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 of the banking facility. For the remaining RMB19.0 million unpaid portion, our subsidiary only has a general guarantee obligation, 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 counsel 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 confirm 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.

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 of 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 certificates 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 required 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 effect on our results of operations.

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 for which our landlords do not possess proper land use rights certificates. Given the small proportion of such land, our Directors are of the view that any irregularity in relation to such leased land will not have a material adverse impact 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. Our 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 certificates 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 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 advised us that, besides injunctive relief, confiscation and other penalties, the relevant government authorities may impose fines 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.

OVERVIEW

In preparation for the Global Offering, our Company was established as a joint stock company with limited liability under the Company Law on July 9, 2009. Guodian and Guodian Northeast, a wholly-owned subsidiary of Guodian, were our Promoters and owned 98% and 2%, respectively, of our registered share capital upon establishment. Immediately after completion of the Global Offering, Guodian will own, directly and indirectly, approximately 67.0% of our share capital, (or 63.7% if the Over-allotment Option is exercised in full). Guodian will continue to be our controlling shareholder.

Pursuant to the Reorganization Agreement, Guodian transferred to our Company substantially all the assets, liabilities and equity interests Guodian owned through the Company's predecessor, CLEPG, save for interests in certain entities which were transferred from CLEPG to Guodian at nil consideration. For details of the Reorganization, please see the section headed "History, Reorganization and Corporate Structure — Reorganization."

DELINEATION OF BUSINESS AND COMPETITION

Business Retained by Guodian

In preparation for the Global Offering, we undertook the Reorganization which was implemented by way of a conversion of CLEPG from a wholly state-owned enterprise to a joint stock company with substantially all the original businesses being retained. The conversion did not affect the respective lines of business originally undertaken by the Company but to vest our core businesses and assets in the Company and delineate our businesses from those of Guodian. Immediately following the Reorganization, our core business is wind power while Guodian is principally engaged in the coal power and hydro-power businesses.

Certain businesses operated by Guodian which overlap with those of our Company have never been owned by the Company. The following businesses will continue to be retained or operated by Guodian after the Reorganization. Save for the retained businesses referred to below, there is no other business retained or operated by Guodian which will compete or is likely to compete with our core business. The retained businesses principally include:

- five wind farms;
- various coal power plants, including five coal power plants in Jiangsu;
- various other renewable energy power plants; and
- 53.42% equity interest in GD Power, the A shares of which are listed on the Shanghai Stock Exchange. GD Power is principally engaged in the development and investment of coal power plants and hydro power plants. It also engages in wind power business and other renewable energy businesses,

(collectively, the "Retained Business").

Guodian

Guodian's power generation business principally comprises the coal power business and hydro power business. As at 31 July 2009, Guodian's coal power business had a consolidated installed capacity of 66.88 GW, representing approximately 89.2% of the aggregate consolidated installed capacity of Guodian, according to Guodian's website. Guodian's coal power plants are widely distributed in 26 provinces, municipalities and autonomous regions in the PRC, with five coal power plants located in Jiangsu. The consolidated installed capacity of Guodian's coal power business was 11.61GW, 6.94GW, 5.87GW, 22.72GW, 9.79GW and 9.95GW in North China, Northeast China, Northwest China, East China (including our Company's two coal power plants), Central China and Other Regions, respectively, according to Guodian's website. Its wind power business was at an early stage of development, with all its wind farms still under construction as at the Latest Practicable Date.

To strengthen the delineation of business between the Company and Guodian in respect of the wind power business, the Company and Guodian entered into the Non-Competition Agreement under which the Company was granted the option for new business opportunities, as well as the option and pre-emptive rights to acquire Guodian's wind power business. Pursuant to a further confirmation issued by Guodian in July 2009, Guodian confirmed that the Company was formed and operated as the platform for the Guodian Group to develop renewable energy business which principally comprises the wind power business. The Company has also undertaken to Guodian that other than the two coal power plants, the Company will not develop any other coal power plants in the future. Please see the subsection headed "Non-Competition Agreement and Undertakings" in this section for further details.

Under the above arrangements and undertakings and given that Guodian will continue to focus on coal power business as one of its main businesses, while the Company's core business is wind power business, the Directors consider that there is clear delineation between the business of the Group and that of the Guodian Group.

Guodian's wind power business

Guodian holds, and will after the Global Offering continue to hold, 100% of the equity interest in Guodian Xinjiang Power Co., Ltd. (國電新疆電力有限公司) ("Guodian Xinjiang"). Guodian Xinjiang mainly engages in the coal power business and hydropower business and also holds 70% interest in Alashankou Wind Farm Phase I (阿拉山口一期風電項目) ("Alashankou Wind Farm"). Guodian Xinjiang commenced the construction of Alashankou Wind Farm in 2008 with a total installed capacity of 49.5 MW. Guodian also holds, and will after the Global Offering continue to hold, interests in Guodian Youyu Laoqianshan Wind Farm (國電右玉老千山風電場) with an installed capacity of 49.5MW, Xinganmeng Keyou Qianqi Concession Wind Farm (興安盟科右前旗風電場特許權風電場) with an installed capacity of 49.3MW, Erlianhaote Wind Farm (二連浩特風電場) with an installed capacity of 49.5MW and Yihewusu Wind Farm (鄂爾多斯市伊和烏素風電場) with an installed capacity of 49.5MW.

The Board is of the view that the above wind farms would not add value to the Group's business at the date of the Reorganization. The relevant factors in their analysis included the plants' wind resource condition, geological characteristics, construction and grid connection condition, estimated profitability and investment value. Therefore, these five wind farms were not transferred to us during the Reorganization. Given that we have the option and the right of first refusal to acquire Guodian's wind power business pursuant to the Non-Competition Agreement, we retain the flexibility to acquire the five wind farms from Guodian in the future if our Directors believe that such acquisition would be in the interest of our business and our shareholders.

The Directors believe that the above wind farms, which are still under construction, will not following completion of construction compete with the Company for the following reasons:

- according to the Renewable Energy Law and its implementation rules, grid companies generally must purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid company, and must provide grid-connection services and related technical support. In addition, the PRC government regulates the on-grid tariffs for wind farms. As a result of these legal requirements, the Directors are of the view that wind power companies in the PRC do not compete with each other even if they are located in the same province in terms of grid-connection, electricity sales and on-grid tariff; and

- compared to our wind power business, Guodian's wind power business is much smaller in scale. The existing total capacity of Guodian's wind power projects after becoming fully operational will be 247.3MW. By comparison, the consolidated installed capacity of the Company's wind power business as of September 30, 2009 was 3,032 MW and is expected to increase to approximately 6,500 MW by the end of 2010.

Further, if any of the current favorable policies (such as mandatory grid-connection and mandatory purchase obligation imposed on grid companies) is changed to our detriment or eliminated by the PRC government in the future, the Directors believe our business will not be materially affected by such change in government policies as we believe our wind farms have reached economies of scale necessary to become cost-effective. As a result of our leading position in the wind power business in the PRC, we are frequently consulted on policies relating to the wind power industry by the relevant PRC regulators. In addition, the Company has maintained close contact and affiliation with two of the professional bodies in the wind power and renewable energy industries in the PRC, which allows us to familiarize ourselves with, and keep track of, any changes in government policies relating to the wind power business.

As at the Latest Practicable Date, all of Guodian's wind power projects were still under construction. The construction will continue to be performed by Guodian, upon completion of which Guodian will own and operate the wind power projects. However, pursuant to the Non-Competition Agreement, the Company has been granted an option and pre-emptive rights to acquire any wind power business owned by Guodian. Please see the subsection headed "Non-Competition Agreement and Undertakings" in this section for details of the terms of such option and pre-emptive rights.

Guodian's coal power business

Guodian holds and will continue to hold, after the Global Offering, various coal power businesses located throughout the PRC, including in Jiangsu. Set out below is a table summarizing Guodian's coal power plants in Jiangsu as at the Latest Practicable Date:

Project	**Installed Capacity**	**Units**	**Guodian's interest**	**Location**
	(in MW)	**(in MW)**		
Guodian Jianbi Power Plant(1) (國電諫壁發電廠)	1,320	4x330	100%	Zhenjiang City, Jiangsu
Guodian Changzhou Power Generation Co., Ltd. (國電常州發電有限公司). . .	1,260	2x630	51%	Changzhou City, Jiangsu
Guodian Suqian Power Generation Co., Ltd. (國電宿遷熱電有限公司). . .	270	2x135	51%	Suqian City, Jiangsu
Guodian Taizhou Power Generation Co., Ltd. (國電泰州發電有限公司). . .	2,000	2x1000	40%	Taizhou City, Jiangsu
Guodian Jiangsu Suyuan Jianbi Power Generation Co., Ltd. (國電江蘇蘇源諫壁發電有限公司). . .	660	2x330	100%	Zhenjiang City, Jiangsu

The Directors are of the view that Guodian's coal power business does not compete with that of the Company, or even if competition exists, the competition is very limited and immaterial for the following reasons:

- Electricity sales by power generation companies in the PRC are highly localized. According to the Dispatch Regulations, each power plant is only connected to, and sells power to, the local grid company in the area in which the power plant is located. Since our coal power plants are located only in Jiangsu, we do not compete with coal power plants operated by Guodian in other provinces and connected to different grid companies.

(1) According to an announcement issued by GD Power on November 13, 2009, GD Power entered into a conditional asset transfer agreement with Guodian on November 12, 2009 pursuant to which GD Power has agreed to acquire from Guodian its 80% equity interest in Guodian Jiangsu Power Co., Ltd., which in turn owns and operates Guodian Jianbi Power Plant, Guodian Changzhou Power Generation Co., Ltd. and Guodian Taizhou Power Generation Co., Ltd. The transaction is subject to the independent shareholders' approval of GD Power and PRC regulatory approvals including SASAC and CSRC.

- According to the PRC Energy Law, the output of each coal power plant comprises planned output, which is determined by the relevant provincial governments and respective grid companies at the beginning of each year, and excess output, which is determined by a competitive mechanism by the coal power generation companies.

  — The planned output of a coal power plant is principally determined by the relevant local authorities and grid company by reference to the average utilization hours of comparable generating units in the province in which it operates. Although additional power plants will theoretically increase competition among power plants in the same province for the planned output to be allocated by the authority from time to time, our Directors are of the view that the competition to supply planned output is very limited. Our power plants face limited competition from Guodian's coal power plants for the following reasons:

    - The development and operation of coal power plants in a province is highly regulated. When a coal power plant intends to expand its existing operation or a power company plans to construct a new power plant in a province, it will need to obtain prior approval from the local authorities. We believe that the authorities will approve development of new power plants only if they expect the demand for electricity in the relevant province to increase. Under such strict control and supervision, the aggregate planned output of the power plants in a province will not change significantly notwithstanding the development of new power plants in the same province.

    - The competition to supply planned output generally exists among all the coal power plants located in the same province, rather than between certain specific power plants. Even though the planned output of each power plant is linked to the existence and the planned output of other power plants in the same province, the competition is not targeted at any specific power plants. An increase in the capacity of Guodian's power plants in Jiangsu may reduce the planned output of all the other power plants in Jiangsu, including our two coal power plants. However, competition from Guodian's additional capacity will not be specifically targeted at our two coal power plants, and will be borne by all the existing power plants in Jiangsu to a similar extent where no single power plant will be affected disproportionately. Our two coal power plants account for less than 4% of the total installed capacity of the coal power plants in Jiangsu. Therefore we believe that the impact will be very limited.

  — Although excess output is determined by a procedure of competitive bidding, the competition between the coal power plants of Guodian in Jiangsu and those of the Company is minimal as the excess output only accounted for a very small portion of the total electricity generated by our coal power plants each year. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the excess output accounted for 9.8%, 16.1% and 11.5% and 8.1% of the total electricity our coal power plants generated.

- The Company's two coal power plants, namely Jiangyin Xiagang Power Plant and Tianshenggang Power Plant, are not part of the Company's core business. In addition, pursuant to the Non-Competition Agreement and the further clarification to the non-competition undertakings, the Company will not develop any new coal power business other than its two existing coal power plants. It is expected that, as the total installed capacity of the Company's wind power business will continue to increase, the proportion of our total revenue generated by the two coal power business will decrease progressively.

Guodian's other renewable energy business

Guodian holds and will continue to hold, after our listing, interests in various other renewable energy businesses. Set out below is a table summarizing Guodian's other renewable energy businesses:

Project company	Guodian's ownership	Location	Project name	Status	In-service date	Approved capacity
Guodian Tangyuan Biomass Power Generation Co., Ltd. (國電湯原生物質發電有限公司)	60%	Jiamusi City, Heilongjiang Province	Tangyuan Biomass Power Generation Project (湯原生物質發電項目)	Operational	2008	30 MW
Guodian Liaocheng Biomass Power Generation Company (國電聊城生物質發電公司)	52%	Liaocheng City, Shandong Province	Liaocheng Biomass Power Generation Project (聊城生物質發電項目)	Under Construction	2009	30 MW
Guodian Qianjin Biomass Power Generation Company (國電前進生物質發電公司)	100%	Heilongjiang	Qianjin Farm Biomass Power Project (黑龍江農墾總局建三江分局前進農場生物質電站項目)	Under Construction	February 2010	30 MW
Guodian Youyi Biomass Power Generation Company (國電友誼生物質發電公司)	100%	Heilongjiang	Youyi Farm Biomass Power Project (黑龍江農墾總局紅興隆分局友誼農場生物質電站項目)	Under Construction	February 2010	30 MW

The Directors believe that Guodian's other renewable energy businesses do not compete with our business for the following reasons:

- According to the Renewable Energy Law and its implementation rules, grid companies generally must purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid company, and must provide grid-connection services and related technical support. In addition, the on-grid tariff for electricity generated by renewable energy company is regulated by the PRC government;
- Furthermore, the revenue of the Company's other renewable energy business accounts for only a minimal portion of the total revenue of the Company's renewable energy business. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the revenue of the Company's other renewable energy business accounted for less than 1% of the total revenue of the Company's renewable energy business.

Therefore, the Directors consider Guodian's other renewable energy business do not compete with that of our Company.

GD Power

GD Power is an A share listed company primarily engaged in the development of and investment in coal power plants and hydro power plants. It has also developed several wind farms and other renewable energy businesses. Its coal power generation business covers ten provinces, autonomous regions and municipalities in the PRC.

Based on publicly available information, by the end of 2008, the consolidated installed capacity of GD Power's coal power business, hydro power business and renewable energy business (including wind power business) accounted for 85% and 12% and 3% of GD Power's total consolidated installed capacity, respectively.

With respect to the coal power business and wind power business operated by GD Power, as GD Power is a listed entity, its major operational and investment decisions are subject to compliance with the Shanghai Listing Rules and if required, shareholders approval requirement. As GD Power is an independent listed company, its directors are required to act in the best interests of the shareholders of the company and, therefore GD Power is not under an obligation to the Group not to invest in the wind power business. Our PRC legal counsel is of the view that if GD Power were to grant a non-competition undertaking to the Group, GD Power's independent shareholders' approval would be required. Guodian, as a shareholder having a material interest in the proposed resolution, would be required to abstain from voting.

The Directors are of the view that GD Power does not compete with us due to the following reasons:

Coal power business

Immediately after the Global Offering, GD Power will continue to own and operate its coal power plants. However, as of the Latest Practicable Date, none of GD Power's coal power plants was located in Jiangsu, where our two coal power plants are located. According to the Dispatch Regulations, every power plant in the PRC is required to sell all of the electricity it generates to its respective provincial grid company. Thus, GD Power's coal power plants can only sell electricity to their respective provincial grid companies which are different from the Company's sole customer, Jiangsu Electricity Company. As the Company does not share any common customers with GD Power's coal power plants, the Directors are of the view that GD Power's coal power plants do not compete with us.

Wind power business

Immediately after the Global Offering, GD Power will continue to own and operate various wind farms in the PRC. Set out below is a table summarizing the wind farms wholly-owned and operated by GD Power as of June 30, 2009:

Project	Project Company	Installed Capacity (MW)	Location
Wind farms in operation			
Xingcheng Haibin Wind Power Project (興城海濱風電場項目)	Guodian Xingcheng Wind Power Generation Co., Ltd. (國電興城風力發電有限公司)	49.5	Xingcheng, Liaoning
Xingcheng Liutaizi Project (興城劉檯子項目)	Guodian Xingcheng Wind Power Generation Co., Ltd. (國電興城風力發電有限公司)	31.5	Xingcheng, Liaoning
Linghai Nanxiaoliu Wind Power Project (淩海南小柳風電場項目)	Guodian Linghai Wind Power Generation Co., Ltd. (國電淩海風力發電有限公司)	49.5	Linghai, Liaoning
Linghai Shengli Wind Power Project (淩海勝利風電場項目)	Jinzhou Branch (風電開發錦州分公司)	42	Linghai, Liaoning
Linghai Chunsong Wind Power Project (淩海青松風電場項目)	Jinzhou Branch (風電開發錦州分公司)	48	Linghai, Liaoning
Inner Mongolia (Bayannur) Wulatehouqi Project Phase I (內蒙古(巴彥淖爾)烏拉特後旗一期項目)	GD Power (Bayannur) Wulatehouqi Branch (國電電力(巴彥淖爾)烏拉特後旗分公司)	49.5	Bayannur, Inner Mongolia
	Sub-total:	270	

Project	Project Company	Installed Capacity (MW)	Location
Wind farms under construction			
Heilongjiang Huachuan Qushou Wind Power Project (黑龍江樺川渠首風電項目)	GD Power Jiamasi Branch (國電電力佳木斯分公司)	49.5	Heilongjiang
Jiamusi Suburbs Houshi Wind Power Project (佳木斯郊區猴石風電場項目)	GD Power Jiamusi Branch (國電電力佳木斯分公司)	49.5	Jiamusi City, Heilongjiang
Hebei Kangbao Yiyanghe Wind Power Project (河北康保熙陽和風電場項目)	Guodian Hefeng Wind Power Development Company (國電和風風電開發有限公司)	49.5	Kangbao City, Hebei
Hebei Chongli Honghualiang Wind Power Project (河北崇禮紅花梁風電項目)	not incorporated	49.5	Chongli, Hebei
	Sub-total:	198	
	Total:	468	

The Directors believe that GD Power's wind farms do not compete with us for the following reasons:

- according to the Renewable Energy Law and its implementation rules, grid companies generally must purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid company, and must provide grid-connection services and related technical support. In addition, the PRC government regulates the on-grid tariffs for wind farms. As a result of these legal requirements, the Directors are of the view that wind power companies in the PRC do not compete with each other in terms of on-grid tariff.
- compared to our wind power business, GD Power's wind power business is much smaller in scale. The consolidated installed capacity of our wind farms as of September 30, 2009 was 3,032 MW. Based on information available to the Directors, the consolidated installed capacity of GD Power's wind farms when becoming operational is expected slightly to exceed 500 MW by the end of 2010, whereas our consolidated installed capacity is expected to increase to approximately 6,500 MW by the end of 2010. Accordingly, the Directors do not consider GD Power's wind power business a significant competitor to us.

The Directors believe that Guodian does not compete with us through GD Power for the following reasons:

- GD Power is managed and operated by its senior management and the board of directors supervises the overall management and key decisions of the company. The board of directors of GD Power currently comprises nine directors and its senior management comprises six members. According to the Company Law, the directors of a PRC incorporated company shall act in the best interest of all shareholders of the company with respect to the affairs of the company and shall not conduct any act solely with a view to protect the interest of those shareholder(s) who nominated such director. Therefore, notwithstanding the fact that Guodian has nominated six out of nine directors to GD Power's board of directors, the nomination right of Guodian only represents Guodian's equity interest in GD Power as a controlling shareholder. In addition, as none of the directors of Guodian holds any position in the senior management of GD Power, Guodian is not able to control all the business decisions of GD Power.
- As an A share listed company, a special resolution of two-thirds of the vote at the shareholders' general meeting is required to undertake any material decision or investment by GD Power and independent shareholders approval is required to undertake any connected party transaction between Guodian and GD Power pursuant to the Shanghai Listing Rules. Therefore, Guodian is

not able to control all the investment decisions of GD Power by virtue of its simple majority shareholding in GD Power, including decisions on whether or not to inject any assets of GD Power into the Group. Guodian will not be able to control or dictate any decision taken by GD Power to compete with the Group, or not to compete with Group.

- Mr. Zhu Yongpeng, Chairman of our Company, also holds office as chairman of the board of GD Power. Mr. Zhu Yongpeng is the only Director of our Company that holds a directorship in GD Power. If the Company and GD Power were to identify the same wind power business opportunity, according to Article 124 of the Company's Articles of Association and Article 119 of GD Power's articles of association, as well as the Rules Governing the Listing of Shares on Shanghai Stock Exchange, Mr. Zhu Yongpeng would have to abstain from voting at the board meetings of the Company or GD Power, as he would have a material interest in the proposed resolutions.

DIRECTORS' COMPETING INTERESTS

Other than certain directorships and/or positions held by some of our Directors in the Guodian Group which is further discussed below, the Directors have confirmed that they do not have any interests in any business which directly or indirectly competes or is likely to compete with our business as at the date of this prospectus.

NON-COMPETITION AGREEMENT AND UNDERTAKINGS

We entered into a non-competition agreement ("Non-Competition Agreement") with Guodian in July, 2009, under which Guodian agreed not to, and to procure its subsidiaries (other than the Company and Guodian's A share listed companies) not to, compete with us in our wind power business (other than Guodian's few wind power business retained on the date of the execution of the Non-Competition Agreement) and granted to us options to acquire the Retained Business and any new business opportunities and pre-emptive rights to acquire Guodian's interest in its Retained Business and certain future new business.

Guodian has irrevocably undertaken in the Non-Competition Agreement that, other than the Guodian's Retained Businesses as described above, during the period of the Non-Competition Agreement, it will not, and will also procure that its subsidiaries and associates (other than our Company) do not, in or outside of the PRC, alone or with any other entity, in any form, directly or indirectly, engage in, assist or support a third party in the operation of, or participate in, any businesses that compete, or are likely to compete, with our wind power business.

The foregoing restrictions do not apply to the holding of securities in a company that is engaged in a competing business and whose securities are listed on any stock exchange, provided that Guodian or its subsidiaries or its associates does not hold or control the voting rights in respect of 10% or more of the issued share capital of such company.

Options for New Business Opportunities

Guodian has undertaken in the Non-Competition Agreement that:

(i) if Guodian becomes aware of a business opportunity which directly or indirectly competes, or may compete, with our main business, Guodian will notify us in writing immediately upon becoming aware of such business opportunity and provide to us all information which is reasonably necessary for us to consider whether or not to engage in such business opportunity ("Offer Notice"). Guodian is also obliged to use its best efforts to procure that such opportunity is first offered to us on terms that are fair and reasonable, which the Directors understand will be no less favorable than those terms first offered to Guodian. We are entitled to decide whether or not to take up such business opportunity within 30 days from receiving the Offer Notice. Should we decide to take up such business opportunity, Guodian is obliged to transfer the business opportunity to us upon terms that are fair and reasonable. The terms will be determined after arm's length negotiation between Guodian and our Company. In addition, pursuant to applicable PRC regulations, an asset valuation report has to be prepared by an independent valuer, as the subject matter of the transaction is a state-owned asset.

(ii) Guodian shall procure any of its subsidiaries and associates (other than our Company) to first offer to us any business opportunity which competes, or may compete with our main business.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to take up a new business opportunity referred to by Guodian and such decision will be made by our independent non-executive Directors. When Guodian delivers to us the Offer Notice, we will report to our independent non-executive Directors within one week of receipt for their consideration before reverting to Guodian within the 30-day period from the date of receiving such Offer Notice.

Options for Acquisitions

In relation to:

(i) the Retained Business; and

(ii) any new business opportunity Guodian may obtain which competes, or may compete, directly or indirectly with our main business,

Guodian has undertaken to grant us the option, pursuant to relevant laws and regulations, to purchase any equity interest, assets or other interests which form part of the Retained Business or new businesses as described above.

Guodian will offer to us all business opportunities in the wind power business and any other business that may directly or indirectly compete with our wind power business, without exercising any discretion or applying any of its own criteria.

Pre-emptive Rights

Guodian has undertaken that, if it intends to transfer, sell, lease or license any of the following interests to a third party:

(i) Guodian's current wind power businesses; and/or

(ii) any new business opportunity of Guodian referred to in the Non-Competition Agreement, which has been offered to, but has not been taken up by, the Company and has been retained by Guodian or any of its subsidiaries, which competes, or may lead to competition, directly or indirectly with our main business,

the Group shall have pre-emptive right over these interests which can be exercised by the Group at any time for so long as the Non-Competition Agreement remains effective. Guodian shall notify us by written notice ("Selling Notice") in advance. The Selling Notice shall attach the terms of the transfer, sale, lease or license and any information which may be reasonably required by the Company to make a decision. We shall reply to Guodian within 30 days after receiving the Selling Notice from Guodian. Guodian has undertaken that until it receives the reply from the Company, it shall not notify any third party of the intention to transfer, sell, lease or license the business. If the Company decides not to exercise the pre-emptive rights or if the Company does not reply to Guodian within the agreed time period, Guodian is entitled to transfer, sell, lease or license the business to a third party pursuant to the terms stipulated in the Selling Notice. When the Company intends to exercise the right, the terms will be determined after arm's length negotiation between Guodian and our Company. In addition, pursuant to applicable PRC regulations, an asset valuation report has to be prepared by an independent valuer, as the subject matter of the transaction is a state-owned asset.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to exercise the pre-emptive rights and such decision will be made by our independent non-executive Directors. When Guodian delivers to us the Selling Notice, we will report to our independent non-executive Directors within one week of receipt for their consideration before reverting to Guodian within the 30-day period from the date of receiving the Selling Notice.

Guodian has further undertaken that:

(i) subject to the request of a committee formed by our independent non-executive Directors, it will provide all information necessary for our independent non-executive Directors to review Guodian's compliance with and enforcement of the Non-Competition Agreement;

(ii) it will provide to our Company all information in respect of its compliance with and enforcement of the Non-Competition Agreement necessary for us to disclose the decision made by the above-mentioned committee in our annual report, or by way of announcement; and

(iii) it will make a declaration to confirm to our Company and our independent non-executive Director on its compliance with the Non-Competition Agreement in our annual report including, it has given priority to the Group in selecting any new opportunity regarding the wind power business.

Our Company will also adopt the following procedures to monitor that the undertakings under the Non-Competition Agreement are being observed:

(i) we will provide to our independent non-executive Directors the Offer Notice and Selling Notice (as the case may be) on the new business opportunity referred to us by Guodian or pre-emptive rights within one week of receipt;

(ii) our independent non-executive Directors will report their findings on the compliance by Guodian of the Non-Competition Agreement in our annual report; and

(iii) our Directors consider that our independent non-executive Directors, in particular, Mr. Li Junfeng, have sufficient experience in assessing whether or not to take up the new business opportunities or exercise the pre-emptive rights. In any event, the committee formed by our independent non-executive Directors may appoint financial advisor or professional expert to provide advice, at the cost of our Company, in connection with the exercise or non-exercise of the option or right of first refusal under the Non-Competition Agreement.

The Non-Competition Agreement will remain in full force and be terminated upon the earlier of:

(i) Guodian and its subsidiaries, directly or indirectly, holding less than 30% of our total share capital; or

(ii) our H Shares no longer being listed on the Stock Exchange or other internationally recognized stock exchanges.

On July 29, 2009 and November 9, 2009, Guodian issued two further clarification documents to confirm its non-competition undertakings included in the Non-Competition Agreement, including, among other things, that (i) we and our predecessor, CLEPG, were formed and operated as the platform for Guodian Group to develop renewable energy business which principally comprised of the wind power business; (ii) Guodian will support the development of the Group's wind power business on a priority basis by first offering to us to consider any new business opportunity relating to wind power business and will not give priority to Guodian Group (including GD Power) in the development of wind power business; (iii) the Group has the first right of refusal with respect to any wind power business opportunities of Guodian Group including any existing and potential wind power projects of Guodian, in accordance with the terms and conditions of the Non-Competition Agreement; and (iv) Guodian also confirmed certain matters relating to our operation of our coal power business and Guodian's compliance with the Non-Competition Agreement.

Our PRC legal counsel is of the view that the Non-Competition Agreement and Guodian's undertakings pursuant to the Non-Competition Agreement are valid and binding obligations of Guodian under PRC law and may be enforced by us in the courts of the PRC.

Based on: (a) the undertaking by Guodian that it will as a priority support our development of the wind power business, (b) the legally binding obligations of Guodian as set out in the Non-Competition Agreement and related grant of the options for new business opportunities and acquisitions and the pre-emptive rights, and (c) the information-sharing and other mechanisms in place as described above to monitor compliance by Guodian, our Directors are of the view that our Company has taken all appropriate and practicable steps to ensure compliance by Guodian with its obligations under the Non-Competition Agreement.

INDEPENDENCE FROM GUODIAN

Having considered the following factors, we are satisfied that we can conduct our business independently from Guodian and its associates after the Global Offering.

Independence of Board and Management

Our board of Directors consists of nine directors, five of whom are not associated with Guodian. Of these nine Directors, three are independent non-executive Directors and three are non-executive Directors. Set out below is a table summarizing the positions held by the Directors at our Company, Guodian and GD Power:

Name of Directors	Position with the Company	Position with Guodian as at the Latest Practicable Date	Position with GD Power as at the Latest Practicable Date
ZHU Yongpeng	Chairman of the Board, Non-executive Director	General Manager	Chairman of the board
XIE Changjun	Executive Director, President	Assistant to General Manager	None
WANG Baole	Non-executive Director	Assistant to General Manager and Director of Planning and Development Department	None
LUAN Baoxing	Non-executive Director	Director of Capital Operation and Property Management Department	None
TIAN Shicun	Executive Director, Vice President	None	None
WANG Liansheng	Executive Director	None	None
LI Junfeng	Independent Non-executive Director	None	None
ZHANG Songyi	Independent Non-executive Director	None	None
MENG Yan	Independent Non-executive Director	None	None

Our Chairman and non-executive Director, Mr. Zhu Yongpeng, also serves as general manager of Guodian and chairman of the board of GD Power. As GD Power's chairman, Mr. Zhu is principally responsible for formulating the overall development, corporate and business strategies at a strategic level and is not involved in the day-to-day management and operations of GD Power.

Our executive Director and President, Mr. Xie Changjun, and two other non-executive Directors, Mr. Wang Baole and Mr. Luan Baoxing, at the same time hold senior positions with Guodian. Mr. Xie Changjun's title as an Assistant to General Manager in Guodian is merely a title which represents his seniority and conforms to our internal human resources policy. Mr. Xie has no direct involvement in Guodian's corporate affairs, does not attend any senior management meetings of Guodian nor receive any remuneration from Guodian. Thus, Mr. Xie has been able to execute his office faithfully and diligently in our Company without interference from his position in Guodian. Upon the listing of the Company, Mr. Xie will continue to devote 100% of his time and effort to the Group.

Apart from the above, each of the Company, Guodian and GD Power is managed by different management personnel, none of our Directors or senior management holds any position or has any roles or responsibility in Guodian or GD Power and none of our Supervisors is a supervisor of Guodian or GD Power.

None of our independent non-executive Directors has any relationship with Guodian. Mr. Li Junfeng possesses in-depth knowledge and experience in the wind power industry while Mr. Zhang Songyi possesses in-depth knowledge and experience in the capital markets and law and Mr. Meng Yan possesses in-depth knowledge and experience in accounting and economics. On this basis, there are sufficient non-overlapping directors who are independent and have relevant experience to allow the proper functioning of the Board.

We believe that our Directors and senior management are able to perform their roles in the Company independently and the Company is capable of managing its business independently of Guodian after the Listing for the following reasons:

- the decision-making mechanism of the Board set out in the Articles of Association includes provisions to avoid conflicts of interest by providing, among other things, that in the event of conflict of interest, such as consideration of resolutions in relation to transactions with Guodian, the relevant Director(s) who are connected with Guodian shall be excused from the meeting in respect of such resolution, abstain from voting and not be counted in the quorum. However, such Director(s) shall not be precluded from attending the rest of the meeting, being counted in the quorum and voting for other matters in which such Director(s) is/are not interested. Further, when considering connected transactions, the independent non-executive Directors will review the relevant transactions;
- three of the four directors who hold positions in Guodian are our non-executive directors. As our non-executive Directors, they are not involved in running the day-to-day business, but rather are primarily responsible for strategy and planning matters; the day-to-day operation of our Company is managed by our senior management who are all independent of Guodian and are our full-time employees;
- none of the Directors or the senior management has any shareholding interest in the Guodian Group;
- we have appointed three independent non-executive Directors, comprising one-third of our Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and our Shareholders as a whole.

Directors who hold overlapping directorships with Guodian are considered to be in conflict and are required to abstain from voting in certain circumstances. The Articles have stipulated circumstances under which the Directors would be considered to be in conflict, namely that for any contracts, transactions or arrangements where a Director or an associate of a Director is substantially interested, such person would be considered to be in conflict and is required to abstain from voting and not be counted in the quorum. For these purposes, the Directors who hold positions in Guodian are considered to be in conflict in respect of any contracts, transactions or arrangements with Guodian.

Based on the above, the Company is satisfied that it is capable of maintaining independence from Guodian.

Independence of Business Operations

Pursuant to the Reorganization, Guodian injected to the Company substantially all of the assets, liabilities and equity interests in CLEPG, which comprised substantially all of its wind power business, two coal power plants and other renewable energy businesses. We are in possession of all production and operating facilities and technology relating to our businesses. Currently, we engage in our core businesses independently, with the independent right to make operational decisions and implement such decisions. We have independent access to customers and suppliers and are not dependent on Guodian with respect to supplies for our business operations. We have sufficient capital, equipment and employees to operate our business independently from Guodian.

Pursuant to the Trademark License Agreement, Guodian has granted us a license to use various trademarks owned by Guodian at nil consideration for a term of ten years after Listing. The Trademark License Agreement is on normal commercial terms which we believe to be fair and reasonable and in the interests of our Shareholders as a whole. Further details of the Trademark License Agreement are set out in the section headed "Connected Transactions" in this prospectus.

We have our own organizational structure with independent departments and business and administrative units, each with specific areas of responsibility. In addition to maintaining a set of comprehensive internal control procedures to facilitate the effective operation of our business, we have protective measures to avoid conflicts or potential conflicts of interest and to safeguard the interests of our

Shareholders as a whole. We have also adopted protective measures to ensure the enforceability of the Non-Competition Agreement between the Company and Guodian. For further details of the enforceability of such protective measures, see "Relationship with Guodian Group — Non-Competition Agreement and Undertakings." The Company has also adopted a set of corporate governance manuals, such as Rules of the Board Meeting and Rules on the Conduct of Connected Transactions, which are based on the PRC laws and regulations.

Based on the above, the Directors are of the view that the Company operates independently from Guodian.

Financial independence

We have our own finance department responsible for discharging the treasury, accounting, reporting, group credit and internal control functions of the Company independent from Guodian.

We have settled all amounts due to Guodian Group of non-trade nature and released all guarantees provided to us by Guodian Group prior to the Listing.

The Directors are of the view that we are capable of obtaining financing from third parties without relying on any guarantee or security provided by Guodian or other Connected Persons and the PRC lenders are independent third parties. Therefore, we operate independently from Guodian from a financial perspective.

Our Company has entered into certain agreements with entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) after the Listing, 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 following the Listing, 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 ended December 31, 2009, 2010 and 2011, the annual caps are RMB8,000 million, RMB11,400 million and RMB14,800 million respectively

	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 prospectus.

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 prospectus.

Implications under the Listing Rules

Any transaction that might take place after the Global Offering pursuant to any agreement or arrangement described in the sub-section headed "Reorganization" of the "History, Reorganization and Corporate Structure" section is made in the performance of the relevant transaction already entered into before the Global Offering. Such transaction will therefore not constitute connected transactions or continuing connected transactions of our Company under Chapter 14A of the Listing Rules, and will not be subject to further regulatory requirements under the Listing Rules. In respect of the indemnities under the Reorganization Agreement, any payment which in the future might be made by either party in the performance of its obligations after the Global Offering would also not constitute a new transaction.

However, when we decide whether to exercise or not to exercise any options provided for under the Non-Competition Agreement, we shall comply with the relevant requirements under Chapter 14A of the Listing Rules.

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. As such, the Company will continue to use certain trademarks of Guodian after the Proposed Listing.

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.

Listing Rules implications: Guodian is a Promoter and the controlling shareholder of the Company, and is a connected person of the Company under Rule 14A.11 of the Listing Rules.

The estimated annual caps of the trademarks license agreement fall below the de minimis threshold and will constitute a continuing connected transaction for the Company exempt from the reporting, announcement and independent shareholders' approval requirements after the Proposed Listing.

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.

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.

---

* 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.

Listing Rules implications: Zhongneng Power-Tech is a non wholly-owned subsidiary of the Company. GD Power, an associate of Guodian, holds 20% of the equity interest in Zhongneng Power-Tech. Therefore, Zhongneng Power-Tech is a connected person of the Company under Rule 14A.11 of the Listing Rules.

The provision of products and services from the Group to Zhongneng Power-Tech under the master agreement will constitute a continuing connected transaction for the Company exempt from the reporting, announcement and independent shareholders' approval requirements after the Proposed Listing.

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.

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.

Listing Rules implications: Guodian is a Promoter and the controlling shareholder of the Company, and is a connected person of the Company under Rule 14A.11 of the Listing Rules.

The provision of materials, products and services by the Group to Guodian under the Guodian Master Agreement will constitute a continuing connected transaction for the Company exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements after the Proposed Listing.

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 — The PRC Electricity Generation Industry — 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 Corporation of China for the 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 associates of State Grid Corporation of China to the Group 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;

(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 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 Generation Co., Ltd., Xinjiang Tianfeng Power Generation Joint Stock Company and Gansu Xin'an Wind Power Generation Co., Ltd. by virtue of its shareholdings of 33%, 35.02% and 35% respectively therein. Therefore, the State Grid Corporation of China 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.

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.

* *Please refer to the sub-section headed "Our Coal Power Business" of the Business section for an introduction of the substituting generation output.*

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.

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.

Listing Rules implications: Guodian is a Promoter and the controlling shareholder of the Company, and is a connected person of the Company under Rule 14A.11 of the Listing Rules.

The provision of products by Guodian to the Group under the Guodian Master Agreement will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements after the Proposed Listing.

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.

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.

Listing Rules implications: Zhongneng Power-Tech is a non wholly-owned subsidiary of the Company. Guodian Power Development Co., Ltd., an associate of Guodian, holds 20% of the equity interest in Zhongneng Power-Tech. Therefore, Zhongneng Power-Tech is a connected person of the Company under Rule 14A.11 of the Listing Rules.

The provision of products and services from Zhongneng Power-Tech to the Group under the master agreement will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements after the Proposed Listing.

WAIVERS SOUGHT

The Directors (including the independent non-executive Directors) are of the view that the transactions set out in the sub-section headed "Non-exempt Continuing Connected Transactions" have been and will be entered into in the ordinary and usual course of business of the Company, at arm's length basis and on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole. The transactions described in paragraphs (3) to (6) above constitute our continuing connected transactions under the Listing Rules.

By virtue of Rule 14A.34 of the Listing Rules, the transaction under paragraph (3) 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. By virtue of Rule 14A.34 and 14A.35 of the Listing Rules, each of the transactions under paragraphs (4) to (6) 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.

We have applied to the Stock Exchange, and the Stock Exchange has granted us, waivers from strict compliance with the announcement and (where applicable) independent shareholders' approval requirements of the Listing Rules in respect of each of these transactions, subject to the following conditions:

1. in respect of all continuing connected transaction under paragraphs (3) to (6), the aggregate value of each of these non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above;

2. in respect of the continuing connected transaction under paragraphs (3), (5) and (6), as required under Rule 14A.42(3), we have agreed that we will comply with the requirements specified under Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36 to 14A.40. In addition, we will fully comply with the requirements under Chapter 14A of the Listing Rules for transactions conducted after December 31, 2011 and before the master agreements (referred to in paragraph (3) and paragraph (6) under the sub-section headed "Non-exempt Continuing Connected Transactions") expire in July 2012;

3. in respect of the continuing connected transaction under paragraph (4), we will provide appropriate control mechanisms to govern the terms of the continuing connected transactions on the electricity sales to the State Grid Corporation of China and ensure that future individual PPAs will be entered into based on the principal terms and pricing policies as disclosed. We confirm that for the purposes of paragraph 3 of Rule14A.37 and paragraph 3 of Rule 14A.38 of the Listing Rules, all the relevant PPAs in respect of the continuing connected transactions on the electricity sales to the State Grid Corporation of China disclosed above will be made available for our independent non-executive directors and auditors' review. The independent non-executive directors and auditors will review whether the relevant continuing connected transactions have been entered into based on the principal terms and pricing policies as disclosed in the Prospectus. The confirmations of the independent non-executive directors and auditors will be disclosed annually as required under the Listing Rules.

CONFIRMATION FROM THE SPONSOR

The Sponsor is of the view that the Company's continuing connected transactions described under the sub-heading "Non-exempt Continuing Connected Transactions" and the duration of the Trademark License Agreement of ten years are in the ordinary and usual course of business of the Company, are fair and reasonable and in the interest of the Company and its shareholders as a whole, and that the proposed annual caps (where applicable) for these continuing connected transactions referred to above are fair and reasonable.

BOARD OF DIRECTORS

Our Board consists of nine directors: three executive Directors, three non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include: convening shareholders' meetings, reporting the Board's work at the shareholders' meetings, implementing the resolutions passed on the shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by our Articles of Association. We have entered into service contracts with each of our executive Directors, non-executive Directors and independent non-executive Directors.

The following table sets out certain information relating to our Directors. All of our existing Directors were elected to their current term to the Board of Directors by our shareholders on July 8, 2009. The current term for all of our Directors expires on July 7, 2012.

Name	Age	Position
Mr. ZHU Yongpeng	58	Chairman of the Board and Non-executive Director
Mr. XIE Changjun	52	Executive Director and President
Mr. WANG Baole	53	Non-executive Director
Mr. TIAN Shicun	57	Executive Director and Vice President
Mr. LUAN Baoxing	42	Non-executive Director
Mr. WANG Liansheng	57	Executive Director
Mr. LI Junfeng	53	Independent non-executive Director
Mr. ZHANG Songyi	54	Independent non-executive Director
Mr. MENG Yan	54	Independent non-executive Director

DIRECTORS

Non-Executive Directors

Mr. Zhu Yongpeng, aged 58, is a non-executive Director and Chairman of the Board of our Company. Mr. Zhu has been the general manager of Guodian since March 2008, and has also been the chief legal advisor of Guodian since March 2007. Mr. Zhu was deputy general manager of Guodian and vice chairman of GD Power from December 2002 to March 2008. He was the general manager of GD Power from December 2002 to March 2004, vice chairman and general manager of GD Power from July 2000 to December 2002, the general manager of CLEPG from November 1997 to July 2000. He was the deputy general manager of CLEPG from September 1993 to November 1997. Mr. Zhu was deputy operator of Heilongjiang Hulin Power Plant (黑龍江虎林發電廠), technician, assistant engineer, engineer and deputy head of the Power Generation and Technology Division of the Ministry of Water Resources and Electric Power, head of the General Office of Power Department of the Ministry of Energy Resources. Mr. Zhu graduated in January 1982 from Northeast Dianli University, Power Engineering School, specializing in Relay Protection and Automation with a bachelor's degree. He is a professor-grade senior engineer.

Mr. Wang Baole, aged 53, is a non-executive Director of the Board of our Company. He has been the assistant general manager of Guodian since November 2006, head of Nuclear Power Office of Guodian since June 2005, and head of Plan & Development Division of Guodian since January 2003. He was cadre and deputy head of Statistics Division of Planning Department of Ministry of Water Resource and Electric Power, deputy head and head of Statistics Division of General Planning Department of Ministry of Energy Resources, head of Statistics & Analysis Division and deputy general of Planning Department of Ministry of Electric Power, deputy head of Planning & Investment Department and deputy head of Strategic Study & Planning Department of the State Power Corporation. Mr. Wang graduated in January 1982 from Planning & Statistics Department of Economics School of Xiamen University with a bachelor's degree. He completed his post-graduate studies on Statistics (Investment Decision-making Analysis) at the Planning & Statistics Department of Xiamen University in September 2001. He is a senior statistician.

Mr. Luan Baoxing, aged 42, is a non-executive Director of the Board of our Company. He has been the head of Capital Operation and Ownership Management Department of Guodian since April 2009 and a supervisor of Guodian Sichuan Power Generation Co., Ltd. (國電四川發電有限公司) since December 2006. He was deputy head of Capital Operation and Ownership Management Department of Guodian from October 2008 to April 2009. He was deputy head of Finance and Property Department of Guodian from January 2003 to October 2008. He was deputy head of Property and Fund Division, head of Accounting Cost Division of Finance Department of Heilongjiang Electric Power Company (黑龍江省電力公司), deputy head and head of Accounting Cost Division of Finance Department of China Northeast Electric Power Group Company (中國東北電力集團公司), deputy head of Finance Department of the State Power Corporation Northeast China Branch, deputy chief accountant and head of Finance Department of Chongqing Electric Power Company (重慶電力公司) from September 1999. He worked at Finance Department of Qiqihar Electric Power Bureau (齊齊哈爾電業局) from March 1990 to September 1990 and at Finance Department of Mudanjiang No.2 Power Plant (牡丹江第二發電廠) from July 1989 to March 1990. Mr. Luan graduated from the Economics Department of Heilongjiang University in July 1989, specializing in Accounting with a bachelor's degree in Economics. He also graduated in April 2003 from Harbin Institute Technology (post-work education) with a master degree in Business Administration. He is a senior accountant.

Executive Directors

Mr. Xie Changjun, aged 52, is an executive Director of the Board and president of our Company. He has been the assistant to the general manager of Guodian since November 2006. He was the president of CLEPG from July 2001 to July 2009, and the vice-president of CLEPG from June 1999 to July 2001. He was the assistant engineer and office-chief assistant of Science Technology Department of Ministry of Water Resources and Electric Power, department head, the deputy head of Planning Division of Science & Technology Department of China Electricity Council, and the assistant to the general manager, the manager of engineering project division and the deputy general manager of Zhongneng Power-Tech. Mr. Xie graduated in January 1982 from Northeast Dianli University, specializing in thermal power with a bachelor's degree in engineering. He is a professor-grade senior engineer.

Mr. Tian Shicun, aged 57, is an executive Director of the Board and the vice president of our Company. He joined the Group in November 2006 and was the vice president of CLEPG from November 2006 to July 2009. He was the head of production division and the deputy manager of Ningxia Zhongning Power Plant (寧夏中寧發電廠), the chief engineer, deputy manager and manager of Daba Power Plant (大壩發電廠), deputy general manager of Ningxia Electric Power Bureau (寧夏電力局), the general manager of Guodian Northwest. Mr. Tian graduated in October 1975 from Xi' an Jiaotong University, specializing in thermal power with a bachelor's degree in engineering. He also graduated in July 2002 from Wisconsin International University Ukraine Campus (post-work education) with a master degree in engineering. He is a professor-grade senior engineer.

Mr. Wang Liansheng, aged 57, is an executive Director of the Board of our Company. He was the deputy general manager of CLEPG from July 2001 to July 2009. He was the deputy head, head of Publicity Department of Beijing Power Design Institute. Mr. Wang graduated in June 1985 from the History Department of Beijing Normal University with a bachelor's degree. He is a senior economist.

Independent Non-Executive Directors

Mr. Li Junfeng, aged 53, is an independent non-executive Director of the Board of our Company. He is currently the director of academic members, deputy director general and researcher of the Energy Research Institute under the National Development and Reform Commission. Mr. Li Junfeng is also an independent non-executive director of Zhuzhou Times New Materials Technology Co., Ltd. listed on the Shanghai Stock Exchange (Stock code: Shanghai 600458) and independent director of Trina Solar Limited listed on the New York Stock Exchange (Stock code: TSL), respectively. He is also holding various positions in social academic groups as well as industry associations and organizations. He is currently the vice-chairman of the International Wind Energy Council, deputy chairman of the board of directors of the Renewable Energy Society of China and technology advisor to the People's Government of the Inner Mongolia Autonomous

Region. He was assistant researcher of the Energy Research Institute of the State Economic and Trade Commission and Energy Advisor to the World Bank. Mr. Li Junfeng as a researcher has conducted in-depth studies in the renewable energy areas, he was the person-in-charge and participated in the drafting of the "Renewable Energy Law of the People's Republic of China," the "Medium to long term strategic plan of the State for the development of medium to long term renewable energy" and the "Draft Energy Law of the People's Republic of China." He was granted the Technology Achievement Award jointly by the National Development and Reform Commission, the State Planning Commission and the Chinese Academy of Sciences. He was the author of "Technical Assessment of Renewable Energy in the PRC," "Understanding the Renewable Energy Law of the PRC," "PRC Renewable Energy Development Report," "PRC Wind Power Development Report 2007" and "PRC Wind Power Development Report 2008," etc. As an important writer and commentator, Mr. Li Junfeng had participated in the compilation of the Second, Third and Fourth Assessment Reports of the IPCC on Climate Change. He graduated in October 1982 from Electrical Engineering Department of Shandong Mining Institute in 1982 with a bachelor's degree.

Mr. Zhang Songyi, aged 54, an independent non-executive Director of the Board of the Company. He is currently a director of Sina Corporation (NASDAQ: SINA), a director of Hong Kong Energy (Holdings) Limited (0987.HK) and a director of Lumena Resources Corp. (0067.HK). Mr. Zhang served as a director of Suntech Power Holdings Co. Ltd. He was the vice chairman, managing director and department joint head of Morgan Stanley Asia Limited from 1993 to November 2000 and since leaving Morgan Stanley, has been retained as a senior advisor on a contractual basis. He practiced law at Milbank, Tweed, Hadley & McCloy LLP from 1985 to 1993. Mr. Zhang graduated in June 1985 from Yale University with a Juris Doctor.

Mr. Meng Yan, aged 54, an independent non-executive Director of our Board. He is currently the Dean, Professor and Supervisor of Doctorate students in the Department of Accountancy of Central University of Finance and Economics. He is also the executive director of the Accounting Society of China and the Banking Accounting Society of China, the member of the Master of Professional Accounting (MPAcc) Education Steering Committee under the Ministry of Education and the member of Steering Committee on Teaching and Learning of Business Administration Disciplines of Higher Education Institutions under the Ministry of Education. He was also the expert consultant of the Accounting Standards Committee of the Ministry of Finance for accounting standards and the expert of the Ministry of Finance for enterprise performance evaluation. At present, Meng Yan serves as an independent director of China Merchants Property Development Company Ltd. (000024.SZ; 200024.SZ), Beijing Bashi Media Co., Ltd. (600386.SH), Yantai Wanhua Polyurethanes Co., Ltd. (600309:SH) and Henan Splendor Science & Technology Co. Ltd. (002296.SZ). He received a bachelor degree in Economics and a master degree in Economics (Accounting) from the Central University of Finance and Economics in 1982 and 1988 respectively, and graduated from the Research Institute for Fiscal Science of Ministry of Finance with a doctorate degree in Economics (Accounting) in 1997. He holds the qualification of Certified Public Accountant and received the special government allowance from the State Council in 1997.

BOARD OF SUPERVISORS

The board of Supervisors of the Company currently consists of three members. Except for the employee representative supervisor elected by employees, the Supervisors are elected by our shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the board of Supervisors include, but not limited to: reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and, if in doubt, appointing certified public accountants and practicing auditors to re-examine the Company's financial information; monitoring the financial activities of the Company; supervising the performance of Directors, President and other senior management members, and monitoring as to whether they had acted in violation of the law, administrative stipulations and Articles of Association in the execution of their duties; requesting Directors, President and senior management members to rectify and actions which are damaging to the Company's interests; and exercising other rights given to them under the Articles of Association.

All of our existing supervisors were elected to their current term to the Board of Supervisors by our shareholders on July 8, 2009.

SUPERVISORS

Name	Age	Position
Mr. CHEN Bin	50	Chief Supervisor
Mr. YU Yongping	49	Deputy Chief Supervisor
Mr. WANG Jianting	45	Employee Representative Supervisor

Mr. Chen Bin, aged 50, is a Supervisor of the Company. He has been the deputy chief accountant of Guodian since November 2006, head of Financial Management Department of Guodian since October 2008, a supervisor of Guodian Shandong Electric Power Co., Ltd. (國電山東電力有限公司) since December 2007. He served in Guodian as the head of Financial and Property Department from November 2006 to October 2008. He served as deputy section chief, section chief of financial department and chief accountant of Dalian Power Plant (大連發電總廠), deputy division chief and division chief of Accounting Cost Division of Financial Department as well as a chief accountant, and deputy head of Financial Department of Northeast Electric Power Group Company (東北電力集團公司), the division chief of Financial Budget Division of Financial Property Right Management Department of State Power Corporation (國家電力公司), the chief accountant of China Hydro Power Construction Company (中國水利水電工程總公司) and the chief accountant and deputy general manager of GD Power. Mr. Chen graduated in July 1982 from Financial Accountant Department of Dalian Electric Power Institute (大連電力技術學校), a technical secondary school, thereafter, he further graduated in July 1998 from Management Engineering Department of Northeast Dianli University with a master degree. Mr. Chen is a senior accountant.

Mr. Yu Yongping, aged 49, is a Supervisor of the Company. He has been the head of Audit Department of Guodian since April 2009. He was a deputy head of Financial and Property Department of Guodian from October 2008 to April 2009. He served as an accountant of Financial Division of Machinery Manufacturing Bureau of the Ministry of Hydropower. He also served in the State Council Three Gorges Project Construction Committee as a director level clerk of its Financial Planning Office of Emigration Development Bureau, a deputy division chief and division chief of its Financial Department, a deputy leader of its Planning Office of Emigration Development Bureau, a deputy leader of its Resettlement Division of Emigration Development Bureau and an assistant Ombudsman of the State Council Three Gorges Project Construction Committee Office. Besides, he had been served as a division chief of the Market Development Division of Marketing Department of Guodian, a member and a deputy general manager of Guodian Finance Corporation Ltd., a deputy general manager and chief accountant of Guodian Northeast. Mr. Yu graduated in July 1983 from Infrastructure Construction Economics Department of Liaoning Institute of Finance and Economics (遼寧財經學院) specializing in infrastructure construction financial and credit with a bachelor's degree in economics. He also completed post-graduate studies in Civil's Economy in May 1999 at Northeast Financial University. Mr. Yu is a senior accountant.

Mr. Wang Jianting, aged 45, is a employee representative Supervisor of the Company. He is currently a disciplinary officer and chairman of the trade union of the Company. He held positions as deputy general manager of China Fulin, project manager, assistant to general manager, manager of the audit department, manager of the safety production department, manager of the engineering and construction department , and chief economist of CLEPG, and general manager of Jiangsu Longyuan Wind Power Generation Co., Ltd. from June 1999 to January 2008. He was the project manager of the Planning and Finance Department, deputy general manager, assistant to general manager and also departmental manager of the Finance Department of Zhongneng Power-Tech from December 1994 to April 1999. He was an assistant accountant at technological education department under the Ministry of Water Resources from August 1990 to December 1994. He served as an accountant at the general office of the academic department of the Ministry of Water Resources and Electric Power from September 1985 to October 1988. Mr. Wang graduated in July 1992 from the evening class of Beijing Vocational College of Finance and Commerce and obtained a bachelor's degree.

SENIOR MANAGEMENT

Name	Age	Position
Mr. HUANG Qun	48	Vice President
Mr. ZHANG Yuan	53	Vice President
Mr. FEI Zhi	42	Vice President
Ms. LI Hongmei	52	Chief Accountant
Mr. JIA Nansong	47	Board Secretary and Joint Company Secretary

Mr. Huang Qun, aged 48, is a vice president of the Company. He was a deputy general manager of CLEPG from January 2002 to July 2009, the assistant to general manager of CLEPG from August 2000 to January 2002, and the deputy chief economist and manager of the Operational Department of CLEPG from March 1997 to August 2000. He served at CLEPG as the deputy manager and manager of the Manager Department, the manager of the Operational Department and the manager of the First Division of the Operational Department from January 1993. He worked at the Power Division of the Ministry of Energy from June 1988 to January 1993 and worked as an engineer of the Policy Research Office of the Ministry of Hydropower from July 1984 to June 1988. Mr. Huang graduated in July 1984 from Management Engineering Department of Tongji University with a bachelor's degree. Mr. Huang is a senior engineer.

Mr. Zhang Yuan, aged 53, is a vice president of the Company. He was a deputy general manager of CLEPG from February 2003 to July 2009. He worked at the Engineering Division of Guodian Group from December 2002 to February 2003. He served as the division chief of the Power Construction Division of the China Power Corporation from July 2000 to December 2002 and as its division chief of the Hydropower and New Energy Development Division from January 1997 to July 2000. He served as an engineer and office director of Energy Research Institute of Qinghai Province, a cadre of the Rural Electrification Division of the Ministry of Energy and the deputy division chief of the Hydropower and Agriculture Electricity Division of the Ministry of Power. Mr. Zhang graduated in December 1979 from Northwest Telecommunication Construction University (西北電訊工程大學) majoring in semiconductor with a bachelor's degree. Mr. Zhang is a professor-level senior engineer.

Mr. Fei Zhi, aged 42, is a vice president of the Company. He was the general manager of NTPG from July 2001 to June 2009 and the director of the Preparation Office of Guodian Jiangsu Haimen Power Plant (國電江蘇海門發電廠) from July 2003 to June 2009, and the assistant to the general manager of NTPG from August 1998 to July 2001. He consecutively served as a deputy section chief of the Educational Section of Tianshenggang Power Plant and the director of the Fuel Department and Maintenance Department of NTPG. He graduated in July 1989 from Shanghai Institute of Electric Power, majoring in production process automation and obtained a bachelor's degree. He further graduated in July 1998 from Southeast University, majoring in electricity system and automation and obtained a bachelor's degree. Mr. Fei is a senior engineer.

Ms. Li Hongmei, aged 52, is chief accountant of the Company. She was the chief accountant of CLEPG from April 2004 to July 2009, the deputy chief accountant from October 1996 to April 2004, the manager of Financial Department of CLEPG from February 2003 to April 2004 and the manager of the Plan and Financial Department of CLEPG from October 1996 to January 2003. She consecutively served as a deputy division chief of China Electronic Appliance Corporation, North Branch (中國電子器材華北公司), a deputy manager of Shanghai Securities Department of China Information Trust Investment Corporation (中國資訊信託投資公司), a deputy manager of Beijing Office of Haitong Securities Co., Ltd. She graduated in June 1985 from Central University of Finance & Economics majoring in accounting and obtained college diploma. Ms. Li is an accountant and PRC Certified Public Accountant.

Mr. Jia Nansong, aged 47, is board secretary of the Company and one of the joint company secretaries. He was the assistant to general manager, the director of the Office of General Manager of CLEPG from December 2008 to July 2009. He was the deputy chief economist of CLEPG from January 2004 to December 2008, the manager of the Human Resource Department and the Auditing Supervision Department of CLEPG from February 2003 to December 2008 and the standing deputy manager of Longyuan West Heat (龍源西熱) from July 2001 to February 2003. He was the manager of the Technical Development Department of CLEPG from February 2001 to January 2003, the manager of the Project Development Department of CLEPG from August 2000 to February 2001, the manager of the Market Exploitation and Technical Development Department of CLEPG from June 1999 to August 2000, the deputy manager of the Technical Development Department of CLEPG from September 1995 to June 1999 and the project manager of CLEPG from December 1994 to September 1995. From July 1984, he served in the Power Generation Division of the Electric Power Planning and Design Institute and the Information Centre of the Ministry of Electric Power. Mr. Jia graduated in July 1984 from North China Electric Power University majoring in thermodynamic process automation and obtained a bachelor's degree. Mr. Jia is a senior engineer.

JOINT COMPANY SECRETARIES

Mr. Jia Nansong, is board secretary of our Company and one of the joint company secretaries. Mr. Jia has profound knowledge and understanding of the PRC power industry and abundant operational and management experience. For details of Mr. Jia's biography, please see the sub-section headed "Senior Management" above.

Mr. Ngai Wai Fung (魏偉峰), *FCIS, FCS(PE), HKICPA, ACCA*, aged 47, was appointed as the joint company secretary of our Company on November 9, 2009. Mr. Ngai is a director and head of listing services of KCS Hong Kong Limited, a corporate secretarial and accounting services provider in Hong Kong. Mr. Ngai is currently the vice president of the Hong Kong Institute of Chartered Secretaries and the chairman of its Membership Committee. Mr. Ngai is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Ngai holds a Master of Corporate Finance Degree from the Hong Kong Polytechnic University in November 2002, Master of Business Administration Degree from Andrews University of the United States in August 1992 and a Bachelor of Laws (with Honours) Degree from the University of Wolverhampton in October 1994, the United Kingdom. He is also undertaking a PhD course (thesis stage) in Finance at the Shanghai University of Finance and Economics.

EMPLOYEES

As at the Latest Practicable Date, our Company had a total of 3,795 full time employees. Set out below is a breakdown of the number of our employees by function:

	Number of employees
Management	146
Development	105
Finance, accounting	157
Construction	255
Operations	2,891
Human Resource	40
Administration	201

BOARD OF DIRECTORS COMMITTEES

Nomination Committee

The nomination committee of the Company consists of three Directors: Mr. Xie Changjun, Mr. Li Junfeng (independent non-executive Director) and Mr. Meng Yan (independent non-executive Director). Mr. Xie Changjun currently serves as the chairman of the nomination committee. The primary responsibilities of the Company's nomination committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management.

Strategic and Planning Committee

The strategic and planning committee of the Company consists of four Directors: Mr. Xie Changjun, Mr. Wang Baole, Mr. Tian Shicun and Mr. Wang Liansheng. Mr. Xie Changjun currently serves as the chairman of the strategic and planning committee. The primary responsibilities of the strategic and planning committee are to formulate our overall development plans and investment decision-making procedures, including, among other things:

- reviewing the Company's long-term development strategies;
- reviewing the Company's strategic planning and implementing reports; and
- reviewing significant capital expenditure, investment and financing projects that require approval of the Board.

Remuneration and Assessment Committee

The remuneration and assessment committee of the Company consists of three Directors: Mr. Wang Baole, Mr. Zhang Songyi (independent non-executive Director) and Mr. Li Junfeng (independent non-executive Director). Mr. Wang Baole currently serves as the chairman of the Company's remuneration and assessment committee. The primary responsibilities of the remuneration and assessment committee are to formulate the evaluation standards and conduct evaluation of the Directors and senior management; to determine, review the compensation policies and schemes for the Directors and senior management, including, among other things:

- approving and overseeing the total compensation package for the Directors and senior management, evaluating the performance of and determining and approving the compensation to be paid to the senior management;
- reviewing and making recommendations to the Board with respect to the Directors' compensation; and
- reviewing and making recommendations to the Board regarding compensation philosophy, strategy and principles of Directors and senior management.

Audit Committee

The audit committee of the Company consists of three Directors: Mr. Meng Yan (independent non-executive Director), Mr. Zhang Songyi (independent non-executive director) and Mr. Luan Baoxing. Mr. Meng Yan currently serves as the chairman of the audit committee. The primary responsibilities of the audit committee are to review and supervise our financial reporting process, which include, among other things:

- appointing and supervising the work of our independent auditors and pre-approving all non-audit services to be provided by our independent auditors;

- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;
- reviewing the planning and staffing of internal audits, the organization, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;
- reviewing our risk assessment and management policies;
- establishing procedures for the treatment of complaints received by us regarding accounting, internal accounting controls, auditing matters, potential violations of law and questionable accounting or auditing matters; and
- reviewing Guodian's compliance with and enforcement of the Non-Competition Agreement by the two independent non-executive Directors.

Compliance Adviser

The Company has agreed to appoint China Merchants Securities (HK) Co. Ltd. to be the compliance adviser upon listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules. The Company expects to enter into a compliance advisers' agreement with the compliance adviser prior to the Listing Date, the material terms of which are as follows:

(i) the Company will appoint China Merchants Securities (HK) Co. Ltd., as the compliance adviser for the purpose of Rule 3A.19 and 19A.05 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the financial results of the Company for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is the earlier;

(ii) the compliance adviser will provide us with certain services, including providing us with proper guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines and provide advice to the Company on the continuing requirements under the Listing Rules and applicable laws and regulations;

(iii) the compliance adviser will, as soon as reasonably practicable inform us of any amendment or supplement to the Listing Rules announced by the Stock Exchange from time to time, and of any amendment or supplement to the applicable laws and guidelines;

(iv) the compliance adviser will act as the principal channel of communication of the Company with the Stock Exchange;

(v) the Company will agree to indemnify the compliance adviser for certain actions against the losses incurred by the compliance adviser arising out of or in connection with the performance by the compliance adviser of their duties under the agreement, or any material breach by the Company of the provisions of the agreement, provided that the indemnity will not apply to an action or loss which is finally judicially determined to have been caused by the wilful default, fraud, gross negligence or breach of the agreement on the part of the compliance adviser;

(vi) the Company may terminate the appointment of the compliance adviser if its work is of an unacceptable standard or if there is a material dispute over fees payable to the compliance adviser (which cannot be resolved within 30 days); and

(vii) the compliance adviser will have the right to terminate their appointment if the Company committed a breach of the compliance advisers' agreement, or by service of 30 days' prior written notice to the Company.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Waiver from Rules 8.12 and 19A.15 of the Listing Rules

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 8.12 and Rule 19A.15 in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers and Exemption from Compliance with the Listing Rules and Hong Kong Companies Ordinance — Management Presence."

Waiver from Rules 8.17 and 19A.16 of the Listing Rules

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 8.17 and Rule 19A.16 in relation to the requirement on the qualifications of company secretary. For details of the waiver, please see the section headed "Waivers and Exemption from Compliance with the Listing Rules and Hong Kong Companies Ordinance — Company Secretary."

COMPENSATION OF THE DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The Directors, Supervisors and senior management receive compensation in the form of salaries, bonuses, allowances and other benefits-in-kind, including the Company's contribution to the pension plan on their behalf. Total compensation paid to the Directors, Supervisors and senior management for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, were approximately RMB4.7 million, RMB7.5 million, RMB7.9 million and RMB4.7 million, respectively. As required by PRC regulations, we participate in various defined pension schemes for our employees, including those organized by provincial or municipal governments as well as supplemental pension schemes. The employees covered by such schemes include our Directors, Supervisors and management personnel. The Company contributed RMB0.4 million, RMB0.5 million, RMB0.6 million and RMB0.3 million as post-employment benefits for the Directors, Supervisors and senior management for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. The aggregate amount of compensation the Company paid to the five highest paid individual employees during the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were approximately RMB1.4 million, RMB1.2 million, RMB1.3 million and RMB0.8 million, respectively. Under the existing arrangements currently in force, the aggregate remuneration payable to and benefits-in-kind receivable by the Directors (including three independent non-executive Directors) and Supervisors in respect of the year ending December 2009 are estimated to be approximately RMB2.5 million (including RMB0.4 million to be received by the independent non-executive Directors) and RMB0.5 million, respectively.

As at the date of this prospectus, the registered share capital of the Company is RMB5,000,000,000, divided into 5,000,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of the Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
4,785,710,000	Domestic Shares[(1)]	67.0%
214,290,000	H Shares to be converted from Domestic Shares and held by NSSF	3.0%
2,142,860,000	H Shares to be issued under the Global Offering	30.0%
7,142,860,000		100.00%

Note:

(1) These Domestic Shares are held by Guodian and Guodian Northeast.

Assuming the Over-allotment Option is exercised in full, the share capital of the Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
4,753,570,000	Domestic Shares[(1)]	63.7%
246,430,000	H Shares to be converted from Domestic Shares and held by NSSF	3.3%
2,464,289,000	H Shares to be issued under the Global Offering	33.0%
7,464,289,000		100.00%

Note:

(1) These Domestic Shares are held by Guodian and Guodian Northeast.

The above tables assume the Global Offering becomes unconditional and is completed.

Our Shares

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in Renminbi. Apart from certain qualified domestic institutional investors in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in Renminbi.

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the Company Law). Under the Company Law, promoter shares may not be sold within a period of one year from July 9, 2009, on which we were organized as a joint stock limited company. This lock-up period will expire on July 9, 2010. The Company Law further provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. However, based on the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds issued by the State Council and based on the discussions between our PRC legal counsel and the competent PRC authorities, our PRC legal counsel has advised that any transfer of the Shares issued to the NSSF before the Listing will not be subject to such transfer restriction. Please see the section headed "Risk Factors — Risks relating to the Global Offering — Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares" for risks associated with the possible transfer of the Shares held by the NSSF. Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares may be converted into H Shares.

Except as described in this prospectus and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix IX to this prospectus, our Domestic Shares and our H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange provided that prior to the transfer and trading of such transferred shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such transfer, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of our Domestic Shares are to be transferred to overseas investors and to be traded as H Shares on the Stock Exchange, such transfer and conversion will need to obtain the approval of the relevant PRC regulatory authorities including the CSRC. Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the transfer and conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share Register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong. No class shareholder voting is required for the listing and trading of the transferred shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform shareholders and the public of any proposed transfer.

Mechanism and Procedures for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the Hong Kong H Share Registrar to issue H Share certificates. Registration on our H Share Register will be conditioned on (a) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange complying with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as our Directors are aware, none of our Promoters currently proposes to convert any of the Domestic Shares held by it into H Shares, except for the Domestic Shares to be converted and transferred by Guodian and Guodian Northeast to the NSSF in connection with the Global Offering.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the Hong Kong Public Offering of a company, the shares issued by a company prior to the Hong Kong Public Offering of shares shall not be transferred within a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and not be transferred within a period of one year from the Listing Date. However, the Shares to be transferred by Guodian and Guodian Northeast to the NSSF in accordance with relevant PRC regulations regarding the disposal of State-owned shares are not subject to such statutory restrictions on transfer following their transfer to the NSSF in accordance with the relevant PRC regulations regarding the disposal of State-owned shares.

TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the disposal of state-owned shares, each of Guodian and Guodian Northeast is required to transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (214,290,000 H Shares before the exercise of the Over-allotment Option, and 246,430,000 H Shares after the exercise in full of the Over-allotment Option). At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by Guodian and Guodian Northeast to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by Guodian and Guodian Northeast to the NSSF was approved by SASAC on July 28, 2009. The conversion of those shares into H Shares was approved by the CSRC on November 2, 2009. We have been advised by our PRC legal counsel that the transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under PRC law.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》(the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon listing.

So far as the Directors are aware, each of the following persons will, immediately following completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option and the transfer of certain Shares by Guodian and Guodian Northeast to the NSSF), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings:

Shareholder	Number of Shares held after the Global Offering(1)	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering(2)
Guodian(3)	4,785,710,000 Domestic Shares	Beneficial interest and interest of controlled corporation	100.00%	67.00%
Chengdong Investment Corporation	429,958,000 H Shares	Beneficial interest	20.06%	6.02%
China Investment Corporation(4)	429,958,000 H Shares	Interest of controlled corporation	20.06%	6.02%
China Life Insurance Company Limited	107,489,000 H Shares	Beneficial interest	5.02%	1.50%
China Life Insurance (Group) Company(5)	193,479,000 H Shares	Beneficial interest and interest of controlled corporations	9.03%	2.71%
WLR IV CLPG L.P.	107,489,000 H Shares	Beneficial interest	5.02%	1.50%
Wilbur L. Ross, Jr.(6)	107,489,000 H Shares	Interest of controlled corporation	5.02%	1.50%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (excluding 214,290,000 H Shares to be converted from Domestic Shares and held by NSSF) (as applicable) of the Company after the Global Offering and the mid-point of the indicative Offer Price range.

(2) The calculation is based on the total number of 7,142,860,000 Shares in issue after the Global Offering and the mid-point of the indicative Offer Price range.

(3) Guodian is beneficially interested in 4,685,995,800 Domestic Shares, representing approximately 65.66% of the total share capital of the Company. Guodian Northeast is a wholly-owned subsidiary of Guodian and is interested in 95,714,200 Domestic Shares, representing approximately 1.34% of the total share capital of the Company. Guodian is therefore deemed to be interested in the Domestic Shares held by Guodian Northeast.

(4) Chengdong Investment Corporation is a wholly-owned subsidiary of China Investment Corporation. China Investment Corporation is deemed to be interested in all the H Shares held by Chengdong Investment Corporation.

(5) China Life Insurance (Group) Company is beneficially interested in 32,246,000 H Shares, representing approximately 1.50% of the H Shares of the Company (excluding 214,290,000 H Shares to be converted from Domestic Shares and held by NSSF). China Life Insurance (Overseas) Company Limited is a wholly-owned subsidiary of China Life Insurance (Group) Company and is beneficially interested in 53,744,000 H Shares, representing approximately 2.51% of the H Shares of the Company (excluding 214,290,000 H Shares to be converted from Domestic Shares and held by NSSF). In addition, China Life Insurance (Group) Company is entitled to control more than one-thirds of the voting rights at the general meeting of China Life Insurance Company Limited. Therefore, China Life Insurance (Group) Company is deemed to be interested in the H Shares held by each of China Life Insurance (Overseas) Company Limited and China Life Insurance Company Limited.

(6) The general partner of WLR IV CLPG L.P. is WLP Recovery Associates IV LLC, whose managing member is WL Ross Group, L.P., which is ultimately controlled by Wilbur L. Ross, Jr. Therefore, Wilbur L. Ross, Jr. is deemed to be interested in the H Shares held by WLR IV CLPG L.P.

Save as disclosed herein, the Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

The Cornerstone Placing

We have entered into placing agreements with the following investors, or the Cornerstone Investors, who in aggregate have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of HK$5,657.5 million. Assuming an Offer Price of HK$7.21, the mid-point of the estimated Offer Price range set forth in this prospectus, the total number of H Shares to be subscribed for by the Cornerstone Investors would be approximately 784,669,000 H Shares, representing approximately 10.99% of our total issued and outstanding share capital or 36.62% of the H Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised). Except for China Life Insurance (Group) Company, China Life Insurance Company Limited and China Life Insurance (Overseas) Company Limited, each of the Cornerstone Investors is not related to each other. Each of the Cornerstone Investors is independent from our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective placing agreement. Immediately following the completion of the Global Offering, no Cornerstone Investor will have any board representation in our Company.

The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — Hong Kong Public Offering."

Our Cornerstone Investors

We set forth below a brief description of our Cornerstone Investors:

Chengdong Investment Corporation

Chengdong Investment Corporation ("Chengdong Investment") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of HK$3,100 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), Chengdong Investment would subscribe for approximately 429,958,000 H Shares, representing approximately 20.06% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

Chengdong Investment is a wholly-owned subsidiary of China Investment Corporation ("CIC"). CIC is an investment company incorporated under the PRC Company Law and headquartered in Beijing. CIC is operated on a commercial basis, seeking long-term, risk-adjusted financial returns.

China Life Insurance Group

China Life Insurance Company Limited ("CLICL") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), CLICL would subscribe for approximately 107,489,000 H Shares, representing approximately 5.02% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

China Life Insurance (Overseas) Company Limited ("China Life Overseas") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$50 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), China Life Overseas would subscribe for approximately 53,744,000 H Shares, representing approximately 2.51% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

China Life Insurance (Group) Company ("China Life Group") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), China Life Group would subscribe for approximately 32,246,000 H Shares, representing approximately 1.50% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

China Life Group is the controlling shareholder of CLICL. CLICL is a life insurance company established in Beijing under the Company Law. CLICL was listed on the New York Stock Exchange (stock code: LFC) and the Stock Exchange (stock code: 2628) in December 2003 and the Shanghai Stock Exchange (stock code: 601628) in January 2007. CLICL is one of the largest life insurance companies in China's life insurance market. It is one of the largest institutional investors in China, and through its controlling shareholding in China Life Asset Management Company Limited, CLICL is the largest insurance asset management company in China. CLICL also has a controlling shareholding in China Life Pension Company Limited. CLICL is a leading provider of annuity products and life insurance for both individuals and groups, and a leading provider of accident and health insurance in China.

China Life Overseas is a wholly-owned subsidiary of China Life Group. China Life Overseas is the first and largest PRC state-owned life insurance corporation that operates in Hong Kong and Macau. China Life Overseas has been operating in Hong Kong for 25 years. Its business covers three main categories, including insurance, investment as well as provident fund service.

Wilbur L. Ross, Jr.

WLR IV CLPG L.P. has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$100 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), WLR IV CLPG L.P. would subscribe for approximately 107,489,000 H Shares, representing approximately 5.02% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

WLR IV CLPG L.P. is a Cayman Islands exempted limited partnership whose principal activities are investing in securities. The general partner of WLR IV CLPG L.P. is WLR Recovery Associates IV LLC, whose managing member is WL Ross Group, L.P., which is ultimately controlled by Wilbur L. Ross, Jr. The principal activities of Wilbur L. Ross, Jr. are investing in securities of all types.

Value Partners Limited

Value Partners Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), Value Partners Limited would subscribe for approximately 32,246,000 H Shares, representing approximately 1.50% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

Value Partners Limited acts as investment manager or investment advisor to certain investment funds. Value Partners Limited is a leading Asia Pacific asset management company headquartered in Hong Kong and a wholly-owned subsidiary of Value Partners Group Limited, a company listed on the Stock Exchange (stock code: 806). Value Partners Limited's products include a range of absolute return long-biased equity investment funds which invest in the Asia Pacific equity markets, with some focusing on the Greater China markets. Value Partners Limited also manages hedge funds and provides investment advisory services for institutional investors. Value Partners' products and services also form part of a comprehensive range of investment solutions offered by the Value Partners Group under Value Partners brand and Sensible Asset Management brand.

South Valley Holdings Limited

South Valley Holdings Limited has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US$20 million at the Offer Price. Assuming an Offer Price of HK$7.21 (being the mid-point of the Offer Price range set forth in this prospectus), South Valley Holdings Limited would subscribe for approximately 21,497,000 H Shares, representing approximately 1.00% of the H Shares to be issued upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

South Valley Holdings Limited is a company incorporated in the British Virgin Islands and wholly and beneficially owned by Dr. The Hon. Sir David Li Kwok-po and family. Dr. The Hon. Sir David Li Kwok-po is a shareholder and chairman of the board of directors of The Bank of East Asia, Limited, a company listed on the Stock Exchange (stock code: 23).

Conditions Precedent

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

(1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and have become effective and unconditional (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) by no later than the time and date as specified in these agreements;

(2) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, our H Shares and that such approval or permission not having been revoked; and

(3) neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated.

Restrictions on the Cornerstone Investors' Investment

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of twelve (12) months following the Listing Date, dispose of (as defined in the relevant placing agreement) any of the H Shares subscribed for by it pursuant to the relevant placing agreement (or any interest in any company or entity holding any of the H Shares), other than transfers to any wholly-owned subsidiary or affiliate of such Cornerstone Investor provided that such wholly-owned subsidiary or affiliate undertakes in writing to, and such Cornerstone Investor undertakes to procure such wholly-owned subsidiary or affiliate will, abide by the restrictions on disposals imposed on the Cornerstone Investor.

The following discussion and analysis should be read in conjunction with our consolidated audited financial statements as of and for the years ended December 31, 2006, 2007 and 2008 and as of and for the six months ended June 30, 2009 included in the Accountants' Report in Appendix I, together with the accompanying notes, included elsewhere in this prospectus. The consolidated financial statements included in the Accountants' Report ("Consolidated Financial Statements") have been prepared in accordance with IFRSs.

This discussion contains forward-looking statements that reflect current views of management and involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to, those described under "Risk Factors" and elsewhere in this prospectus.

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 power plants, and sell the electricity generated by our plants 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 sector, 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.

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 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 goal, 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.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the net power generation of our wind power business was 529.4 GWh, 1,418.7 GWh, 3,406.8 GWh and 2,871.0 GWh, respectively. Revenue contribution from our wind power business accounted for 6.9%, 14.9%, 25.8% and 37.3% of our total revenue (excluding service concession construction revenue) during the same periods, respectively. However, as a result of our shift of focus to wind power and the fact that our wind power business enjoys a higher profit margin than our coal power business, our wind power business's operating profit accounted for 13.3%, 39.6%, 75.7% and 69.4%, respectively, of our total operating profit, and its adjusted operating margin amounted to 32.9%, 45.8%, 53.9% and 56.5% during those periods.

Coal power business

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

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

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.

BASIS OF PRESENTATION

Our Company was established in the PRC on July 9, 2009 as a joint stock company with limited liability, converting from our predecessor, CLEPG. Prior to the establishment of the Company, CLEPG was the holding company of the subsidiaries now comprising our Group, and was wholly-owned by Guodian. Pursuant to the Reorganization, CLEPG has been converted into a new joint stock company with limited liability and the Company essentially replaced CLEPG as the holding company of CLEPG's subsidiaries. Save for the Retained Business by Guodian, we retained substantially all the assets, liabilities and equity interests of our predecessor which comprise substantially all of our current lines of business. See "History, Reorganization and Corporate Structure — Reorganization."

As there was no change of controlling shareholder pursuant to the Reorganization, our Consolidated Financial Statements have been prepared as a reorganization of business under common control. Accordingly, except for certain assets and liabilities which are stated at their fair value in accordance with the accounting policies described in section C(1) of Appendix I to this prospectus, the relevant assets and liabilities of the companies comprising the Group have been recognized at historical cost.

Our consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements as set out in section B(1), B(3) and B(4) of Appendix I to this prospectus include the results of operations of CLEPG and its subsidiaries comprising the Group for the Track Record Period (or in respect of each of the companies that were established on a date later than January 1, 2006, for the period from the date of its establishment to June 30, 2009), as if the group structure has been in existence throughout the Track Record Period. The consolidated balance sheets as of December 31, 2006, 2007 and 2008 and June 30, 2009, as set out in Section B(2) of Appendix I to this prospectus, have been prepared to present the state of affairs of the companies comprising the Group as of the respective dates.

Our Consolidated Financial Statements are prepared by our Directors based on the audited financial statements, or where appropriate, unaudited management accounts, after making any adjustments as necessary to conform with (i) our accounting policies as set out in section C of Appendix I to this prospectus, (ii) the IFRSs and (iii) the disclosure requirement of the Hong Kong Companies Ordinance and other applicable listing rules. All material intra-group transactions and balances have been eliminated in our Consolidated Financial Statements.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During the Track Record Period, our results of operations and financial condition have been most significantly affected by the following factors:

Segment and business mix

Our results of operations and operating profit margin are affected by changes in our segment and business mix. For the operating profit and operating profit margin of each of our segments, see "— Results of Operations — Operating profit and adjusted operating margin."

Our results of operations and financial condition over the Track Record Period were affected by the relative size and performance of our wind power and coal power business segments. For instance, in 2006, 2007 and 2008, our total adjusted operating margin was adversely affected by the declining adjusted operating margin of our coal power business from 21.7% in 2006 to 17.4% in 2007, and further to 6.6% in 2008. These adverse effects on our adjusted operating margin were partially offset by the increasing operating profit contribution from our wind power business, whose adjusted operating margin is higher than that of our coal power business. However, for the six months ended June 30, 2009, our total adjusted operating margin increased to 35.0% compared to 18.4% in the corresponding period in 2008, which was due to the increases in adjusted operating margin of both wind and coal power business. With the growth of our wind power business, we expect the performance of our coal power business to have a diminishing effect on our total adjusted operating margin.

Our coal power business started to engage in coal supply activities from May 2009 through a newly established subsidiary, Sulong Energy, which supplies coal to Jiangyin Xiagang Power Plant and to third parties. Revenue derived from the coal supply business in the six months ended June 30, 2009 was RMB199.1

million, which resulted in an increase in other revenue of our coal power business segment. However, since Sulong Energy has only been in operation since May 2009 and its profit margin is relatively small, its performance did not have a significant effect on our results of operation for the six months ended June 30, 2009. See "Business—Our Coal Power Business — Fuel Supply," and "Risk Factors — Risks relating to our coal power business — Our limited operating history in the coal supply business may not serve as an adequate indicator of its future results of operations."

We aim to continue to strengthen our leading position in the PRC wind power sector, but also optimize the business mix by prudently diversifying our projects and business lines within each segment based on a consideration of various factors including general market conditions. Our segment and business mix, and changes (or failure to make changes) to this mix in response to market forces and other factors, will subject us to a variety of risks, and may change our profit margins over time. Therefore, our results of operations and financial information over the Track Record Period may not be indicative of our future operational and financial performance.

Expansion and profitability of our wind power business

Our wind power business and, in turn, our results of operations and financial condition are significantly affected by the capacity and growth of our operating wind farms and the capacity of wind power projects under construction. As our installed capacity increases, our potential electricity sales increase accordingly. The increased scale and size of our wind power project portfolio in our six geographically diverse areas allow us to benefit from economies of scale and reduce project-specific risks. The consolidated installed capacity of our wind farms increased from 586.6 MW as of December 31, 2006 to 3,032.0 MW as of September 30, 2009, as our operating wind power projects operated by our subsidiaries increased from 28 to 80 during the same period. The net power generation of our wind power business increased from 529.4 GWh in 2006 to 3,406.8 GWh in 2008, and from 1,476.9 GWh in the six months ended June 30, 2008 to 2,871.0 GWh in the same period in 2009. Accordingly, the contribution of our wind power business to our total revenue (excluding service concession construction revenue) has increased from 6.9% in 2006 to 25.8% in 2008, and further to 37.3% for the six months ended June 30, 2009. The adjusted operating margin of our wind power business increased from 32.9% in 2006 to 53.9% in 2008, and further to 56.5% for the six months ended June 30, 2009.

The table below sets forth the total, consolidated and attributable installed capacity of our wind power projects as of the dates indicated, and the revenue, operating profit, adjusted operating profit and adjusted operating margin of our wind power business 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,
	2006	2007	2008	2009
Total installed capacity (MW)	650.0	1,630.4	2,923.9	3,175.4
Consolidated installed capacity (MW)	586.6	1,298.2	2,502.8	2,886.0
Attributable installed capacity (MW)	361.4	973.2	2,000.9	2,294.5
Revenue (RMB in millions)	306.2	726.8	1,638.1	1,324.5
Operating profit(1) (RMB in millions)	128.1	443.0	1,076.1	1,004.1
Adjusted operating profit(2) (RMB in millions)	100.8	333.1	883.6	749.0
Adjusted operating margin (%)(3)	32.9	45.8	53.9	56.5

Notes:

(1) Operating profit is calculated by adding revenue and other net income attributable to wind power business segment less operating expenses of this segment. Other net income attributable to wind power business mainly included sales of CERs and VERs and government grants related to VAT refund.

(2) Adjusted operating profit is calculated by the operating profit of our wind power business less other net income attributable to the wind power business (which mainly included sales of CERs and VERs and other government grants related to VAT rebate and refund), and adding back any non-recurring impairment losses attributable to this business segment. Other net income attributable to our wind power business in 2006, 2007 and 2008 and for the six months ended June 30, 2009 was RMB27.3 million, RMB109.9 million, RMB296.3 million and RMB255.1 million, 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. All numbers in this calculation are 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. Prospective investors should be aware that adjusted operating profit and adjusted operating margin presented in this prospectus may not be comparable to similarly titled measures reported by other companies, due to different calculation methods.

(3) Adjusted operating margin is calculated by dividing (i) adjusted operating profit of our wind power business by (ii) the revenue from this segment for the year or period. The adjusted operating margin is not a standard measurement under IFRSs. See "— Results of Operations — Operating profit and adjusted operating margin." Our management believes that it provides a useful indicator of our profitability. Potential investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to different calculation methods.

We have significantly increased our installed wind power capacity and electricity sales volume in recent years principally by operating more wind power projects. We expect to continue to increase our installed wind power capacity and net power generation, principally by completing our wind power projects under construction and developing more pipeline projects. As of September 30, 2009, we have consolidated capacity under construction of 1,760.6MW, approximately 290MW of Tier 1 pipeline projects, and approximately 5,690MW of Tier 2 pipeline projects. The actual timing for the development of these pipeline wind power projects will be determined by various factors. According to our expansion plans, we expect the consolidated installed capacity of our wind power business to increase by approximately 1,500MW in the fourth quarter of 2009, and a further increase by approximately 2,000MW in 2010, whereby our estimated wind power consolidated installed capacity is expected to reach 6,500MW by the end of 2010. To achieve this target, as of September 30, 2009 we estimated that we would incur approximately RMB33.1 billion of capital expenditure to complete construction of our addition projects in the fourth quarter of 2009 and in 2010. See "— Capital Expenditures, Commitments and Contingent Liabilities."

Changes in on-grid tariffs

We generate our income primarily from selling electricity to the local grid companies to which our power plants are connected. We sell electricity at the on-grid tariffs approved by the relevant PRC pricing authorities, as described below. Our revenue and operating profit are therefore directly affected by changes in on-grid tariffs.

Wind

Under the PRC laws, the on-grid tariff of a wind power project approved by the NDRC or provincial DRC after December 31, 2005 and before August 1, 2009 is known as the "government guided price." The price has a twofold tariff setting mechanism: on-grid tariff of a concession project is generally the final bid price submitted and approved by the government; on-grid tariffs of non-concession projects are approved by the relevant pricing authorities by reference to the approved prices of concession projects in neighboring areas. The tariff for the wind concession project is set at the average electricity price of the local grid after a wind concession project reaches an electricity generation level of 30,000 accumulative equivalent full load hours.

In our experience, prior to August 1, 2009, the pricing authorities generally considered various factors in approving the on-grid tariffs for wind energy, including the wind resources, the size of the proposed projects, construction conditions, and previous approved prices for other wind power projects in the same or neighboring areas. As such, there was a wide variation in average on-grid tariffs for our wind power projects in each province or region, and the approved on-grid tariffs vary from province to province and over time during the Track Record Period.

The NDRC has recently issued the "Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power," which applies to all onshore wind power projects approved after August 1, 2009. In accordance with the circular, 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/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh)[1] 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." Our management believes that new on-grid tariffs are generally more favorable than the previously approved tariffs in the same area and that our wind power business will benefit from new on-grid tariffs in the long run, as fixed prices can reduce uncertainties in pricing and help us better assess potential projects.

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,
	2006	2007	2008	2009
	(RMB per kWh)			
Weighted average on-grid tariff (excluding VAT)(1)	0.5744	0.5114	0.4799	0.4613

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 this business segment.

The decrease in the weighted average on-grid tariff of our wind farms during the Track Record Period reflects the fact that some of our projects approved before 2006 have higher on-grid tariffs due to the higher construction costs prevailing at that time. Over time, as we have developed more wind farms and significantly increased our installed capacity, the weighted average on-grid tariff was decreased as a result of the lower tariffs of our more recent projects compared to those earlier projects, due to their location on sites with abundant wind resources and/or the decreased construction costs attributable to economics of scale and improvement in technology. The downward trend of our weighted average on-grid tariff during the Track Record Period is consistent with the industry trend in the PRC wind power sector. Given that the on-grid tariff setting mechanism of wind power projects has been changed from "government guided price" to "government fixed price" in accordance with the new wind power tariff policy issued by the NDRC and many of our new projects are located in the region with higher fixed prices than the tariffs approved before, we expect the weighted average on-grid tariffs of our wind power projects will gradually have a upward trend, or at least remain steady at the current level.

Despite the decrease in the weighted average on-grid tariff of our wind power projects during the Track Record Period, the adjusted operating margin of our wind power business increased from 32.9% in 2006 to 53.9% in 2008 and further to 56.5% for the six months ended June 30, 2009, primarily due to increased economies of scale as our wind power business expanded and improved operational efficiency level as shown in the increase in average utilization hours.

Coal

Planned output constituted approximately 90% of the consolidated net power generation of our two coal power plants during the Track Record Period. On-grid tariffs of the planned output of our coal power plants are reviewed and determined by the relevant pricing authorities based on various factors including, among others, the construction cost, cost of fuel, the size and configuration of comparable power plants operating

[1] *Assuming the VAT rate remains at 17%, the new on-grid tariffs applicable to the four wind resource zones excluding VAT are RMB0.44/kWh, RMB0.46/kWh, RMB0.50/kWh and RMB0.52/kWh.*

within the same province, retail price of electricity and profitability of grid companies. The approved on-grid tariff for any coal power plant remains in force, subject only to adjustments for material changes, such as a substantial increase in coal cost. Pursuant to a power pricing policy issued in December 2004, when coal prices increase more than 5% in a six-month period, the NDRC is authorized to permit coal power generation companies to pass on to customers up to 70% of the increase through increases in the companies' on-grid tariffs. Since 2005, the NDRC has permitted several requested increases. See the section headed "— Coal consumption" and "Industry Overview — The PRC Electricity Generation Industry — 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,
	2006	2007	2008	2009
	(RMB per kWh)			
Weighted average on-grid tariff (excluding VAT)[1]	0.3171	0.3153	0.3447	0.3604

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.

According to a notice on grid tariff adjustment in East China issued by the NDRC, on-grid tariffs of our coal power plants were adjusted downwards by RMB0.0058 per kWh effective from November 20, 2009, representing a decrease of approximately 1.5% based on our weighted average on-grid tariff during the nine months ended September 30, 2009. The Directors believe that our overall operation results and financial condition will not be materially and adversely affected by the new tariff adjustment. See "Risk Factors — Risks Relating to Our Coal Power Business — Reductions in tariffs or planned output may adversely affect our results of operations."

Output and average utilization hours

The net power generation of our wind farm or coal power plant is determined by the consolidated installed capacity and the average utilization hours. The consolidated installed capacity of our business increases as we expand, 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 wind turbines are 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). Accordingly, 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.

Wind

Subject to grid constraints, under PRC laws, grid companies are required to purchase all the electricity generated from wind power projects located in the areas covered by the respective grids, as well as to provide grid-connection services and related technical support. Unlike a coal power plant, the average utilization hours and associated output levels of a wind farm are, however, affected by various factors, including (i) climatic and wind conditions at each wind farm site, in particular, wind speed and its daily, seasonal and other fluctuations as well as wind direction, air density, extreme weather conditions and wake effect; (ii) repairs and maintenance; (iii) performance of wind turbines; and (iv) various grid constraints and dispatch restrictions. Due to the seasonal change in wind conditions, the average utilization hours of our wind farms in a given period may not indicate the average utilization hours in a full year. See "Risk Factors — Risks Relating to Our Wind Power Business — Our electricity generation and, in turn, our financial condition and results of operations depend on the operating performance of our wind turbines." For the years ended December 31, 2006, 2007 and 2008, the average utilization hours of our wind farms amounted to 2,211.2, 2,317.1 and 2,353.9, respectively, exceeding the estimated average utilization hours of the PRC wind power sector, which was 2100, 2000 and 1800, respectively, during the same periods, according to the BTM.

The table below sets forth the consolidated electricity sales of our wind farms and the average utilization hours for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
Consolidated net power generation (GWh)	529.4	1,418.7	3,406.8	1,476.9	2,871.0
Electricity sales amount (RMB in millions)	304.1	725.5	1,634.9	735.9	1,324.3
Average utilization hours	2,211.2	2,317.1	2,353.9	1,106.5[(1)]	1,217.1[(1)]

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

Coal

The local government issues guidelines for each coal power plant's annual planned output within its jurisdiction based on a number of factors, including power supply and demand in the region, dispatch priority for different power plants and the average utilization hours of comparable power plants. As planned output accounted for approximately 90% of the consolidated net power generation 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. With respect to the four decommissioned units of Tianshenggang Power Plant, we are still eligible for an allocation of annual planned output assigned to these units during a three-year transition period from 2009 to 2011. In 2008, we used the remaining operating units of the power plant to generate the planned output originally assigned to the decommissioned units, maximizing the utilization of our operating units and achieving the total planned output assigned to us.

In addition to planned output, our coal power plants also sell two kinds of excess output, including substituting generation output ("替代電") and competitive bidding output ("競價電"). See "Business — Our Coal Power Business." The tariff of excess output is generally lower than that of our planned output.

The average utilization hours of our coal power plants are affected by a number of factors, including changes in the installed capacity over a period, regional supply and demand for electricity, the level of planned output and any planned or unplanned suspension of operating units due to repair or system failure. For instance, the higher level of our average utilization hours in 2008 compared to 2006 and 2007 was due to the shutdown of the four units of Tianshenggang Power Plant.

The table below sets forth the consolidated electricity sales of our coal power plants and the average utilization hours for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
Electricity sales volume (GWh)	11,979.8	11,638.3	11,863.4	6,234.6	4,536.1
Planned output (GWh)	11,200.1	10,074.4	10,819.0	5,887.0	4,262.3
Excess output (GWh)	1,187.8	1,901.0	1,371.0	344.7	273.8
Electricity sales amount (RMB in millions)	3,798.3	3,670.0	4,089.7	2,053.0	1,635.0
Average utilization hours	5,282.2	5,130.6	6,023.6	2,744.4(1)	2,576.0(1)

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

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 their market price. The cost of coal consumption, represented 61.2%, 59.6%, 58.8% and 41.3% of our total operating expenses (excluding service concession construction costs), or 49.3%, 48.0%, 49.2% and 27.6% of our total revenue (excluding service concession construction revenue) in 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively.

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 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 pricing terms and amend the annual coal supply contracts.

In addition, to achieve 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.

Our weighted average cost of standard coal per ton (excluding VAT) increased by 11.5% from RMB525.9 in 2006 to RMB586.3 in 2007, and further by 32.3% to RMB775.9 in 2008, while according to China Coal Transport and Distribution Association, the average coal price at the Qinhuangdao port of the PRC increased by 15.3% from 2006 to 2007, and further by 80.2% from 2007 to 2008. Because 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. Our weighed average on-grid tariff (excluding VAT) increased by 0.6% from 2006 to 2007, and further by 9.3% in 2008. As the increases in our unit cost of coal consumption outpaced the increases in our on-grid tariffs for coal power, the adjusted operating margin of our coal power business decreased from 21.7% in 2006 to 17.4% in 2007, and further to 6.6% in 2008. However, our weighted average cost of standard coal per ton (excluding VAT) decreased by 18.1% to RMB635.3 in the first half of 2009 which is in line with the price trends of the average coal price at the Qinhuangdao port during the same period, and as a result, the adjusted operating margin of our coal power business increased to 23.3% for the six months ended June 30, 2009. Therefore, the coal price has a direct effect on our results of operations. 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" and "Regulatory Environment — Regulatory Requirements Relating to Coal Power — On-grid Tariff."

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

PRC tax incentives

Enterprise income tax

Prior to January 1, 2008, under the Old EIT Law, a number of our subsidiaries were entitled to various preferential income tax treatment because of their location, such as being in western China, in a high-and-new technology zone or in a special economic zone, or their status as foreign invested enterprises. Certain of our foreign invested subsidiaries applied and were allowed to use 40% of the purchase costs of domestically manufactured equipment to offset the portion of their income tax in the purchase year in excess of the income tax paid in previous year, and such tax credits may be carried forward for five to seven years. Other subsidiaries which did not enjoy any preferential tax treatment were generally subject to the statutory EIT rate of 33% under the old EIT Law.

On January 1, 2008, the New EIT Law, which unifies the statutory EIT rate in the PRC at 25%, became effective. The New EIT Law and the related regulations provide a five-year transition period for certain entities which were established before March 16, 2007 and enjoyed a preferential EIT rate of less than 25% under the Old EIT Law to gradually increase their rates to 25%. Further, enterprises that were entitled to tax holidays for a fixed term may continue to enjoy such treatment until the tax holidays expire.

In addition, under the relevant PRC tax regulation effective January 1, 2008, because wind power projects are listed in the Catalogue of Public Infrastructure Projects Eligible for Enterprise Income Tax Preferential Treatment (2008) (《公共基礎設施項目企業所得稅優惠目錄》), each of our wind power projects which has obtained government approval on or after January 1, 2008 is fully exempted from EIT for three years starting from the year when operating income is first derived from the sales of wind electricity, and is 50% exempted from EIT for three years thereafter.

As a result of the above preferential tax treatment and exemptions, our effective tax rates for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were 8.4%, 7.8%, 0.3% and 15.9%, respectively. Any modification or termination of the foregoing tax incentives currently applicable to us and our subsidiaries will affect our financial condition and results of operations. See "Regulatory Environment — Taxation — Enterprise Income Tax Law."

VAT

Under the VAT reform, effective from January 1, 2009, general VAT payers are allowed to credit against output VAT in respect of input VAT on fixed assets purchased or self-manufactured based on the relevant VAT credit receipts in accordance with the revised VAT regulations and its implementation rules.

Further, prior to January 1, 2009, some of our subsidiaries as foreign invested enterprises enjoyed VAT refund preferential treatment with respect to their purchases of domestically manufactured wind turbines and other equipment. However, such VAT refund policy was phased out over a six-month transition period starting from January 1, 2009. During the transition period, foreign invested enterprises were allowed to claim VAT refunds provided that certain conditions were met.

After the transition period, although our subsidiaries who received this preferential tax treatment cannot claim a VAT refund for the input VAT incurred on the equipment purchases and are required to pay VAT on the imported equipment, they are allowed to recover the input VAT at the time they sell electricity by offsetting the input VAT against the output VAT. As a result, newly established foreign invested wind power companies will only be able to recover the input VAT after they start production. As such, the VAT reform may adversely affect the cash flows of companies which previously enjoyed the VAT refund policy.

On the other hand, for our subsidiaries which did not enjoy the VAT refund treatment under the previous VAT rules, the amendment of the VAT regulations under the VAT reform allows them to credit input VAT on qualified equipment purchases (both imported and domestic) against the output VAT.

In addition, we are entitled to a tax rebate equivalent to 50% of the VAT payables by our wind power business during the Track Record Period. See “Regulatory Environment — Taxation — VAT Law.”

Price of wind turbines

The primary operating equipment in our wind power business is wind turbines. On average, the cost of wind turbines (excluding VAT) represents approximately 60% to 70% of the overall cost of building a wind farm. Therefore, the price trend of wind turbines has a direct effect on our results of operations. Prior to the end of 2008, the contract prices of our wind turbines generally increased each year. However, due to the over-supply of wind turbines globally as a result of a rapidly expanding supply chain coupled with the global economic downturn, the contract prices of our wind turbines for the six months ended June 30, 2009 declined. Due to our existing supply agreements, we expect our wind turbine costs to remain relatively stable for the remainder of 2009, but we will be exposed to any changes in the market prices when we negotiate new supply agreements. For example, according to a news report published in Electric China on July 14, 2009, Goldwind has lowered its unit bidding price for 1,500 kW wind turbines from approximately RMB6,400 per kW in July 2008 to approximately RMB5,400 per kW in May 2009, representing a 15.6% decrease.

Financing arrangements

Our strategy is to finance the development and construction of our wind farms and other capital expenditures primarily through bank borrowings and cash flows from operations. As of December 31, 2008 and June 30, 2009, our outstanding short-term and long-term borrowings amounted to RMB22,031.2 million and RMB27,537.2 million, respectively. For the year ended December 31, 2008 and the six months ended June 30, 2009, our finance expenses amounted to RMB1,003.1 million and RMB545.4 million, respectively. In general, most of our long term and short term borrowings have an interest rate approximately 10% below the prevailing benchmark interest rates set by the PBOC for RMB loans with similar terms. See “— Indebtedness” for more details.

In addition, we may also consider utilizing alternative sources of financing to finance our future expansion needs. The balance of our borrowings and the total amount raised through other financing methods, as well as any interest rate fluctuations and other borrowing costs, have had and will continue to have a material effect on our finance costs and consequently, our results of operations and financial condition.

Sales of CERs and VERs

We began selling two kinds of carbon credits, namely CERs and VERs, for the emission reductions attributable to the electricity generated from some of our wind power projects since 2007. We record sales of CERs and VERs as other net income during the Track Record Period. In 2007 and 2008 and for the six months ended June 30, 2009, sales of both CERs and VERs amounted to RMB29.6 million, RMB117.5 million and RMB116.9 million, respectively, accounting for 17.5%, 30.1% and 43.2% of total other net income. As of September 30, 2009, we had registered 21 CDM projects with the CDM EB, eight of which have begun issuing CERs since 2007, and we have ten projects which have sold VERs. We expect that the sales of CERs and VERs will increasingly contribute to our other net income.

Our sales of CERs and VERs generated from our CDM projects depend on our ability to procure buyers for such carbon credits, which in turn depends on the CDM arrangement under the Kyoto Protocol. If the Kyoto Protocol is not renewed upon its expiration on December 31, 2012, we will be unable to continue to derive revenue from sales of CERs. Although the sales of VERs do not directly depend on the CDM arrangement, in our experience, the price of VERs from CDM projects is generally higher than the price of VERs from non-CDM projects. The price of VERs is also affected by general economic conditions. 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."

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our Consolidated Financial Statements in accordance with IFRSs. These significant accounting policies are important for an understanding of our financial condition and results of operation and are set forth in the Accountants' Report in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. Our management has identified below the accounting policies, estimates and judgments that are most critical to the preparation of our Consolidated Financial Statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

Sale of electricity, steam and goods

Electricity revenue is recognized when electricity is supplied to the local grid companies. Revenue of steam is recognized when steam is supplied to our customers. Revenue of goods is recognized when the title of the goods has been passed to customers, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes VAT or other sales taxes and is presented after deduction of any trade discounts.

Service concession revenue

Revenue related to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period in which the services are provided by us. When we provide more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair value of the services provided.

Rendering of services

Revenue from the rendering of services is recognized by reference to the stage of completion of the transaction based on the progress of work performed.

Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

Dividends

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established. Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives ranging from 30 to 50 years. Rental income from investment properties is accounted for as described in "— Revenue recognition — Rental income from operating leases."

Other property, plant and equipment

Buildings held for own use, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives, as follows:

Land, buildings and structures	10-40 years
Wind turbines	15-20 years
Other machinery and equipment	4-30 years
Motor vehicles	5-15 years
Furniture, fixtures and others	4-18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Intangible assets

We record intangible assets in respect of service concession arrangements under our wind power concession projects as concession assets, representing that we have the rights to charge a fee for the usage of the concession infrastructure of our wind farms. We recognized the concession assets at the fair value of the concession construction service in respect of the relevant concession projects. After the initial recognition, the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses. The concession assets are amortized over the operating period of the concession projects.

Other intangible assets that we acquire are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

Concession assets	20 - 25 years
Software and others	5 years

Both the period and method of amortization are reviewed annually.

Government grants

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as revenue in profit or loss on a systematic basis during the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized initially as deferred income and consequently are recognized in profit or loss on a systematic basis over the useful life of the asset.

We sell CERs attributable to the electricity output of our wind farms and other renewable energy facilities which have been registered as CDM projects with EB of the United Nations under the Kyoto Protocol. We also sell VERs attributable to electricity generation from CDM projects before being registered with CDM EB. Income generated from the sales of CERs and VERs is recognized when following conditions are met:

- the counterparties have committed to purchase the CERs or VERs;
- the selling prices of CERs or VERs have been agreed; and
- relevant electricity has been generated.

The income from sales of CERs are recorded as trade receivables to the extent the volume of CERs is verified by independent supervisors assigned by CDM EB. The remaining recognized income from sales of CERs is recorded as other receivables.

Income tax

Income tax for the year or period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year or period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits. These differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences related to investments in subsidiaries to the extent that, in the case of taxable differences, we control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if we have the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, we intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income tax levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

DESCRIPTION OF KEY INCOME STATEMENT LINE ITEMS

The following table sets forth selected items in our consolidated statements of comprehensive income and each of these items as a percentage of our total revenue for the periods indicated.

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

Revenue

The following table sets forth (i) our segment revenue from two reportable operating segments; (ii) revenue from all other business and (iii) the amount of service concession construction revenue and each item as a percentage of our total revenue (excluding service concession construction revenue) for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions) (unaudited)	(%*)	(RMB in millions)	(%*)
Wind power	306.2	6.9	726.8	14.9	1,638.1	25.8	737.6	24.8	1,324.5	37.3
Sales of electricity	304.1	6.8	725.5	14.9	1,634.9	25.7	735.9	24.7	1,324.3	37.3
Others	2.1	0.1	1.3	—	3.2	0.1	1.7	0.1	0.2	—
Coal power	4,028.8	90.1	4,017.9	82.2	4,373.4	68.8	2,180.2	73.2	2,095.3	59.1
Sales of electricity	3,798.3	85.0	3,670.0	75.1	4,089.7	64.4	2,053.0	68.9	1,635.0	46.1
Sales of steam	76.3	1.7	90.4	1.8	120.5	1.9	54.2	1.8	109.3	3.1
Others	154.2	3.4	257.5	5.3	163.2	2.5	73.0	2.5	351.0	9.9
Other business	172.4	3.8	236.2	4.8	455.2	7.2	111.5	3.7	228.0	6.4
Sales of power equipment	97.7	2.2	100.6	2.1	263.6	4.1	39.0	1.3	82.9	2.3
Sale of electricity	14.5	0.3	16.5	0.3	27.6	0.4	8.4	0.3	20.1	0.6
Others	60.2	1.3	119.1	2.4	164.0	2.7	64.1	2.1	125.0	3.5
Elimination of inter-segment revenue	(37.5)	(0.8)	(91.6)	(1.9)	(112.4)	(1.8)	(49.6)	(1.7)	(100.0)	(2.8)
Total revenue (excluding service concession construction revenue)	4,469.9	100.0	4,889.3	100.0	6,354.3	100.0	2,979.7	100.0	3,547.8	100.0
Service concession construction revenue	975.5		2,073.8		2,200.4		774.2		364.5	
Total revenue	5,445.4		6,963.1		8,554.7		3,753.9		3,912.3	

* Represents a percentage of revenue to our total revenue (excluding service concession construction revenue)

We generate revenue in our wind power business primarily from the production and sale of electricity generated from our wind farms. Revenue contribution from our wind power business as a percentage of our total revenue (excluding service concession construction revenue) increased over the Track Record Period and accounted for 6.9%, 14.9%, 25.8% and 37.3% of our total revenue (excluding service concession construction revenue) in 2006, 2007 and 2008 and for the six months ended June 30, 2009, respectively. We expect revenue contribution from our wind power business to continue to increase in the future as we continue to expand our wind farm portfolio to meet the growing demand.

We generate revenue in our coal power business primarily from the production and sale of electricity and steam generated from our two coal power plants. Revenue contribution from our coal power business as a percentage of our total revenue (excluding service concession construction revenue) has decreased during the Track Record Period, accounting for 90.1%, 82.2%, 68.8% and 59.1% of our total revenue (excluding service concession construction revenue) in 2006, 2007 and 2008 and for the six months ended June 30, 2009, respectively. Revenue contribution from others in our coal power business mainly represents revenues from (i) sales of byproducts of electricity generation (including coal sludge and gangue), (ii) collection of port usage fees primarily from Jiangyin Xiagang Power Plant, (iii) provision of cargo loading services primarily from Tianshenggang Power Plant and (iv) the sales of unutilized planned output of our coal power plants (particularly the unutilized planned output attributable to Tianshenggang Power Plant's four decommissioned units) to third-party power generation companies. For the six months ended June 30, 2009, revenue from others in this segment also included RMB199.1 million derived from our coal supply business. We started the coal supply business in May 2009.

We generate revenue in our other business primarily from sales of equipment and spare parts, provision of wind farm maintenance, consulting and other services, and sales of electricity from our other renewable energy power plants. Revenue from our other business accounted for 3.8%, 4.8%, 7.2% and 6.4% of our total revenue (excluding service concession construction revenue) in 2006, 2007 and 2008 and for the six months ended June 30, 2009, respectively.

Service concession construction revenue is recognized in respect of the construction work conducted for our wind power concession projects pursuant to the relevant concession agreements with the PRC government. We recognize revenue and costs related to such construction services in accordance with IFRIC 12 and IAS 11. According to IFRIC 12 "Service Concession Arrangements," if an operator provides construction services, the operator is required to recognize the revenue and costs related to such construction service in accordance with IAS 11, "Construction Contracts." The revenue for the construction service is calculated based on the fair value of the construction services. As we sub-contract substantially all construction activities of our wind concession projects, total construction costs are considered as the fair value of the construction services. As a result, the service concession revenue is equal to the service concession cost during the relevant period, and thus have no net effect on our operating profit or profit for the relevant period.

If we are awarded fewer or no concession projects in the future, service concession construction revenue and service concession construction cost will correspondingly decrease or be non-existent. 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 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 to be developed. We expect that we will continue to be able to obtain the rights to develop such wind power projects through the standard wind farm development phases. See "Business — Our Wind Power Business — Standard wind farm development phases." As of September 30, 2009, we had a diversified portfolio of pipeline wind power projects suitable for future development with an estimated consolidated installed capacity of approximately 43GW.

Other net income

Other net income primarily consists of government grants which mainly include income from sales of CERs and VERs, other government grants, rental income from investment properties and net loss/gain on disposal of plant, property and equipment and investment properties. Other government grants mainly represent various preferential tax incentives granted by the PRC government, including a tax rebate of 50% of the VAT levied on electricity generation from our wind farms, amortized amounts of the VAT refunds for purchasing domestically manufactured wind turbines and other equipment by a number of our subsidiaries owned by offshore companies and the income tax refund for reinvestment in our PRC subsidiaries by our wholly-owned foreign holding company. The following table sets forth the principal components of our other net income and their relative percentage of our total other net income for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions) (unaudited)	(%)	(RMB in millions)	(%)
Government grants										
— CERs and VERs income	—	—	29.6	17.5	117.5	30.1	60.8	34.1	116.9	43.2
— Others	61.7	63.9	94.6	56.0	207.7	53.2	87.9	49.3	136.4	50.5
Rental income from investment properties	32.2	33.3	31.7	18.8	25.0	6.4	11.8	6.6	10.9	4.0
Net (loss)/gain on disposal of plant, property and equipment and investment properties	(4.7)	(4.9)	(0.1)	(0.1)	21.4	5.5	8.8	4.9	0.3	0.1
Others	7.4	7.7	13.1	7.8	18.6	4.8	9.0	5.1	5.9	2.2
Total other net income	96.6	100.0	168.9	100.0	390.2	100.0	178.3	100.0	270.4	100.0

Operating expenses

The following table sets forth the principal components of our operating expenses and their respective percentage of our total operating expenses (excluding service concession construction costs) for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions)	(%*)	(RMB in millions) (unaudited)	(%*)	(RMB in millions)	(%*)
Coal consumption	2,202.2	61.2	2,346.8	59.6	3,127.9	58.8	1,532.0	63.0	979.7	41.3
Depreciation and amortization	609.0	16.9	778.3	19.8	1,082.9	20.3	508.9	20.9	739.3	31.2
Personnel costs	344.4	9.6	383.9	9.7	384.0	7.2	183.5	7.5	209.2	8.8
Material costs	115.5	3.2	110.3	2.8	294.6	5.5	50.5	2.1	290.1	12.2
Repairs and maintenance	96.7	2.7	104.7	2.7	87.4	1.7	26.0	1.1	28.8	1.2
Administration expenses	72.9	2.0	100.5	2.5	107.2	2.0	50.6	2.1	56.5	2.4
Other operating expenses	159.5	4.4	115.3	2.9	239.7	4.5	79.0	3.3	68.1	2.9
Total operating expenses (excluding service concession construction costs)	3,600.2	100.0	3,939.8	100.0	5,323.7	100.0	2,430.5	100.0	2,371.7	100.0
Service concession construction costs	975.5		2,073.8		2,200.4		774.2		364.5	
Total operating expenses	4,575.7		6,013.6		7,524.1		3,204.7		2,736.2	

* Represents a percentage of operating expenses to our total operating expenses (excluding service concession construction costs)

Coal consumption. Costs of coal consumption used in the generation of electricity and steam from our coal power plants 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) in 2006, 2007 and 2008 and for the six months ended June 30, 2009, respectively.

Service concession construction costs. Service concession construction costs are recorded in respect of the construction work of our wind concession projects according to the IFRIC 12 and IAS 11, based on the stage of completion of the construction work. However, service concession construction costs do not affect our operating profit or profit because the same amount of service concession construction revenue is recognized given the fact that we sub-contracted substantially all construction activities to third parties. We also exclude service concession construction revenue from the calculation of our total adjusted operating margin. See "— Operating profit and adjusted operating margin."

Depreciation and amortization. Depreciation relates primarily to our property, plant and equipment and investment properties and is calculated on a straight-line basis. Amortization relates primarily to the concession rights granted to us under concession agreements of our wind concession projects, as well as other intangible assets.

Personnel costs. Personnel costs primarily include salaries, benefits and contributions to the statutory employee retirement fund for our employees.

Material costs. Material costs primarily include raw materials used by Zhongneng Power-Tech in the manufacturing of power equipment, accessories, parts and other materials used in the ordinary maintenance and repairs of our coal power plants and wind farms. After Longyuan Donghai Straw-fired Biomass Power Project became operational in 2008, material costs also included costs of straw used in power generation by the biomass power project in 2008. For the six months ended June 30, 2009, material costs also included coal cost of RMB192.8 million derived from coal supply business.

Repairs and maintenance. Repairs and maintenance include repair and maintenance costs of both our wind farms and coal power plants.

Administration expenses. Administration expenses primarily include office expenses, conference expenses, travel expenses, various tax and fee expenses (such as stamp duties, property taxes, vehicle and vessel usage tax), consultation fees for technology development and entertainment expenses.

Other operating expenses. Other operating expenses include miscellaneous expenses related to our operation, such as insurance premiums, transportation fees, impairment losses on property, plant and equipment, discharge fees payable by our coal power plants and utilities expenses.

Operating profit and adjusted operating margin

Operating profit for individual business segments is the segment result set forth in Note 11 to the accountants' report included in Appendix I to this prospectus, which includes revenue of each segment and other net income attributable to that segment after deducting operating expenses of this segment. Total operating profit for the Group represents the total of operating profit for individual business segments after the adjustments made based on the elimination of inter-segment transactions and unallocated expenses.

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. Total adjusted operating profit is calculated by 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 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). Adjusted operating profit of each business segment is calculated by 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 non-recurring impairment losses attributable to such segment.

We started our coal supply business in May 2009 and our financial results during the Track Record Period only include results of the coal supply business for two months. Accordingly, to ensure comparability of our coal power business segment's adjusted operating profit and adjusted operating margin from period to period, revenue and operating profit of our coal supply business are excluded in the above calculation.

Other net income attributable to our wind power business mainly included sales of CERs and VERs and other government grants related to VAT rebates and refunds. This 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 non-recurring impairment losses of RMB0.8 million, RMB2.2 million and RMB0.03 million in 2006, 2007 and 2008, respectively.

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. Prospective investors should be aware that adjusted operating profit and adjusted operating margin presented in this prospectus may not be comparable to similarly titled measures reported by other companies, due to different calculation methods.

The table below sets forth our operating profit and adjusted operating margin of each business segment and of our Group, for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	Operating profit	Adjusted operating margin	Operating profit	Adjusted operating margin	Operating profit	Adjusted operating margin	Operating profit	Adjusted operating margin	Operating profit	Adjusted operating margin
	RMB millions	(%)	RMB millions	(%)	RMB millions	(%)	RMB millions (unaudited)	(%)	RMB millions	(%)
Wind power	128.1	32.9	443.0	45.8	1,076.1	53.9	545.1	55.6	1,004.1	56.5
Coal power	866.5	21.7	724.3	17.4	329.6	6.6	211.2	8.4	449.1	23.3
Other business	32.8	(5.7)	41.7	4.1	73.9	4.5	4.2	(9.3)	34.6	6.8
Elimination of inter-segment operating profit	(15.2)	—	(18.6)	—	(16.8)	—	(9.8)	—	(18.9)	—
Unallocated head office and corporate expenses	(45.9)	—	(72.0)	—	(42.0)	—	(23.2)	—	(22.4)	—
Total	966.3	20.2	1,118.4	19.5	1,420.8	17.9	727.5	18.4	1,446.5	35.0

Finance income

Finance income primarily consists of interest income from bank deposits, dividend income from other investments and listed securities, foreign exchange gains and interest income on other financial assets.

Finance expenses

Finance expenses primarily consist of interest expenses on financial liabilities, impairment loss on trade and other receivables, foreign exchange losses, bank charges and others.

Share of profits less losses of associates and jointly controlled entities

Share of profits less losses of associates and jointly controlled entities includes our share of the post-acquisition, post-tax results of the investments in associates and jointly controlled entities and any impairment losses for the year.

Income tax

Our income tax consists of current tax and movements in deferred taxation. Our income tax in the PRC primarily includes provisions made for the PRC enterprise income tax.

For details about the PRC tax incentives enjoyed by our PRC subsidiaries and the effect of the New EIT Law, see "— 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."

Profit attributable to non-controlling interests

Non-controlling interests represent the portion of the operating results of our subsidiaries attributable to interests not owned by us.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2009

Revenue

Our revenue increased by 4.2% from RMB 3,753.9 million for the six months ended June 30, 2008 to RMB3,912.3 million for the six months ended June 30, 2009, primarily as a result of an increase in electricity sales of our wind power business, and to a lesser extent, an increase in revenue from other business.

Revenue from our wind power business increased by 79.6% from RMB737.6 million for the six months ended June 30, 2008 to RMB1,324.5 million for the six months ended June 30, 2009, primarily due to an increase of 80.0% in electricity sales from RMB735.9 million to RMB1,324.3 million during the same period. The increase in electricity sales was due to an increase of 94.4% in electricity sale volume as a result of increased consolidated installed capacity of our wind power projects, even though the weighted average on-grid tariff (excluding VAT) decreased by 3.7%. See "— Significant Factors Affecting Our Results of Operations and Financial Condition — Changes in on-grid tariffs." Sales of electricity from our wind power business as a percentage of our total revenue (excluding service concession construction revenue) increased from 24.7% to 37.3% during the same period.

Revenue from our other business increased significantly from RMB 111.5 million for the six months ended June 30, 2008 to RMB228.0 million for the six months ended June 30, 2009, primarily due to increased revenue from the sales of equipment and spare parts, revenue contribution from the provision of maintenance and consulting services.

The above increases were partially offset by a decrease of 52.9% in service concession construction revenue from RMB774.2 million for the six months ended June 30, 2008 to RMB364.5 million for the six months ended June 30, 2009, which reflects fewer concession projects being constructed in the first half of 2009 compared to the first half of 2008.

Revenue from our coal power business decreased by 3.9% from RMB2,180.2 million for the six months ended June 30, 2008 to RMB2,095.3 million for the six months ended June 30, 2009, primarily due to a decrease of 20.4% in electricity sales amount, which was primarily due to the fact that we sold most of our unutilized planned output of the decommissioned units of Tianshenggang Power Plant to third parties in the six months ended June 30, 2009, and the revenue from such sales of unutilized planned output is recorded as other revenue in this segment, instead of electricity sales. We decided to sell our unutilized planned output to third parties instead of having such planned output generated by our other operating units based on a variety of factors, including our electricity generation costs compared to the costs of outsourcers, the availability of our operating units and the demand for planned output from other power generating companies. The weighted average on-grid tariff (excluding VAT) increased due to PRC on-grid tariff increases in the second half of 2008. However, the decrease in electricity sales was partially offset by (i) a new revenue contribution of RMB199.1 million from the coal supply business that we started in May 2009, (ii) an increase of RMB55.1 million in sales of steam, and (iii) an increase of RMB83.2 million in sales of unutilized planned output of our coal power plants (particularly the unutilized planned output attributable to Tianshenggang Power Plant's four shutdown units).

Other net income

Other net income increased by 51.7% from RMB178.3 million for the six months ended June 30, 2008 to RMB270.4 million for the six months ended June 30, 2009, which was primarily due to (i) an increase of 92.3% in our CERs and VERs income from RMB60.8 million to RMB116.9 million during the same period as a result of the increased number of CDM projects which started to sell CERs in the first half of 2009; and (ii) an increase of 55.2% in other government grants from RMB87.9 million to RMB136.4 million during the same period as a result of the increased VAT rebate in line with the increased revenue from our wind power business and amortization of VAT refund related to purchases of domestically manufactured wind power equipment.

Operating expenses

Our operating expenses decreased by 14.6% from RMB3,204.7 million for the six months ended June 30, 2008 to RMB2,736.2 million for the six months ended June 30, 2009, primarily as a result of the decrease in coal consumption costs and service concession construction costs.

Coal consumption costs decreased by 36.1% from RMB1,532.0 million for the six months ended June 30, 2008 to RMB979.7 million for the six months ended June 30, 2009, primarily due to (i) a decrease of 27.2% in electricity sales volume; (ii) a drop of 11.9% in weighted average cost (excluding VAT) of standard coal we purchased; and (iii) improved coal consumption efficiency.

Service concession construction costs decreased by 52.9% from RMB774.2 million for the six months ended June 30, 2008 to RMB364.5 million for the six months ended June 30, 2009, primarily due to fewer concession projects being constructed in the first half of 2009 compared to the corresponding period in 2008.

The above decreases were partially offset by an increase of 45.3% in depreciation and amortization costs from RMB508.9 million for the six months ended June 30, 2008 to RMB739.3 million for the six months ended June 30, 2009, primarily due to an increase of RMB215.6 million in depreciation and amortization in our wind power business (before inter-segment elimination) as a result of the increased consolidated installed capacity of our wind farms in 2009. The decrease in operating expenses was also partially offset by a significant increase in material costs from RMB50.5 million to RMB290.1 million, primarily related to the purchase of coal in connection with our coal supply business which commenced in May 2009 and purchases of spare parts for our wind farms.

Operating Profit and adjusted operating margin

Our total operating profit increased by 98.8% from RMB727.5 million for the six months ended June 30, 2008 to RMB1,446.5 million for the six months ended June 30, 2009. Our total adjusted operating margin increased from 18.4% to 35.0% during the same period, primarily due to an increase in our total revenue and a decrease in our operating expenses. The adjusted operating margin of our wind power business increased from 55.6% to 56.5% over the same periods, due to our increased economies of scale. The adjusted operating margin of our coal power business increased from 8.4% to 23.3% over the same periods, primarily due to the decrease in coal prices and the increase in the weighted average on-grid tariff of coal power.

Finance income

Finance income decreased by 81.8% from RMB105.5 million for the six months ended June 30, 2008 to RMB19.2 million for the six months ended June 30, 2009, primarily due to (i) a decrease of 98.5% in foreign exchange gains, as a result of the exchange rate between RMB and USD remaining at a steady level since the second half of 2008, and (ii) a decrease of RMB44.1 million of income from dividends income from listed securities and other investment, primarily because we transferred a number of our investments in listed and other entities to Guodian during the Reorganization. The decreases were partially offset by an increase of RMB4.4 million in interest income on financial assets.

Finance expenses

Finance expenses increased by 33.8% from RMB407.7 million for the six months ended June 30, 2008 to RMB545.4 million for the six months ended June 30, 2009, primarily due to an increase of RMB188.9 million, or 64.4% in interest on other loans, which were not wholly payable within five years, as a result of an increase in the amount of long-term borrowings. The increase in finance expenses was partially offset by a decrease of 22.1 million, or 8.4% from the same periods in interest on bank and other borrowings wholly repayable within five years due to a decrease in short-term interest rates during the same period, despite an increase in our short-term borrowings.

Share of profits less losses of associates and jointly controlled entities

Share of profits less losses of associates and jointly controlled entities increased from RMB17.8 million for the six months ended June 30, 2008 to RMB29.1 million for the six months ended June 30, 2009, primarily due to the increases in profit contribution from some of our associates which are engaged in wind power business.

Profit before taxation

Profit before taxation increased significantly from RMB443.1 million for the six months ended June 30, 2008 to RMB949.4 million for the six months ended June 30, 2009, primarily as a result of an increase of RMB459.0 million, or 84.2%, and RMB237.9 million, or 112.6%, over the same periods in the operating profit of our wind power and coal power business, respectively.

Income tax

Income tax increased significantly from RMB11.1 million for the six months ended June 30, 2008 to RMB150.7 million for the six months ended June 30, 2009, mainly attributable to (i) a significant increase in the operating profit of our coal power business, which generally has a higher effective income tax rate than that of our wind power business; (ii) a large increase in the operating profit of our wind power business; and (iii) the expiry of or change to a preferential tax treatment which our wind power project companies previously enjoyed.

Profit for the period

As a result of the foregoing, our profit for the period increased by 84.9% from RMB432.0 million for the six months ended June 30, 2008 to RMB798.7 million for the six months ended June 30, 2009. As a percentage of our total revenue (excluding service concession construction revenue), profit for the period increased from 14.5% to 22.5%, primarily attributable to the decrease in operating expenses, in particular coal consumption costs, and to a lesser extent, the increase in total revenue.

Profit (loss) attributable to equity owner of the Company and non-controlling interests

Profit attributable to equity owner of the Company increased by 79.2% from RMB237.3 million for the six months ended June 30, 2008 to RMB425.3 million for the six months ended June 30, 2009, primarily due to the increased profit contribution from our wind farms, most of which are wholly or majority owned by us. Profit attributable to non-controlling interests increased by 91.8% from RMB194.7 million to RMB373.4 million during the same period, which was primarily due to the increased profit contribution from our two coal power plants. We hold 27.00% and 31.94% of their shareholding, respectively, but control them through concert party agreements with certain other shareholders.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2008

Revenue

Revenue increased by 22.9% from RMB6,963.1 million in 2007 to RMB8,554.7 million in 2008. This increase was primarily due to a significant increase in electricity sales of our wind power business and increased revenue from other business.

Revenue from our wind power business increased by 125.4% from RMB726.8 million in 2007 to RMB1,638.1 million in 2008, primarily due to a 125.3% increase in the electricity sales of our wind farms from RMB725.5 million in 2007 to RMB1,634.9 million in 2008. The increase in electricity sales was due to a 140.1% increase in consolidated electricity sales volume from 1,418.7 GWh in 2007 to 3,406.8 GWh in 2008, even though the weighted average on-grid tariff (excluding VAT) decreased by 6.2% from 2007 to 2008. See "— Significant Factors Affecting Our Results of Operations and Financial Condition — Changes in on-grid tariffs." The increase in our wind electricity sales volume is primarily attributable to a 92.8% increase in consolidated wind installed capacity from 1,298.2 MW to 2,502.8 MW over the same period. Sales of electricity from our wind power business as a percentage of our total revenue (excluding service concession construction revenue) increased from 14.9% in 2007 to 25.7% in 2008.

Revenue from service concession construction increased by 6.1% from RMB2,073.8 million in 2007 to RMB2,200.4 million in 2008. The increase in service concession construction revenue mainly represents the construction work of the Inner Mongolia Bayin Wind Concession Project with an installed capacity of 201.0 MW, which became operational in December 2008.

Revenue from our coal power business increased by 8.8% from RMB4,017.9 million in 2007 to RMB4,373.4 million in 2008, primarily due to an increase of RMB419.7 million, or 11.4%, in sales of electricity from our coal power business, and an increase of RMB30.1 million, or 33.3%, in sales of steam over the same period. The increase in sales of electricity from our coal power business was primarily driven by an increase of 225.1 GWh, or 1.9%, in electricity sales volume, as well as a 9.3% increase in weighted average on-grid tariff (excluding VAT) from RMB0.3153 per kWh in 2007 to RMB0.3447 per kWh in 2008. The increase in electricity sales volume from 2007 to 2008 was because Tianshenggang Power Plant underwent a planned major overhaul lasting about two months in 2007 and the power plant's electricity sales volume was lower in 2007. The increase in on-grid tariff in 2008 was due to the PRC government's upward adjustments of on-grid tariff in response to the increases in coal prices. The increase in sales of steam is primarily due to an increase in steam price and secondarily, an increase in steam sales volume as a result of increased demand. The increase in revenue from our coal power business is also attributable to an increase in sales of byproducts of electricity generation, including coal sludge and gangue.

Revenue from our other business increased by 92.7% from RMB236.2 million in 2007 to RMB455.2 million in 2008, primarily due to an increase of RMB163.0 million, or 162.0%, in sales of equipment by a new business unit we started in late 2007, in particular components for wind turbines, to third party customers.

Other net income

Other net income increased by 131.0% from RMB168.9 million in 2007 to RMB390.2 million in 2008. This increase was primarily due to an increase of RMB113.1 million, or 119.6%, in other government grants primarily resulting from 50% VAT rebate and amortization of VAT refund related to purchases of domestically manufactured equipment. The increase in other net income was also attributable to a significant increase in our CERs and VERs income, which grew from RMB29.6 million in 2007 to RMB117.5 million in 2008. The increase in CERs and VERs income was due to the increase in the number of our CDM projects which began selling CERs since 2007.

Operating expenses

Our operating expenses increased by 25.1% from RMB6,013.6 million in 2007 to RMB7,524.1 million in 2008, primarily due to the increase in our scale of operation.

Coal consumption costs increased by RMB781.1 million, or 33.3%, from RMB2,346.8 million in 2007 to RMB3,127.9 million in 2008, primarily due to increased coal prices as a result of increased demand for coal in the PRC. The weighted average cost of standard coal per ton (excludes VAT) increased by 32.3% from RMB586.3 in 2007 to RMB775.9 in 2008. To control coal consumption costs, we improved our coal consumption efficiency, reducing net generation standard coal consumption rate of our two coal power plants from 331.0 g per kWh in 2007 to 326.5 g per kWh in 2008.

Depreciation and amortization costs increased by RMB304.6 million, or 39.1%, from RMB778.3 million in 2007 to RMB1,082.9 million in 2008, primarily due to an increase of RMB294.5 million, or 108.4%, in depreciation and amortization in our wind power business (before inter-segment elimination) as a result of the increase in the number of operating wind farms in 2008 and the purchase of related assets for the expansion of our wind power business.

Material costs increased by RMB184.3 million, or 167.1%, from RMB110.3 million in 2007 to RMB294.6 million in 2008, primarily due to the increase in raw material costs of Zhongneng Power-Tech, which is in line with its increased scale of production and sales in 2008.

Service concession construction costs increased by RMB126.6 million, or 6.1%, from RMB2,073.8 million in 2007 to RMB2,200.4 million in 2008, due to the increased construction work for our wind concession projects in 2008 compared to 2007.

Other operating expenses increased by RMB124.4 million, or 107.9%, from RMB115.3 million in 2007 to RMB239.7 million in 2008, mainly due to a one-time provision of RMB103.8 million for impairment loss on construction in progress recognized in 2008. The impairment loss was related to certain damaged equipment used by one of our wind power projects under construction.

The increases in the foregoing were partially offset by a decrease of RMB17.3 million, or 16.5%, in repairs and maintenance from RMB104.7 million in 2007 to RMB87.4 million in 2008, mainly due to a planned major overhaul of Tianshenggang Power Plant in 2007.

Operating profit and adjusted operating margin

Our total operating profit increased by 27.0% from RMB1,118.4 million in 2007 to RMB1,420.8 million in 2008. Our total adjusted operating margin decreased from 19.5% in 2007 to 17.9% in 2008, due to the decrease in adjusted operating margin of our coal power business. The adjusted operating margin of our coal power business decreased from 17.4% in 2007 to 6.6% in 2008 primarily due to the increase in the cost of coal consumption affected by the increased coal price, and our limited ability to pass on such coal price increases to our customers through on-grid tariff increases. The adjusted operating margin of our wind power business increased from 45.8% to 53.9% over the same period, due to our increased economies of scale.

Finance income

Finance income increased by 55.4% from RMB93.7 million in 2007 to RMB145.6 million in 2008. This increase was primarily due to a combined effect of (i) an increase of RMB46.8 million, or 312.5%, in foreign exchange gains as a result of the further appreciation of RMB in 2008, and (ii) an increase of RMB12.1 million, or 48.7%, in interest income on financial assets mainly related to the interest income on bank deposits and from the entrusted loans we provided to our associated companies. The increase was partially offset by a decrease of RMB11.5 million, or 34.0%, in dividend income from other investments.

Finance expenses

Finance expenses increased by 119.3% from RMB457.4 million in 2007 to RMB1,003.1 million in 2008. This increase was primarily due to an increase of RMB377.7 million, or 173.1%, in interest expenses on bank and other borrowings wholly repayable within five years and an increase of RMB333.9 million, or 90.6%, in interest on other loans (including mainly bank loans and government loans repayable after five years). The increase in finance expense was partially offset by an increase of RMB224.9 million in interest expenses capitalized into property, plant and equipment and intangible assets which is deducted from the interest expenses. The increased bank loans and other borrowings are used to fund our business expansion.

Share of profits less losses of associates and jointly controlled entities

Share of profits less losses of associates and jointly controlled entities increased significantly from RMB18.1 million in 2007 to RMB52.7 million in 2008, primarily due to the increases in profit contribution from two of our associates: Yilan Longyuan Wind Power Generation Co., Ltd., the wind power project of which became operational in 2008, and Guodian Union Power Technology Co. Ltd., which was established in June 2007.

Profit before taxation

Profit before taxation decreased by 20.3% from RMB772.8 million in 2007 to RMB616.0 million in 2008. This decline was due primarily to the increases in costs of coal consumption and finance expenses described above.

Income tax

Income tax decreased by 96.5% from RMB60.4 million in 2007 to RMB2.1 million in 2008. The effective income tax rate decreased from 7.8% in 2007 to 0.3% in 2008. This decline was mainly attributable to: (i) a decrease of RMB156.8 million in profit before taxation from 2007 to 2008; (ii) a decrease of RMB394.7 million in the operating profit of our coal power business, which generally has higher effective income tax rate than that of our wind power business; and (iii) a significant increase in deferred tax credit which mainly includes exemptions or reductions in income tax rate and tax deduction for purchasing domestically manufactured equipment. Certain of our subsidiaries were exempt from income tax for the first two or three years followed by a 50% reduction in such tax for the three years thereafter. As some of our subsidiaries, which started operation in 2008, recorded profit during that year and enjoyed full exemption in income tax, the effective income tax rate for these subsidiaries was nil. In addition, tax deduction for purchase of domestically manufactured equipment by our subsidiaries which are foreign invested enterprises in 2008 was substantially higher than that in 2007.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 13.8% from RMB712.4 million in 2007 to RMB613.9 million in 2008. As a percentage of our total revenue (excluding service concession construction revenue), profit for the year decreased from 14.6% in 2007 to 9.7% in 2008, primarily attributable to a decrease in the adjusted operating margin of our coal power business from 17.4% in 2007 to 6.6% in 2008 as a result of increased coal consumption cost.

Profit (loss) attributable to equity owner of the Company and non-controlling interests

Profit attributable to equity owner of the Company increased by 56.9% from RMB215.0 million in 2007 to RMB337.4 million in 2008. This increase was primarily due to the increase in profit contribution attributable to our wind farms, most of which are wholly or majority owned by us.

Profit attributable to non-controlling interests decreased by 44.4% from RMB497.4 million in 2007 to RMB276.5 million in 2008. This decrease was primarily due to the decrease in profit contribution attributable to our two coal power plants. We hold 27.00% and 31.94% of their shareholding, respectively, but control them through concert party agreements with certain other shareholders.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2007

Revenue

Revenue increased by 27.9% from RMB5,445.4 million in 2006 to RMB6,963.1 million in 2007. This increase was primarily attributable to the growth of our wind power business and the increase in service concession construction revenue.

Revenue from electricity sales of our wind power business increased by 138.6% from RMB304.1 million in 2006 to RMB725.5 million in 2007. The increase was due to an increase of 168.0% in consolidated electricity sales volume from 529.4 GWh in 2006 to 1,418.7 GWh in 2007, even though the weighted average on-grid tariff decreased by 11.0% from 2006 to 2007. See "— Significant Factors Affecting Our Results of Operations and Financial Condition — Changes in on-grid tariffs." The consolidated installed capacity of our wind power business increased by 121.3% from 586.6 MW to 1,298.2 MW over the same period.

Revenue from service concession construction increased by 112.6% from RMB975.5 million in 2006 to RMB2,073.8 million in 2007. This increase mainly represents the construction work of three major concession projects with an installed capacity of 199.3 MW.

The above increases in revenue were partially offset by a slight revenue decrease of RMB10.9 million, or 0.3%, in our coal power business primarily as a result of a decrease of RMB128.3 million, or 3.4%, in electricity sales from this business segment in 2007. This decrease was mainly because we suspended operations at the Tianshenggang Power Plant for approximately two months starting in March 2007 to perform a planned major overhaul. Despite the decrease in sales of electricity, the steam sales from this segment increased by RMB14.1 million, or 18.5%, due to the increase in steam sales volume as a result of increased demand.

Revenue from our other business increased by 37.0% from RMB172.4 million in 2006 to RMB236.2 million in 2007, primarily due to an increase of RMB2.0 million, or 13.8%, in sales of electricity generated from other renewable energy sources and an increase of RMB2.9 million in sales of power equipment by our subsidiary, Zhongneng Power-Tech.

Other net income

Other net income increased by 74.8% from RMB96.6 million in 2006 to RMB168.9 million in 2007. This increase was primarily due to a combined effect of (i) an increase of RMB32.9 million, or 53.3%, in government grants mainly resulting from 50% VAT rebate, amortization of VAT refund and other tax incentives, and (ii) the fact that we started generating income from sales of CERs and VERs in 2007 which amounted to RMB29.6 million.

Operating expenses

Operating expenses increased by RMB1,437.9 million, or 31.4%, from RMB4,575.7 million in 2006 to RMB6,013.6 million in 2007. This increase was primarily due to the increases in service concession construction costs and other operating expenses described below.

Service concession construction costs increased by RMB1,098.3 million, or 112.6%, from RMB975.5 million in 2006 to RMB2,073.8 million in 2007, due to the increased construction work for our wind concession projects in 2007 compared to 2006.

Depreciation and amortization costs increased by RMB169.3 million, or 27.8%, from RMB609.0 million in 2006 to RMB778.3 million in 2007, mainly due to the increase in the number of operating wind farms in 2007 and purchase of related assets in the expansions of our wind power business.

Coal consumption costs increased by RMB144.6 million, or 6.6%, from RMB2,202.2 million in 2006 to RMB2,346.8 million in 2007, despite a decrease in the volume of coal consumption as well as improved coal consumption efficiency. The increase in coal consumption costs was because of increased coal prices as a result of rising demand for coal in the PRC. The weighted average cost of standard coal per ton (excludes VAT) increased from RMB525.9 in 2006 to RMB586.3 in 2007.

Personnel costs increased by RMB39.5 million, or 11.5% from RMB344.4 million in 2006 to RMB383.9 million in 2007, mainly due to the increased number of our employees primarily as a result of the expansion of our wind power business. The number of our employees in wind power business increased from 314 in 2006 to 773 in 2007.

Administration costs increased by RMB27.6 million, or 37.9%, from RMB72.9 million in 2006 to RMB100.5 million in 2007, which is in line with the growth of our business.

Other operating expenses decreased by RMB44.2 million, or 27.7%, from RMB159.5 million in 2006 to RMB115.3 million in 2007, mainly because Tianshenggang Power Plant incurred an impairment loss of RMB31.8 million in 2006.

Operating profit and adjusted operating margin

As a result of the forgoing, our total operating profit increased by 15.7% from RMB966.3 million in 2006 to RMB1,118.4 million in 2007. Our total adjusted operating margin was decreased from 20.2% in 2006 to 19.5% in 2007 due to the decrease in adjusted operating margin of our coal power business from 21.7% in 2006 to 17.4%, primarily as a result of the increase in cost of coal consumption, which could not be completely passed to our customers through on-grid tariff increases. The adjusted operating margin of our wind power business segment increased from 32.9% to 45.8% over the same period, mainly due to the increased economies of scale and higher operating efficiency as evidenced by the increase in our average utilization hours.

Finance income

Finance income increased by 37.2% from RMB68.3 million in 2006 to RMB93.7 million in 2007. This increase was primarily due to the combined effect of (i) an increase of RMB12.1 million in foreign exchange gains due to the appreciation of RMB in 2007, and (ii) an increase of RMB10.6 million in dividend income derived from other investments.

Finance expenses

Finance expenses increased by 32.4% from RMB345.4 million in 2006 to RMB457.4 million in 2007. This increase was primarily due to an increase of RMB248.9 million in interest on other loans, which were not wholly repayable within five years, as a result of an increase in the amount of long-term bank loans. We incurred more bank loans to support the expansion of our wind power business. The increase in interest expenses was partially offset by (i) an increase of RMB99.7 million in interest expenses capitalized into property, plant and equipment and intangible assets, and (ii) a decrease of RMB24.0 million in impairment loss on financial assets as a result of a bad debt provision of RMB20 million in 2006.

Share of profit less loss of associates and jointly controlled entities

Share of profits less losses of associates and jointly controlled entities increased by 7.1% from RMB16.9 million in 2006 to RMB18.1 million in 2007. This increase was primarily due to the improvement of profitability of our associates and jointly controlled entities.

Profit before taxation

Profit before taxation increased by 9.4% from RMB706.1 million in 2006 to RMB772.8 million in 2007.

Income tax

Income tax increased by 1.5% from RMB59.5 million in 2006 to RMB60.4 million in 2007, mainly due to the increase in our profit before taxation, which was partially offset by a decrease in our effective tax rate from 8.4% in 2006 to 7.8% in 2007 due to (i) a decrease of RMB142.2 million in the operating profit of our coal power business, which had a higher effective income tax rate higher than that of our wind power business, and (ii) an increase of RMB314.9 million in the operating profit of our wind power business.

Profit for the year

As a result of the foregoing, our profit increased by 10.2% from RMB646.6 million in 2006 to RMB712.4 million in 2007. As a percentage of our total revenue (excluding service concession construction revenue), profit for the year remained steady at 14.5% and 14.6% in 2006 and 2007, respectively.

Profit (loss) attributable to equity owner of the Company and non-controlling interests

Profit attributable to equity owner of the Company increased by 43.6% from RMB149.7 million in 2006 to RMB215.0 million in 2007. This increase was primarily due to the increase in profit contribution from our wind farms, most of which are wholly or majority owned by us.

Profit attributable to non-controlling interests was RMB496.9 million in 2006 compared to RMB497.4 million in 2007.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal sources of liquidity to date have been cash generated from our operations, bank loans, debt securities and contributions from our shareholders. Our principal uses of cash primarily include capital expenditures and working capital purposes.

As of December 31, 2006, 2007 and 2008 and June 30, 2009, we had cash and cash equivalents of RMB102.4 million, RMB808.8 million, RMB1,001.9 million and RMB1,244.5 million, respectively.

Net Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions) (unaudited)
Current assets					
Trading securities	—	0.2	—	0.2	100.1
Inventories	131.6	205.1	279.3	389.0	437.5
Trade debtors and bills receivable	563.3	865.9	1,240.9	1,770.5	1,875.5
Prepayments and other current assets	489.5	974.0	1,804.8	1,246.8	2,103.8
Tax recoverable	11.5	6.9	0.5	1.2	5.7
Restricted deposits	483.3	228.6	500.0	470.5	506.0
Cash at bank and on hand	102.4	808.8	1,055.0	1,250.5	2,134.7
Total current assets	1,781.6	3,089.5	4,880.5	5,128.7	7,163.3
Current liabilities					
Borrowings	2,766.0	6,156.0	4,686.2	8,924.3	14,034.2
Obligations under finance leases	104.7	—	—	—	—
Trade creditors and bills payable	2,311.3	1,779.4	2,728.7	2,733.3	3,119.6
Other payables	1,183.3	1,541.9	1,918.0	3,570.2	4,077.3
Tax payable	11.6	28.5	80.0	90.3	127.5
Total current liabilities	6,376.9	9,505.8	9,412.9	15,318.1	21,358.6
Net current liabilities	(4,595.3)	(6,416.3)	(4,532.4)	(10,189.4)	(14,195.3)

We recorded net current liabilities of RMB4,595.3 million, RMB6,416.3 million, RMB4,532.4 million and RMB10,189.4 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. As of September 30, 2009, which is the latest practicable date such information is available to us, our net current liabilities were RMB14,195.3 million. Our net current liability position during the Track Record Period mainly reflected the high levels of our short-term bank borrowings to meet part of the increased demands for down payments and prepayments in the purchases of wind turbines and to finance our long-term capital requirement through short-term borrowings with a view to taking advantage of the lower financing costs in the PRC of short-term borrowings compared to the financing costs of long-term borrowings. The increase in net current liabilities as of June 30, 2009 was also attributable to the increase in payables for acquisition of property, plant and equipment. We expect that we may continue to record net current liabilities in the future. See "— Indebtedness — Short term borrowings" and "Risk Factors — Risks Relating to Our Overall Business — Our borrowing levels, significant interest payment obligations and net current liabilities could limit the funds available to us for various business purposes" for more details.

We have not experienced any financial difficulty with respect of our cash flow despite our increase in capital expenditures and the net current liability position for the following reasons:

- We have maintained long-term relationships with domestic and foreign financial institutions from whom we are able to obtain banking facilities on competitive terms to fund our business expansion. As of September 30, 2009, we had unutilized banking facilities of RMB7.2 billion. In addition, before entering into new facility agreements, we have received loan commitment letters from various PRC banks under which the banks have agreed in principle to grant loans to finance many of our new wind power project which have been approved by the NDRC or in the process of applying for such approval.

- As most of our banking facilities were obtained from various PRC reputable commercial banks and our credit history has been recognized by various PRC financial institution, our access to credit markets has not been materially and adversely affected by the recent economic crisis. During the Track Record Period, we have not experienced any material difficulty in renewing our short-term loans from our principal banks upon maturity of the existing term loans. We believe that we will be able to roll over our existing short-term loans upon their maturity, if necessary, based on our past repayment and credit history. In July 2009, we received a credit rating of AA+ from China Chengxin International Rating Co. Ltd, which is one of the reputable credit rating agencies in the PRC and is an Independent Third Party.

- We entered into three strategic cooperative framework agreements with China Development Bank, Bank of Communication, Beijing Branch and China Construction Bank in October 2009 to establish cooperation relationships with the three banks, and to secure financing and other financial services provided by the three banks to fund our capital requirements in the future. According to these framework agreements, the three banks agreed to provide us credit lines up to an aggregate amount of RMB50 billion to finance our business expansion, subject to, among other requirements for each draw-down, credit approval and the execution of loan agreements and related documentation.

- Our existing cash resources are improving during the Track Record Period. Our cash flow from operating activities has increased from RMB1,882.2 million in 2006 to RMB2,839.8 million in 2008. Cash flow from operating activities in the six months ended June 30, 2009 was RMB1,162.5 million. Our cash and cash equivalents as of June 30, 2009 increased to RMB1,244.5 million from RMB102.4 million as of December 31, 2006.

Our Directors believe that the new credit lines up to an aggregate amount of RMB50 billion granted under the cooperative framework agreements by the three PRC banks in October 2009 reflected the Company's strong capability in obtaining new financing in the current economic conditions and the recognition of the three banks' of the Group's creditability and its business prospects. Given the Company's leading position in the PRC wind power sector and its established credit history and long-term relationship with banks, our Directors are of the view that we will be able to draw down loans from credit lines provided in the cooperative framework agreements and to secure additional financings at competitive terms to finance its business growth.

Taking into account the bank facilities available to us, our existing cash resources and the amount of other sources of fund we expect to raise (including the proceeds from the Global Offering), our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

CASH FLOW

The following table sets forth a summary of our net cash flow for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
Selected Cash Flow Statement Data	**2006**	**2007**	**2008**	**2008**	**2009**
	(RMB in millions)	**(RMB in millions)**	**(RMB in millions)**	**(RMB in millions) (unaudited)**	**(RMB in millions)**
Net cash generated from operating activities	1,882.2	591.3	2,839.8	243.0	1,162.5
Net cash used in investing activities	(3,476.0)	(7,365.0)	(11,085.7)	(4,248.6)	(5,295.7)
Net cash generated from financing activities	1,011.8	7,482.8	8,444.0	6,097.8	4,376.0
Net (decrease)/increase in cash and cash equivalents	(582.0)	709.1	198.1	2,092.2	242.8
Cash and cash equivalents at the end of year/period	102.4	808.8	1,001.9	2,900.3	1,244.5

Net cash generated from operating activities

We derive our net cash generated from operating activities primarily through the receipt of payments for the sale of electricity. Our cash outflow from operating activities is used primarily for coal consumption costs, personnel costs, the purchase of materials and others used in wind farms and other operating and administration expenses.

For the six months ended June 30, 2009, we generated net cash from operating activities of RMB1,162.5 million, primarily as a result of profit before taxation of RMB949.4 million mainly adjusted for depreciation and amortization of RMB739.3 million, interest expenses on financial liabilities of RMB532.7 million, and the effects of changes in working capital. Changes in working capital mainly included (i) an increase of RMB517.1 million in trade debtors and bills receivable, primarily due to increased receivables from grid companies as a result of the increased electricity sales, and increased bills receivable in our coal supply business; (ii) an increase of RMB194.1 million in prepayments and other current assets, primarily due to an increase in CER receivable and the fact that our suppliers of coal and spare parts increasingly demanded cash prepayment in lieu of bills payable, which also contributed to a decrease of RMB73.0 million in trade and other payables; and (iii) an increase of RMB79.1 million in inventories due to increased coal purchases for our newly-established coal supply business, and increased procurement of spare parts. Compared to the six months ended June 30, 2008, the increase in net cash generated from operating activities for the six months ended June 30, 2009 was mainly due to an increase in profit before taxation, and a smaller increase in prepayments and other current assets in the six months ended June 30, 2009 compared with the six months ended June 30, 2008 mainly due to the higher level of cash prepayment for procurement of coal and spare parts in the six months ended June 30, 2008.

In 2008, we generated net cash from operating activities of RMB2,839.8 million, primarily as a result of profit before taxation of RMB616.0 million mainly adjusted for depreciation and amortization of RMB1,082.9 million, impairment loss on property, plant and equipment of RMB103.8 million, and interest expenses on financial liabilities of RMB932.2 million and the effects of changes in working capital. Changes in working capital mainly included an increase of RMB945.2 million in trade and other payables, an increase of RMB375.0 million in trade debtors and bills receivable, an increase of RMB108.9 million in prepayments and other current assets and an increase of RMB68.9 million in inventories. The increase in trade and other payables was primarily attributable to the increase in bills payable mainly related to the procurement of coal by our coal power plants. The increase in trade debtors and bills receivable, prepayments and other current assets primarily related to the combination of (i) the increase in receivables from grid companies as a result of the increased electricity sales of our wind farms and (ii) the increase in receivables as a result of our increased CDM projects. The increase in inventories was primarily due to the increased procurement of spare parts and others used in operation and maintenance of our wind farms and the increased inventories of coal as a result of higher coal prices.

In 2007, we generated net cash from operating activities of RMB591.3 million, primarily as a result of profit before taxation of RMB772.8 million mainly adjusted for depreciation and amortization of RMB778.3 million, interest expenses on financial liabilities of RMB445.5 million and the effects of changes in working capital. Changes in working capital mainly included a decrease of RMB1,027.2 million in trade and other payables, an increase of RMB169.7 million in trade debtors and bills receivable, prepayments and other current assets. The decrease in trade and other payables was primarily attributable to the decrease in bills payable mainly because we began to make cash payments to our coal suppliers in 2007. The increase in trade debtors and bills receivable and prepayments and other current assets was primarily due to the increased electricity sales of our wind farms.

In 2006, we generated net cash from operating activities of RMB1,882.2 million, primarily as a result of profit before taxation of RMB706.1 million mainly adjusted for depreciation of RMB596.4 million, interest expenses on financial liabilities of RMB311.5 million and the effects of changes in working capital. Changes in working capital mainly included an increase of RMB305.2 million in trade and other payables and a decrease of RMB85.1 million in trade debtors and bills receivable, prepayments and other current assets. The increase in trade and other payables was primarily because of increased payables to equipment and construction suppliers due to the expansion of our wind power business.

Net cash used in investing activities

Our cash inflow from investing activities primarily consists of government grants received, proceeds from repayments of loans, advances and disposal of investments in associates and jointly controlled entities, dividends received and interests received. Our cash outflow from investing activities primarily consists of payments for acquisition of property, plant and equipment, lease prepayments (primarily payments for land use rights) and construction costs for concession projects, loans to our associated companies and equity investments in associates and jointly controlled entities.

For the six months ended June 30, 2009, we had net cash used in investing activities of RMB5,295.7 million, primarily as a result of (i) payments of RMB6,132.2 million for acquisition of property, plant and equipment, lease prepayments and intangible assets mainly related to the construction and expansion of our wind farms, and (ii) payments of RMB251.3 million for acquisition of financial assets and investments in associates and jointly controlled entities, which primarily related to the loans we provided to, and investments in, associates and jointly controlled entities. These were partially offset by (i) the receipt of government grants of RMB676.6 million related to VAT refunds for the purchases of domestically manufactured equipment, and (ii) the proceeds of RMB279.2 million from repayments of loans and advances and disposal of investments in, associates and jointly controlled entities, mainly related to repayment of our entrusted loans given to our associates and jointly controlled entities. Compared to the six months ended June 30, 2008, the increase in cash flow from investing activities for the six months ended June 30, 2009 was mainly due to an increase of 41.1% in payments for acquisition of property, plant and equipment, lease prepayments and intangible assets to RMB6,132.2 million for the six months ended June 30, 2009 due to the expansion of our wind power business. During the same period, government grants received increased significantly by RMB663.3 million, primarily due to a significant increase in government grant receivables in 2008 which were received in the first half of 2009. See " — Prepayments and other current assets" and "Regulatory Environment — Taxation — VAT Law."

In 2008, we had net cash used in investing activities of RMB11,085.7 million, primarily as a result of (i) payments for acquisition of property, plant and equipment, lease prepayments and intangible assets of RMB11,603.4 million mainly related to the construction and expansion of our wind farms and (ii) payments for acquisition of financial assets mainly related to the loans we provided and investments in associates and jointly controlled entities of RMB725.5 million. These were partially offset by (i) the receipt of a government grant of RMB654.9 million which primarily related to the VAT refund in connection with purchases of domestically manufactured equipment by our wind farms, and (ii) the proceeds from prepayments of loans and advances and disposal of investments in associates and jointly controlled entities of RMB472.6 million mainly related to repayment of our entrusted loans.

In 2007, we had net cash used in investing activities of RMB7,365.0 million, primarily as a result of (i) payments for acquisition of property, plant and equipment, lease prepayments and intangible assets of RMB7,161.5 million, and (ii) payments for acquisition of financial assets and investments in associates and jointly controlled entities of RMB708.2 million, which was partially offset by the receipt of a government grant of RMB353.5 million, each due to the same reasons as in 2008.

In 2006, we had net cash used in investing activities of RMB3,476.0 million, primarily as a result of (i) payments for acquisition of property, plant and equipment, lease prepayments and intangible assets of RMB3,239.4 million and (ii) payments for acquisition of financial assets and investments in associates and jointly controlled entities of RMB429.1 million, each due to the same reasons as explained above.

Net cash generated from financing activities

Our cash inflow from financing activities primarily consists of proceeds from borrowings and capital contributions from the owner of the Company and the non-controlling equity owners. Our cash outflow from financing activities primarily consists of repayment of borrowings, interest paid, and dividends paid to non-controlling equity owners.

For the six months ended June 30, 2009, we had net cash generated from financing activities of RMB 4,376.0 million, primarily as a result of the proceeds from borrowings of RMB11,512.8 million, which were primarily used to finance the expansion of our operations, as well as capital contributions from non-controlling equity owners of RMB131.0 million. Net cash generated from financing activities was partially offset by the repayment of borrowings of RMB6,401.3 million, interest paid of RMB719.5 million, and dividends paid by our subsidiaries to non-controlling equity owners of RMB145.5 million.

In 2008, we had net cash generated from financing activities of RMB8,444.0 million, primarily as a result of the proceeds from borrowings of RMB18,446.2 million (including RMB600.0 million related to the issuance of one-year term debt securities by our subsidiary, Jiangyin Xiagang Power Plant, in October 2008 ("Sulong 2008 Short Term Debenture")), which were primarily used to finance the expansion of our operations, as well as capital contributions from Guodian of RMB1,500.0 million. Net cash generated from financing activities was partially offset by the repayment of borrowings of RMB10,524.5 million, interest paid of RMB1,118.5 million and dividends paid by our subsidiaries to non-controlling equity owners of RMB358.3 million.

In 2007, we had net cash generated from financing activities of RMB7,482.8 million, primarily as a result of RMB14,663.0 million of proceeds from borrowings (including RMB528.9 million related to the issuance of one-year term debt securities by Jiangyin Xiagang Power Plant in January 2007 ("Sulong 2007 Short Term Debenture")) and RMB670.0 million of capital contributions from our parent company, partially offset by the repayment of borrowings of RMB7,143.2 million, interest paid of RMB550.3 million, and dividends paid by our subsidiaries to non-controlling equity owners of RMB372.5 million.

In 2006, we had net cash generated from financing activities of RMB1,011.8 million, primarily as a result of RMB7,891.3 million of proceeds from borrowings (including RMB630.0 million from the issue of a debenture by Tianshenggang Power Plant). This was partially offset by the repayment of loans and debenture of RMB6,375.0 million, dividends paid by our subsidiaries to non-controlling equity owners of RMB422.1 million and interest paid of RMB344.3 million.

CERTAIN BALANCE SHEET ITEMS

Inventories

The table below sets forth a summary of our inventories as of the dates indicated and the average coal inventory turnover days during the periods indicated.

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Coal	48.9	73.4	97.2	150.0
Fuel oil	5.0	4.3	5.9	4.5
Spare parts and others	77.7	127.4	176.2	234.5
Total inventories	131.6	205.1	279.3	389.0

	Year ended December 31,		Six months ended June 30,
	2007	2008	2009
Average Coal Inventory Turnover Days[(1)]	9.5	10.0	19.1

(1) Average coal inventory turnover days is calculated in the following manner: coal inventory at the beginning of a given year/period plus coal inventory at the end of a given year/period, divided by two, then divided by coal consumption cost and coal cost, and then multiplied by 365 or the numbers of days for the given period. Coal cost represents coal purchases in relation to our new coal supply business.

The increases in inventories from December 31, 2006 to December 31, 2008 were primarily due to our increased purchases of spare parts in relation to the expansion of our wind power business, as well as increased inventories of coal due to higher coal prices. The increase in inventories as of June 30, 2009 was primarily due to our increased purchases of spare parts in relation to the expansion of our wind power business as well as increased purchases of coal for our newly-established coal supply business.

Our average coal inventory turnover days remain steady in 2007 and 2008. The increase in six months ended June 30, 2009 is due to the increased coal inventories and costs associated with our new coal supply business, which has a relatively higher level of turnover days compared to the coal power business.

Trade debtors and bills receivable

The table below sets forth a summary of our trade debtors and bills receivable as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Amounts due from third parties	549.5	832.5	1,210.6	1,732.7
Amounts due from fellow subsidiaries	17.2	32.2	26.8	39.9
Amounts due from associates	0.3	3.8	9.4	3.9
	567.0	868.5	1,246.8	1,776.5
Less: allowance for doubtful debts	3.7	2.6	5.9	6.0
	563.3	865.9	1,240.9	1,770.5

These increases in our trade debtors and bills receivable were primarily due to increases in amounts due from third parties mainly because we sold more electricity from our wind power business, and to a lesser extent, because we commenced to sell coal to third parties through our coal supply business in May 2009.

The trade debtors and bills receivable also include receivables with a carrying amount of approximately RMB1.0 million, RMB1.4 million, RMB2.8 million and RMB3.4 million that are past due but not impaired as of December 31, 2006, 2007 and 2008, and June 30, 2009, respectively. We have not made any provisions for such receivables because there has not been a significant change in credit quality and we still consider the amounts to be recoverable. We do not hold any collateral securing these receivables.

In determining the recoverability of a trade receivable, we consider the creditworthiness of our customers on an individual basis and any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. As of June 30, 2009, receivables from grid companies accounted for a substantial majority of the total balance of trade receivables due from third parties. Management believes that there is no material credit risk associated with receivables from these grid companies which are government controlled or owned entities with strong credit quality and with which we have maintained long term and stable business relationships. In addition, our management continuously monitors the levels of risk exposure to ensure that proper actions are promptly taken to lower the risk exposure or to recover overdue balances.

The following table sets forth an aging analysis of trade debtors and bills receivable as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Current	561.9	863.6	1,238.2	1,767.1
Past due within 1 year	0.7	1.3	4.9	0.8
Past due between 1 to 2 years	0.2	—	0.1	4.9
Past due between 2 to 3 years	3.1	0.2	—	0.1
Over 3 years	1.1	3.4	3.6	3.6
	567.0	868.5	1,246.8	1,776.5
Less: Allowances for doubtful accounts	3.7	2.6	5.9	6.0
	563.3	865.9	1,240.9	1,770.5

The following table shows our trade debtors and bills receivable turnover days during the periods indicated:

	Year ended December 31,		Six months ended June 30,
	2007	2008	2009
Trade debtors and bills receivable turnover days[1]	53.3	60.5	76.8

(1) Trade debtors and bills receivable turnover days are calculated in the following manner: the total net balance of trade debtors and bills receivable at the beginning of a given year/period plus the total net balance of trade debtors and bills receivable at the end of a given year/period, divided by two, then divided by total revenue (excluding service concession construction revenue) and then multiplied by 365 or the numbers of days for the given period.

With the expansion of our wind power business, our trade debtors and bills receivable turnover days increased from 53.3 days in 2007 to 60.5 days in 2008, and further to 76.8 days for the six months ended June 30, 2009. During the Track Record Period, our bills receivables were typically settled within our credit period, which is generally 15-30 days from the date of billing. Certain of our wind farms collect their sales of electricity from the local grid companies in two installments according to the terms of PPAs we entered into with the local grid company. The second installment is usually paid later compared to the first installment as such payment is subject to the allocation of additional funds by the relevant government authorities to local grid companies from the tariff surcharge payable by end-users. The payment period for the second installment is generally six to twelve months depending on the issue of the allocation plan by the PRC government with respect to funds from collecting tariff surcharge. As the electricity sales of the Company's wind power business increased during the Track Record Period, the amount of receivables in connection with the second installment increased accordingly. As a result, trade debtors and bills receivable turnover days increased during the Track Record Period. As of June 30, 2009, our trade debtors and bills receivable amounted to RMB1,776.5 million, of which RMB1,361.3 million had been collected as of September 30, 2009.

Prepayments and other current assets

The table below sets forth a breakdown of our prepayments and other current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Loans and advances to				
- associates	211.8	537.2	346.9	82.7
- Guodian	3.0	16.3	11.4	11.8
- fellow subsidiaries	46.7	34.2	21.1	20.2
- third parties	131.0	165.5	149.0	73.1
Prepayments	47.8	88.4	109.1	223.4
Government grant receivables	1.2	6.9	1,143.4	562.0
CERs receivable	—	35.1	41.0	145.7
Dividends receivable	25.7	45.4	0.2	16.2
Deductible VAT [(1)]	—	0.1	4.7	133.7
Other debtors	177.6	201.2	74.9	75.6
	644.8	1,130.3	1,901.7	1,344.4
Less: allowance for doubtful debts	155.3	156.3	96.9	97.6
	489.5	974.0	1,804.8	1,246.8

Note:

(1) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets, which is deductible from output VAT since January 1, 2009. Such input VAT was recorded as part of the related assets before January 1, 2009.

Our prepayments and other current assets declined from RMB1,804.8 million as of December 31, 2008 to RMB1,246.8 million as of June 30, 2009, primarily attributable to (i) a decrease of RMB581.4 million in government grant receivables; and (ii) a decrease of RMB264.2 million in loans and advances to associate companies due to repayments of loans. Our prepayments and other current assets increased by 85.3% from December 31, 2007 to December 31, 2008, primarily attributable to a significant increase of RMB1,136.5 million in government grant receivables. Government grant receivables mainly relate to the VAT refunds granted by the PRC government for the purchases of domestically manufactured wind turbines and other equipment by foreign invested enterprises. We recognize the VAT receivables after we fulfill certain requirements and receive the approval from the PRC government confirming such grant. In anticipation of the change to the VAT refund policy effective on January 1, 2009, we filed a significant number of applications for such VAT refunds in 2008, accordingly a large amount of the VAT refunds was recorded as government grant receivables in 2008 after the refund applications were approved by the government and before we actually receive the funds. During the six-month transition period ended June 30, 2009 when companies meeting certain eligibility requirements can still apply for such VAT refund, we filed less number of applications and therefore recorded a reduced amount of government grant receivables compared to that of 2008.

The increase from December 31, 2006 to December 31, 2007 was primarily attributable to (i) an increase of RMB325.4 million in loans and advances to associates, (ii) an increase of RMB40.6 million in prepayments due to our increased procurement of inventories; and (iii) an increase of RMB35.1 million in CERs receivable after we started to sell CERs in 2007.

In determining allowance for our prepayments and other current assets, we conducted aging analysis and evaluation of collectability on an individual basis. The allowance for doubtful debts was made mainly relating to the advances to certain third parties and related parties, and our management has assessed the likelihood of recovery from the counterparties to be low in view of the prolonged period of such advances and the financial conditions of the counter parties. We do not hold any collateral over these balances.

Allowance for doubtful debts in respect of our prepayments and other current assets amounted to RMB155.3 million, RMB156.3 million, RMB96.9 million and RMB97.6 million as of December 31, 2006, 2007 and 2008, and June 30, 2009, respectively. In 2008, we recorded a write-off of RMB98.5 million representing receivables that our management considers the likelihood of recovery to be remote. The write-off also includes receivables with gross amount of RMB 52.7 million transferred to Guodian as part of the Reorganization.

Trade creditors and bills payable

The table below sets forth a breakdown of our trade creditors and bills payable as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Bills payable	2,098.5	1,587.6	2,689.5	2,432.7
Creditors and accrued charges	196.1	184.7	38.3	300.6
Amounts due to fellow subsidiaries	16.7	7.1	0.9	—
	2,311.3	1,779.4	2,728.7	2,733.3

Trade creditors and bills payable increased from RMB1,779.4 million as of December 31, 2007 to RMB2,728.7 million as of December 31, 2008, primarily due to an increase of RMB1,101.9 million in bills payable, which was used to procure coal, spare parts and other materials, and further increased to RMB 2,733.3 million as of June 30, 2009, primarily due to an increase in creditor and accrued charges as a result of increased payables due from our coal supply business, offset by decreased bills payable due from our coal power plants, particularly Tianshenggang Power Plant. Trade creditors and bills payable decreased from RMB2,311.3 million as of December 31, 2006 to RMB1,779.4 million as of December 31, 2007, primarily due to a decrease of RMB510.9 million in bills payable. The lower level of bills payable as of December 31, 2007 compared to December 31, 2006 mainly reflected our lower reliance on bills payable financing due to the increase in discount rates in 2007.

The following table shows our trade creditors and bills payable turnover days for our coal power business during the periods indicated:

	Year ended December 31,		Six months ended June 30,
	2007	2008	2009
Trade creditors and bills payable turnover days for coal power business[(1)]	31.5	13.5	26.2

(1) Trade creditors and bills payable turnover days are calculated in the following manner: the total net balance of trade creditors and bills payable (excluding bills payable) at the beginning of a given year/period plus the total net balance of trade creditors and bills payable (excluding bills payable) at the end of a given year/period, divided by two, then divided by coal consumption cost of our Group and coal procurement cost of our coal supply business, and then multiplied by 365 or the numbers of days for the given period.

Our trade creditors and bills payable turnover days decreased from 31.5 days in 2007 to 13.5 days in 2008, primarily due to the fact that we increased the use of prepayments and decreased the use of payables to purchase coal when coal was generally in short supply in 2008. For the six months ended June 30, 2009, our trade creditors and bills payable turnover days increased to 26.2 days as we increased the use of payables to purchase coal for our new coal supply business.

Other payables

The table below sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2006	**2007**	**2008**	**2009**
	(RMB in millions)	**(RMB in millions)**	**(RMB in millions)**	**(RMB in millions)**
Payables for acquisition of property, plant and equipment	575.9	695.2	1,306.9	2,704.0
Payables for staff related costs	145.6	176.3	167.0	174.8
Payables for other taxes	54.5	85.5	105.8	83.7
Dividends payable	207.2	193.8	14.0	172.9
Deposits	20.5	30.9	61.3	63.3
Interests payable	9.9	25.8	46.9	42.3
Receipts in advance				
- associates	—	—	—	0.1
- fellow subsidiaries	3.8	1.6	5.6	0.4
- third parties	2.3	6.7	23.1	85.5
Amounts due to associates and jointly controlled entities	16.7	141.3	76.6	91.0
Amounts due to fellow subsidiaries	9.9	9.8	9.1	12.7
Amount due to Guodian	—	—	—	1.5
Other accruals and payables	137.0	175.0	101.7	138.0
	1,183.3	1,541.9	1,918.0	3,570.2

Our other payables were RMB1,183.3 million, RMB1,541.9 million, RMB1,918.0 million and RMB3,570.2 million as of December 31, 2006, 2007 and 2008, and June 30, 2009, respectively. During the Track Record Period, the increase in payables for acquisition of property, plant and equipment as a result of the construction and expansion of our wind farms was the major driver of increase for our other payables.

Restricted deposits

Restricted deposits mainly represent cash deposits pledged as collateral for bills payable and housing maintenance fund designated for specific purposes. Restricted deposits were RMB483.3 million, RMB228.6 million, RMB500.0 million and RMB470.5 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. The lower level of restricted deposits as of December 31, 2007 was primarily attributable to the lower level of bills payable as of December 31, 2007 compared to December 31, 2006 and 2008.

INDEBTEDNESS

Borrowings

Most of our borrowings are denominated in RMB. The table below sets forth our loans and borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions) (unaudited)
Short term borrowings					
Bank loans					
Secured	1,024.0	300.0	—	—	190.0
Unsecured	1,566.2	3,413.1	2,992.9	3,062.3	6,530.3
	2,590.2	3,713.1	2,992.9	3,062.3	6,720.3
Loans from Guodian (unsecured)	—	845.0	—	—	—
Loans from fellow subsidiaries (unsecured)	—	305.0	—	—	—
Loans from other financial institutions and others					
Unsecured	41.0	233.3	141.0	3,948.6	5,861.2
Other borrowings (unsecured)	—	548.9	606.6	625.3	634.7
Current portion of long term borrowings					
Bank loans	134.8	195.7	630.7	973.1	818.0
Other borrowings	—	315.0	315.0	315.0	—
	2,766.0	6,156.0	4,686.2	8,924.3	14,034.2
Long term borrowings					
Bank loans					
Secured	1,333.1	4,152.7	9,473.1	11,130.3	6,239.6
Unsecured	2,060.5	3,571.1	8,500.6	8,453.7	11,995.6
	3,393.6	7,723.8	17,973.7	19,584.0	18,235.2
Loan from government					
Unsecured	2.0	2.0	2.0	2.0	2.0
Other borrowings (secured)	630.0	630.0	315.0	315.0	—
	4,025.6	8,355.8	18,290.7	19,901.0	18,237.2
Less: current portion of long term borrowings					
Bank loans	134.8	195.7	630.7	973.1	818.0
Other borrowings	—	315.0	315.0	315.0	—
	3,890.8	7,845.1	17,345.0	18,612.9	17,419.2

Due to the rapid expansion of our wind power business during the Track Record Period, we have relied on both long-term and short-term borrowings to fund a portion of our capital requirements, and expect to continue to do so in the future. Our long-term and short-term borrowings increased from RMB6,656.8 million as of December 31, 2006 to RMB27,537.2 million as of June 30, 2009. As a result, our gearing ratio (which is calculated by dividing (i) the Net Debt by (ii) Net Debt plus total equity (including non-controlling interests)) increased from 60.9% in 2006 to 74.8% in 2008 and further to 77.2% in the six months ended June 30, 2009. During the Track Record Period, our gearing ratio increased primarily due to the increase in borrowings outpaced the increase in equity. The increase in our short term borrowings was primarily due to temporary demands for down payments and prepayments in the purchases of wind turbines. The increase in our long term borrowings was primarily due to the increased funds we used to support our business expansion and capital expenditure.

As of September 30, 2009, which is the latest practicable date for determining our indebtedness, our total long-term and short-term borrowings were RMB31,453.4 million. As of September 30, 2009, RMB7.2 billion of our banking facilities had not been utilized. To finance the expansion of our wind power business, our short-term borrowings increased by approximately RMB1.4 billion in October 2009 according to our management accounts prepared under PRC GAAP.

Short term borrowings

Our short term borrowings totaled RMB2,766.0 million, RMB6,156.0 million, RMB4,686.2 million and RMB8,924.3 million as of December 31, 2006, 2007 and 2008, and June 30, 2009, respectively.

We maintained a high level of short term borrowings as of December 31, 2007 as we used short term loans to meet part of the increased demands for down payments and prepayments in the purchases of wind turbines in 2007, when wind turbines were generally in short supply. The decrease in the proportion of short term borrowings as of December 31, 2008 was attributable to the fact that market supply of wind turbines increased in 2008 and our turbine suppliers relaxed their requirements for down payments and prepayments. The increase of 90.4% in our short-term borrowings from December 31, 2008 to June 30, 2009 was primarily due to our refinancing of a portion of our long term borrowings with short term borrowings bearing lower interest rates.

In March 1993, our subsidiary China Fulin received a RMB40 million loan (the "Special Coal Loan") with a six-year term and a 0.3% monthly interest rate from the special fund of the former State Planning Committee, which was intended to encourage the use of coal as a substitute for domestic consumption of oil and to allow the use of proceeds from the additional oil export for the development of domestic infrastructure. Our Directors are of the opinion that when China Fulin became our wholly owned subsidiary in May 1999, China Fulin's obligations pursuant to the Special Coal Loan were not transferred to us. To maintain the status quo of this historical matter, we have adopted a conservative approach by deferring to China Fulin's decision in respect of this loan. The Special Coal Loan was not repaid and technically remains outstanding, our management has no plans to repay it.

Based on and to the extent of the documents we provided, our PRC legal counsel is of the opinion that the statute of limitations with respect to the Special Coal Loan has expired and, although a penalty interest rate of 20% is applicable pursuant to the loan agreement, the Special Coal Loan is no longer enforceable through legal proceeding against China Fulin pursuant to PRC Civil Procedure Law and related regulations. Out of prudence, we continue to reflect the Special Coal Loan on our balance sheet under the line item "Short-term loans from other financial institutions."

Long term borrowings

Our long term borrowings was RMB3,890.8 million, RMB7,845.1 million, RMB17,345.0 million and RMB18,612.9 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. We increased our long term borrowings to fund our business expansion and capital expenditure.

Other borrowings of RMB630.0 million, RMB630.0 million, RMB315.0 million and RMB315.0 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively, were related to debt securities issued by NTPG in August 2006 pursuant to an asset-back securitization specific asset management plan. The plan was set up to finance NTPG's working capital, and the debt securities under the plan were issued upon CSRC's approval. NTPG pledged its future revenue from sales of electricity as security for the plan. The debt securities issued under the plan have a three-year maturity and bear interest at an effective interest rate of 3.74% per annum. As of June 30, 2009, RMB315.0 million of the principal amount remained outstanding.

Save as disclosed in this prospectus, as of September 30, 2009, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

The table below sets forth the maturity analysis of our long term borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions) (unaudited)
Within 1 year or on demand	134.8	510.7	945.7	1,288.1	818.0
More than 1 year, but within 2 years	593.1	769.8	1,343.6	2,460.9	2,689.5
More than 2 years, but within 5 years	1,671.6	2,598.5	5,196.4	5,078.6	5,264.4
More than 5 years	1,626.1	4,476.8	10,805.0	11,073.4	9,465.3
	4,025.6	8,355.8	18,290.7	19,901.0	18,237.2

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure

Capital expenditure principally comprises expenditures for the construction of new wind power projects and purchase of property, plant and equipment. We historically financed our capital expenditure requirements primarily through bank borrowings and cash provided by operations. We plan to increase our wind power consolidated installed capacity to 6,500MW by 2010. To achieve this goal, we estimated that as of September 30, 2009, our capital expenditure amounted to approximately RMB33.1 billion for our projects under construction, Tier 1 and Tier 2 pipeline projects which we expect to complete construction prior to the end of 2010. See "Business — Our Wind Power Business — Description of Our Wind Farms" for a breakdown of our estimated capital expenditure for these projects. Of this, 70% to 80% will be primarily financed by bank borrowings and the remaining 20% to 30% by various sources of equity investments into the relevant project companies. We expect to finance these capital expenditures principally by the following means:

— ***Debt financings***

- for our wind power projects which have obtained the NDRC's project approval, we have entered into loan agreements with the relevant domestic banks, or have received bank loan commitment letters issued by such banks, to obtain loans;
- for certain wind power projects which are in the process of applying for the NDRC's project approval, we have received bank loan commitment letters issued by various PRC banks whereby the banks have agreed, in principle, to grant bank loans to finance the construction of these projects (although formal loan agreements have not yet been executed); and
- we have entered into three strategic cooperative framework agreements with China Development Bank, Bank of Communication, Beijing Branch and China Construction Bank in October 2009, under which the three banks agreed to provide us credit lines up to an aggregate amount of RMB50 billion to finance our business expansion, subject to, among other requirements for each draw-down, credit approval and the execution of loan agreements and related documentation.

— ***Equity financings***

- proceeds from the Global Offering;
- cash at bank and on hand; and
- accumulated profits.

After taking into account the other sources of fund we expect to raise, our existing cash resources and the positive operating cash flow we expect to generate, our Directors believe that we will have sufficient resources to finance our capital expenditures for the second half of 2009 and 2010.

Our anticipated capital expenditure are subject to change from time to time based on evolution of our business plan, including but not limited to, the progress of our projects under construction and pipeline projects, market conditions, regulatory environment and outlook of our future results of operations.

Capital Commitments and Operating Leasing Commitments

We had total capital commitments in connection with acquisition of property, plant and equipment and intangible assets in the amount of RMB7,146.5 million, RMB9,114.1 million, RMB18,136.0 million and RMB20,477.6 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. We had total operating leasing commitments in respect of buildings classified as being held under non-cancellable operating leases in the amount of RMB7.5 million, RMB8.7 million, RMB10.1 million and RMB15.8 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively.

The following table sets forth our contractual obligations as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Capital commitments				
Contracted for	2,818.2	3,011.0	8,139.2	10,401.3
Authorized but not contracted for	4,328.3	6,103.1	9,996.8	10,076.3
	7,146.5	9,114.1	18,136.0	20,477.6
Operating lease commitments				
Within 1 year	0.8	1.0	1.6	2.1
After 1 year but within 5 years	6.7	7.7	8.5	13.7
	7.5	8.7	10.1	15.8

Contingent Liabilities

Guarantees given to banks

We provide guarantees to banks in respect of bank loans granted to certain of our third parties and related parties. The outstanding guarantees given by us in favor of third parties were RMB115.0 million, RMB290.0 million, RMB125.0 million and RMB35.0 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. The guarantees we gave to banks in favor of third parties as of December 31, 2006, 2007 and 2008 and June 30, 2009 are the financial guarantees given by our subsidiary, JSPG to certain subsidiaries of Sanfangxiang, a minority shareholder of JSPG for their bank loans. By the end of October 2009, we had revoked all of our existing financial guarantees granted to certain subsidiaries of Sanfangxiang. The outstanding guarantees given by us in favor of related parties were RMB4.0 million, RMB4.0 million, RMB168.0 million and RMB346.8 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively.

Contingent liabilities relating to guarantee provided by China Fulin

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 China Fulin was rendered by the relevant PRC court, China Fulin and other 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 China Fulin'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, China Fulin only has a general guarantee obligation, 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 counsel 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 China Fulin based on the same cause of action under PRC Civil Procedure Law and related regulation. As the guarantees were granted by China Fulin before it was transferred to our Group in 1999, none of our current management was involved in the decision to grant such guarantees.

Counter-guarantee

In July 2008, the Company issued a counter-guarantee to the controlling equity owner of one of our associated companies in an aggregate amount of approximately RMB32.6 million in respect of the guarantee provided by the controlling equity owner for the associated company's bank loan.

We did not receive any fees in connection with all the financial guarantees disclosed above. To limit our exposure to liability from borrower default, we will prevent our subsidiaries from granting any financial guarantees to third parties (other than pro rata guarantees in respect of our shareholding in entities in which we have equity interests).

Taxes on CDM revenue

As of the latest practicable date, no rules or regulations have been issued on whether the income from sales of CERs and VERs is subject to any VAT or business tax in the PRC. Based on the discussion with the local tax authority, our Directors are of the view that no such taxes will be applicable to the income from our sales of CERs and VERs. Therefore, we have not made any provision for such contingent tax liabilities.

PROPERTY INTEREST AND PROPERTY VALUATION

Particulars of the Group's property interests are set out in Appendix IV to this prospectus. Jones Lang LaSalle Sallmanns Limited has valued the property interests of the Group as at September 30, 2009. A summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV to this prospectus.

The table below sets forth the reconciliation of aggregate amounts of buildings and structures from the Group's audited combined financial statements as at June 30, 2009 to the unaudited net book value of the Group's property interests as at September 30, 2009:

	RMB in millions
Net book value of buildings and structures of the Group as at June 30, 2009	2,181
Additions	88
Depreciation Disposals	(40)
Reclassification	(223)
Net book value as at September 30, 2009	2,006
Valuation surplus as at September 30, 2009	612
Valuation on land use rights as at September 30, 2009 per "Appendix IV — Property Valuation Report"	1,069
Valuation as at September 30, 2009 per "Appendix IV —Property Valuation Report"	3,687

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to credit, liquidity, interest rate and currency risks in the normal course of our business. We are also exposed to equity price risk arising from our equity investments in other entities. Our exposure to these risks, and the financial risk management policies and practices we use to manage these risks, are described below.

Credit risk

Our credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable and prepayments and other current assets. We deposit substantially all of our cash and cash equivalents in the state owned/controlled PRC banks and a related party whose credit risk our directors assessed to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. We have no significant credit risk with any of these power grid companies as we maintain long-term and stable business relationships with them. The receivables from the provincial power grid companies accounted for 91%, 87%, 83% and 81% of total trade debtor and bills receivable as at December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. For other trade and other receivables, we perform an ongoing individual credit evaluation of our customers' and counterparties' financial condition. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

We provide financial guarantees to third parties and related parties, but except for the financial guarantees we extended as set out in note 33(a) to Appendix I — Accountants' Report, we do not provide any guarantees that would expose us to credit risk. Our maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is also disclosed in note 33(a) to Appendix I — Accountants' Report.

Liquidity risk

Our objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that our outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Our policy is to monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, we negotiate banking facilities and utilize operating cash inflows from our subsidiaries.

We manage the proportion of our current liabilities with respect to the total liabilities to mitigate the liquidity risk. We had net current liabilities of RMB4,595.3 million, RMB6,416.3 million, RMB4,532.4 million and RMB10,189.4 million as at December 31, 2006, 2007, 2008 and September 30, 2009, respectively. We expect to finance our future capital commitments and other financing requirements principally with bank loans (including the credit lines up to an aggregate amount of RMB50 billion granted under the strategic cooperative framework agreements which we entered into with three PRC banks), supplemented by the proceeds from the Global Offering, the proceeds from the issue of the Proposed Domestic Bond (if it proceeds), cash from operating activities and our existing cash resources. As of September 30, 2009, RMB7.2 billion of our banking facilities had not been utilized.

Interest rate risk

Our interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose us to cash flow interest rate risk. At December 31, 2006, 2007, 2008 and June 30, 2009, we estimate that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased our profit after tax and retained profits by approximately RMB23.7 million, RMB51.7 million, RMB106.5 million and RMB120.4 million, respectively.

In order to manage the interest rate risks, our management regularly review and monitor the mix of fixed and variable rate borrowings during different credit cycles. In early 2009, we managed to replace a portion of our long term borrowings with fixed rate short term borrowings bearing a lower interest rate. We also propose to issue fixed rate corporate bonds in the PRC to hedge further the risk resulting from fluctuations in interest rates. In addition, we are able to take advantage of bills and low interest rate foreign currency loans to finance our purchases of wind power equipment and spare parts. During the Track Record Period, however, our management did not consider it necessary to use interest rate swaps to hedge our exposure to interest.

Currency risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros and U.S. dollars. A 5% strengthening/weakening of the Renminbi against the Euros and U.S. dollar as at December 31, 2006, 2007 and 2008 and June 30, 2009 would have increased/decreased the net profit and retained profit by RMB5.6 million, RMB34.9 million, RMB57.0 million and RMB47.0 million, respectively. Except for CERs and VERs sales, which were denominated in foreign currencies, all of our revenue-generating operations are transacted in RMB. In addition, we have certain borrowings that are denominated in Euros and U.S. dollars. Our directors believe that our exposure to foreign currency risk is insignificant. However, RMB is not a freely convertible currency, and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent us from satisfying sufficient foreign currency demands, and we may be unable to pay dividends in foreign currencies to our shareholders.

Equity price risk

We are exposed to equity price changes arising from equity investments classified as trading securities and available-for-sale equity securities. Our listed investments are listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Listed and unlisted investments held in our available-for-sale portfolio are held for long-term purpose. We assess their performance and their relevance to our long-term strategic plans at least annually. Our directors considered our exposure to equity price risk to be insignificant.

OFF BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements as of June 30, 2009.

NO MATERAL CHANGE

Save as disclosed in this prospectus, the Directors confirm that there has been no material change in the indebtedness of the Group since September 30, 2009 (being the latest practicable date for determining our indebtedness and contingent liabilities) and there has been no material change in the contingent liability of the Group since June 30, 2009 (being the date on which the latest audited financial statements of the Company was made up).

DIVIDEND POLICY

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

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

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

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

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

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

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

SPECIAL DISTRIBUTION

According to the Interim Provisions on the Management and Financial Treatment of State Owned Capital in Enterprise Corporate Restructuring (企業公司改制有關國有資本管理財務處理的暫行規定) issued by the Ministry of Finance and effective on August 27, 2002, it is a mandatory requirement for our Group to declare and pay a special distribution to Guodian in an amount equal to our Group's net profit from September 30, 2008, the date on which our state-owned assets were valued, to July 9, 2009, the date of our incorporation (the "Special Distribution"). Pursuant to an ordinary resolution passed by our shareholders on July 17, 2009, our shareholders resolved that Guodian will be entitled to the Special Distribution. We currently estimate such Special Distribution to amount to not more than RMB660 million based on our unaudited net profit generated from September 30, 2008 to July 9, 2009. The actual amount of the Special Distribution will be calculated based on (i) the audited consolidated net profits of the Group for the nine months from October 1, 2008 to June 30, 2009 and (ii) the consolidated net profits of the Group for the year ending December 31, 2009 and prorated according to the actual number of days in the month of July 2009. Such amount will be determined after performing a special audit by a firm of independent accountants which is expected to be completed by April 30, 2010. We expect to pay the Special Distribution to Guodian after the Global Offering from our available cash and cash equivalents on hand prior to the Global Offering when the actual amount of the Special Distribution is determined after the special audit. We will make an announcement of the final amount of the Special Distribution and the outcome of the special audit prior to the payment of the Special Distribution to Guodian.

Our Directors confirm that as of the Latest Practicable Date, we had sufficient distributable reserves to make payment for the Special Distribution.

DISTRIBUTABLE RESERVES

Prior to the establishment of our Company, our Company did not have any available distributable reserves as of June 30, 2009, as the Company had not been established.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Global Offering on our net tangible assets as of June 30, 2009 as if it had taken place on June 30, 2009.

The unaudited pro forma statement of adjusted net tangible assets have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of June 30, 2009 or any future date following the Global Offering. It is prepared based on our consolidated net assets as of June 30, 2009 as derived from our consolidated financial statements set forth in the "Accountants' Report" in Appendix I, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the "Accountants' Report" as set forth in Appendix I to this prospectus.

	Adjusted consolidated net tangible assets attributable to equity holders of the Company as of June 30, 2009(1)	Add: Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share (3)(4)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$
Based on an offer price of HK$6.26 per Share	79.1	11,256.0	11,335.1	1.59	1.80
Based on an offer price of HK$8.16 per Share	79.1	14,735.6	14,814.7	2.07	2.35

Notes:

(1) The adjusted consolidated net tangible assets attributable to equity holders of the Company as of June 30, 2009 have been calculated based on the audited consolidated net assets attributable to the equity owner of the Company of RMB4,303.2 million after deducting the Group's intangible assets of RMB5,683.1 million and adjusting the share of these intangible assets attributable to non-controlling interests of RMB1,459.0 million as of June 30, 2009. Intangible assets of the Group mainly represented concession assets for wind power concession projects, amounting to RMB5,680.5 million as of June 30, 2009.

(2) The estimated net proceeds from the Global Offering are based on indicative Offer Prices of HK$6.26 and HK$8.16 per H Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account any H Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 7,142,860,000 Shares are in issue assuming that the Global Offering has been completed on June 30, 2009 but does not take into account any H Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The Group's property interests as at September 30, 2009 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation Report". The above unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB612.0 million. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending December 31, 2009. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB7.5 million would be charged against the profit for the year ending December 31, 2009.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

Forecast consolidated net profit attributable to equity holders of our Company(1)	not less than RMB886.0 million (approximately HK$1,005.8 million)
Unaudited pro forma forecast earnings per Share(2)	not less than RMB0.12 (approximately HK$0.14)

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share for the year ending December 31, 2009 is based on the above forecast consolidated net profit attributable to our equity holders for the year ending December 31, 2009 assuming that a total of 7,142,860,000 Shares were in issue during the entire year, without taking into account any H Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

DIRECTORS' CONFIRMATION OF NO MATERIAL ADVERSE CHANGE

As of the date of this prospectus, the Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of the Company since June 30, 2009, the date of the latest audited financial statements of the Company.

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2009, and there is no event since June 30, 2009 which would materially affect the information shown in the "Accountants' Report," the text of which is set out in Appendix I to this prospectus.

FUTURE PLANS

We aim to consolidate and strengthen our position as the leading wind power generation company in the PRC and a prominent wind power generation company in the world. To achieve our goal, we plan to implement the following strategies:

- continue to strengthen our leading position in the PRC wind sector;
- continue to develop our pipeline of solar power projects and expand our other renewable energy business prudently;
- diversify financing alternatives and reduce financing costs;
- seek new opportunities in international markets; and
- enhance the operational efficiency of our coal power business.

For detailed description of our future plans and strategies, please see the section of "Business — Our Strategies" in this prospectus.

USE OF PROCEEDS

The net proceeds of the Global Offering (after deducting the relevant expenses) are estimated to be approximately HK$14,753.4 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$7.21 per H Share, being the mid-point of the stated range of the Offer Price of between HK$6.26 and HK$8.16 per H Share. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional H Shares will be approximately HK$2,247.8 million, after deducting the relevant expenses, assuming an Offer Price of HK$7.21 per H Share. We intend to apply the net proceeds from the Global Offering in the following manner:

- approximately 50% (approximately HK$7,376.7 million) will be used for investing in the construction of our wind power projects in the PRC and the number of such projects to be undertaken by us may vary depending on the construction progress;
- approximately 20% (approximately HK$2,950.7 million) will be used to repay bank loans, including, among others, (i) a 15-year term loan in the total amount of RMB1,089.8 million from China Development Bank at an annual interest rate of 10% below the PBOC benchmark interest rate which will be due for repayment on December 11, 2023, and (ii) a six-month short term loan in the total amount of RMB935.2 million from China Development Bank at an annual interest rate of 10% below the PBOC benchmark interest rate, which will be due for repayment on March 10, 2010;
- approximately 10% (approximately HK$1,475.3 million) will be used for the purchase of equipment, key components and spare parts produced by foreign wind power equipment manufacturers;
- approximately 10% (approximately HK$1,475.3 million) will be used for increasing our equity investment in Hero Asia (HK), a wholly-owned subsidiary of the Company. Hero Asia (HK) is expected to use this portion of the proceeds to repay its outstanding bank loans from China Construction Bank, Hong Kong Branch and ABN AMRO Bank N.V. (Hong Kong) in an aggregate principal amount of approximately US$179 million; and
- approximately 10% (approximately HK$1,475.3 million) will be used for working capital and other general corporate uses.

The allocation of the proceeds used for investing in the construction of wind power projects will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK$2,247.8 million (assuming the Offer Price is determined at the mid-point of the stated range) will be applied by the Company for investing in the construction of wind power projects.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

HONG KONG UNDERWRITERS

Joint Lead Managers
Morgan Stanley Asia Limited
UBS AG, Hong Kong Branch

Co-Managers
China Merchants Securities (HK) Co., Limited
Daiwa Securities SMBC Hong Kong Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on, and subject to, the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

(a) there develops, occurs, exists or comes into force:

  (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, Canada, the United Kingdom, any member of the European Union or Japan (each a "Relevant Jurisdiction"); or

  (ii) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, riots, public disorder, economic sanction, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, large scale outbreak of diseases or epidemics, including, but not limited to, Severe Acute Respiratory Syndrome ("SARS") and H1N1 or swine or avian influenza or such related/mutated forms of accident or interruption or delay in transportation) in or affecting any Relevant Jurisdiction; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

(v) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

(vi) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or

(vii) any change or prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(viii) a petition is presented for the winding-up or liquidation of the Company or any of its subsidiaries or the Company or any of its subsidiaries makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any of its subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any of its subsidiaries or anything analogous thereto occurs in respect of the Company or any of its subsidiaries; or

(ix) any litigation or claim being threatened or instigated against the Company or any of its subsidiaries,

and which, in any such case and in the sole opinion of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters):

(A) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company or its subsidiaries taken as a whole; or

(B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable, inexpedient or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(b) there has come to the notice of the Joint Bookrunners or any of the Hong Kong Underwriters:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was (when it was issued), has or is likely to become untrue, inaccurate, incorrect or misleading in any material respect; or

(ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or

(iii) any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement has become, is (or might reasonably be expected to when repeated) untrue, inaccurate, incorrect or misleading in any respect; or

(iv) any event, act or omission which gives or may give rise to any material liability of the Company or any other indemnifying party pursuant to the indemnities given by the Company or them under the Hong Kong Underwriting Agreement; or

(v) any breach of any of the obligations of the Company or any other indemnifying party under the Hong Kong Underwriting Agreement; or

(vi) any material adverse change or prospective material adverse change in the business, properties, results of operations, in the financial or trading position, conditions or prospects of the Company and its subsidiaries as a whole,

then the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole discretion and upon giving notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange

By our Company

We have undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of our Company may be issued by us or form the subject of any agreement or arrangement to an issue by us within six months from the date on which our H Shares first commence dealing on the Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering.

By Our Controlling Shareholder

Our Controlling Shareholder, Guodian, has undertaken to the Stock Exchange, the Joint Bookrunners and us that it will not, and will procure Guodian Northeast not to, without the prior written consent of the Stock Exchange and unless in compliance with the Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Stock Exchange (the "First Six-month Period"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner (except for the transfer of the Domestic Shares to NSSF pursuant to the relevant PRC law); and

(b) during the period of six months commencing on the date on which the First Six-month Period expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company.

Guodian has further undertaken to the Stock Exchange, the Joint Bookrunners and us that, within the period commencing on the date by reference to which disclosure of the shareholding of Guodian and Guodian Northeast is made in this prospectus and ending on the date which is 12 months after the date on which dealings in our H Shares commence on the Stock Exchange, it will and will procure Guodian Northeast:

(a) when it pledges or charges any shares or other securities of our Company in respect of which it is the beneficial owner in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of any such pledges or charges and the number of shares or other securities of our Company so pledged or charged; and

(b) when it receives any indication, either verbal or written, from any such pledgee or chargee of shares or other securities of our Company that such shares or other securities of our Company will be disposed of, immediately inform us of any such indication.

We will also, as soon as we have been informed of the above matters (if any) by Guodian or Guodian Northeast, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

Undertakings to the Hong Kong Underwriters

By our Company

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Bookrunners and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the date on which dealings in the H Shares commence on the Stock Exchange, we will not without the Joint Bookrunners' prior written consent (subject to the requirements set out in the Listing Rules):

(a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally or repurchase, any of our share capital or any securities or any interest therein (including but not limited to any interest convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or securities or an interest therein); or

(b) enter into any swap, derivative, lending, repurchase and mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our share capital or securities; or

(c) enter into any transaction with the same economic effect as any transaction described in (a) and (b) above; or

(d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above, PROVIDED THAT the foregoing restrictions shall not apply to the issue of H Shares by our Company pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the issue of warrants of our Company by the Sole Global Coordinator or Sole Sponsor, and the Company further agrees that, in the event of an issue or disposal of any H Shares or any interest therein after the date falling six months from the date on which dealings in the H Shares commence on the Stock Exchange, it will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the H Shares.

Indemnity

We have agreed to indemnify the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant underwriters (but not the other Hong Kong Underwriters).

Assuming an Offer Price of HK$7.21 per Offer Share (being the mid-point of the indicative offer price range), the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$697 million in total (assuming the Over-allotment Option is not exercised). Such commissions, fees and expenses are payable by our Company.

Hong Kong Underwriters' interest in our Company

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Company.

International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Bookrunners and the International Underwriters on or about December 3, 2009, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally but not jointly, agree to procure subscribers to subscribe for or purchasers to purchase, or failing which to subscribe for or purchase themselves, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

Stabilization and Over-allotment

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Morgan Stanley Asia Limited, as stabilizing manager (the "Stabilizing Manager"), or any person or affiliates acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out any covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of our H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of our H Shares that may be over-allocated will not exceed the number of our H Shares that may be sold under the Over-allotment Option, namely, 321,429,000 H Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price;

(c) subscribing, or agreeing to subscribe, for our H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, our H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling our H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of our H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in our H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of our H Shares for longer than the stabilizing period, which begins on the day on which trading of our H Shares commences on the Stock Exchange and end on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on January 1, 2010. As a result, demand for our H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise might exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of our H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for our H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

PRICING AND ALLOCATION

Offer price range

The Offer Price will be not more than HK$8.16 per Offer Share and is expected to be not less than HK$6.26 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Price payable on application

Applicants for Hong Kong Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$8.16 for each Hong Kong Offer Share (plus 1% brokerage, 0.004% SFC transaction levy, and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$8.16, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications. See "Further Terms and Conditions of the Hong Kong Public Offering — 8. Refund of Application Monies."

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring our H Shares in the International Offering. Prospective investors will be required to specify the number of H Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around December 3, 2009.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and our Company, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around December 3, 2009.

If, for any reason, we and the Joint Bookrunners (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before December 8, 2009, the Global Offering will not proceed and will lapse.

Reduction in indicative offer price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Bookrunners (on behalf of the Underwriters and with our consent) consider it appropriate, the indicative offer price range and/or the number of Offer Shares may be reduced below those stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction in the number of Offer Shares and/or the indicative offer price range. Upon issue of such a notice, the revised number of Offer Shares and/or indicative offer price range will be final and conclusive and the Offer Price, if agreed upon with us, will be fixed within such revised range. Such notice will also include such information as agreed with the Stock Exchange which may change materially as a result of such reduction.

Allocation

The H Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

Allocation of our H Shares pursuant to the International Offering will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell H Shares after the listing of our H Shares on the Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our H Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our shareholders as a whole.

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Announcement of Offer Price and basis of allocations

The Offer Price for H Shares under the Global Offering is expected to be announced on December 9, 2009 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese). The level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on December 9, 2009 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) and any H Shares, converted from Domestic Shares, which are to be held by NSSF in connection with the Global Offering, subject only to allotment and the dispatch of share certificates in respect thereof, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

- the Offer Price having been duly agreed between us and the Joint Bookrunners (on behalf of the Underwriters) and the execution and delivery of the price determination agreement on or around the Price Determination Date;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become and remained unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in such agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Hong Kong Public Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be caused to be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "Further Terms and Conditions of the Hong Kong Public Offering — Refund of Application Monies." In the meantime, the application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Hong Kong Banking Ordinance.

H Share certificates for the Offer Shares are expected to be issued on December 9, 2009 and will only become valid certificates of title at 8:00 a.m. on December 10, 2009, provided that (a) the Global Offering has become unconditional in all respects and (b) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for termination" has not been exercised.

HONG KONG PUBLIC OFFERING

We are initially offering 107,144,000 Hong Kong Offer Shares at the Offer Price, representing approximately 5% of the Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will initially be divided equally into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or less; and

- Pool B: The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of more than HK$5 million and up to the value of Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 53,572,000 Hong Kong Offer Shares will be rejected.

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offering in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, the allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 160,716,000 Offer Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 214,286,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 428,572,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners. Subject to the foregoing paragraph, the Joint Bookrunners may in their discretion reallocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Bookrunners will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL OFFERING

The International Offering will initially consist of 2,035,716,000 H Shares to be offered by us initially: (a) in the United States to Qualified Institutional Buyers (as such term is defined in Rule 144A under the Securities Act), and (b) outside of the United States in reliance on Regulation S under the Securities Act, including to professional and institutional investors in Hong Kong.

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time from the date we sign the International Underwriting Agreement until 30 days after the last day for the lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 321,429,000 additional H Shares, representing in aggregate 15% of the Offer Shares initially available under the Global Offering. These shares will be issued or sold at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on December 10, 2009, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:30 a.m. on December 10, 2009.

Our H Shares will be traded in board lots of 1,000 H Shares each.

1. WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a United States person (as defined in Regulation S), or a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO** service.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made through a duly authorized attorney under a valid power of attorney, we and the Joint Bookrunners (or their respective agents and nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We and the Joint Bookrunners or the designated **White Form eIPO** Service Provider (where applicable), in their capacity as our agent, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of shares in the Company, the directors, supervisors or chief executive of the Company or any of its subsidiaries or their respective associates (as "associate" is defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of the Company or persons who will become connected persons of the Company immediately upon completion of the Global Offering.

You may apply for H Shares under the Hong Kong Public Offering or indicate an interest for H Shares under the International Offering, but may not do both.

2. METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are four ways to make an application for the Hong Kong Offer Shares:

- You may apply for the Hong Kong Offer Shares by using a **WHITE** Application Form. Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name;
- Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** service by submitting applications online through the designated website at **www.eipo.com.hk**. Use **White Form eIPO** service if you want the Hong Kong Offer Shares to be issued in your own name.

- You may apply for the Hong Kong Offer Shares by using a **YELLOW** Application Form. Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account; or
- Instead of using a **YELLOW** Application Form, you may give electronic application instructions to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

3. WHERE TO COLLECT THE PROSPECTUS AND APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus from:

Any of the following addresses of the Hong Kong Underwriters:

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China Merchants Securities (HK) Co., Limited
27/F, Worldwide House
Central
Hong Kong

Daiwa Securities SMBC Hong Kong Limited
Level 26, One Pacific Place
88 Queensway
Hong Kong

or any of the following branches of:

(a) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	North Point (Kiu Fai Mansion) Branch	413-415 King's Road, North Point
	Taikoo Shing Branch	Shop G1006, Hoi Sing Mansion, Taikoo Shing
Kowloon	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok
	Humphrey's Avenue Branch	4-4A Humphrey's Avenue, Tsim Sha Tsui

New Territories	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

(b) Industrial and Commercial Bank of China (Asia) Limited

	Branch Name	**Address**
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan
	Wan Chai Road Branch	G/F, 103-103A Wan Chai Road
	Hennessy Road Branch	Shop 2A, G/F & Basement, Cameron Commercial Centre, 468 Hennessy Road, Causeway Bay
Kowloon	Yaumatei Branch	542 Nathan Road, Yaumatei
	Kwun Tong Branch	G/F, Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong
New Territories	Yuen Long Branch	G/F, 197-199 Castle Peak Road, Yuen Long
	Shatin Branch	Shop 22J, Level 3, Shatin Centre
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No. 34-38 Tai Wing Lane, Tai Po

(c) Bank of Communications Co., Ltd. Hong Kong Branch

	Branch Name	**Address**
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Quarry Bay Sub-Branch	G/F, 981 C, King's Road, Quarry Bay
	Hennessy Road Sub-Branch	G/F, Bank of Communications Bldg., 368 Hennessy Road
	Aberdeen Sub-Branch	Shop 1B, G/F, Suite 5, Aberdeen Centre, 6-12 Nam Ning Street, Aberdeen
Kowloon	Kowloon Sub-Branch	G/F, 563 Nathan Road
	Kwun Tong Sub-Branch	Shop A G/F. Hong Ning Court, 55 Hong Ning Road, Kwun Tong
New Territories	Tseung Kwan O Sub-Branch	Shop 253-255, Metro City Shopping Arcade, Phase I, Tseung Kwan O
	Sha Tsui Road Sub-Branch	122-124 Sha Tsui Road, Tsuen Wan
	Sheung Shui Sub-Branch	Shops 10-14, G/F, Sheung Shui Centre Shopping Arcade

Prospectus and **WHITE** Application Forms are available for collection at the above places during the following times:

Friday, November 27, 2009 — 9:00 a.m. to 5:00 p.m.
Saturday, November 28, 2009 — 9:00 a.m. to 1:00 p.m.
Monday, November 30, 2009 — 9:00 a.m. to 5:00 p.m.
Tuesday, December 1, 2009 — 9:00 a.m. to 5:00 p.m.
Wednesday, December 2, 2009 — 9:00 a.m. to 12:00 noon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on November 27, 2009 until 12:00 noon on December 2, 2009 from the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road, Central, Hong Kong.

Your stockbroker may also have **YELLOW** Application Forms and this prospectus available.

4. HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

(a) Obtain an Application Form as described in the section headed "— 3. Where to Collect the Prospectus and Application Forms."

(b) Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address given on the Application Form.

(c) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out on the Application Form.

(d) Lodge the Application Form in one of the special collection boxes by the time and at one of the locations as described in the section headed "— 7. When may Applications be Made — (a) Applications on **WHITE** or **YELLOW** Application Forms" below.

In order for an application made on a **YELLOW** Application Form to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the application form. Only written signatures will be accepted.

- If you are applying through a designated CCASS participant (other than a CCASS investor participant):
  - the designated CCASS participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.
- If you are applying as an individual CCASS investor participant:
  - the form must contain your NAME and Hong Kong I.D. Card number;
  - your participant I.D. must be inserted in the appropriate box.
- If you are applying as a joint individual CCASS investor participant:
  - the form must contain all joint investor participants' names and the Hong Kong I.D. Card number of all joint investor participants;
  - your participant I.D. must be inserted in the appropriate box.

- If you are applying as a corporate CCASS investor participant:
  - the form must contain your company name and Hong Kong business registration number;
  - your participant I.D. and your company chop (bearing your company name) must be inserted in the appropriate box.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render your application invalid.

5. APPLYING THROUGH WHITE FORM eIPO

(a) General

If you are an individual and meet the criteria set out in "Who can Apply for the Hong Kong Offer Shares", you may apply through **White Form eIPO** service by submitting an application online through the designated website at **www.eipo.com.hk**. If you apply through **White Form eIPO** service, the Hong Kong Offer Shares will be issued in your own name.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be **rejected** by the designated White Form eIPO Service Provider and may not be submitted to our Company.

If you give **electronic application instructions** to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk**, you will have authorized the designated White Form eIPO Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

In addition to the terms and conditions set out in this prospectus, the designated White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

By submitting an application to the designated White Form eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated White Form eIPO Service Provider to transfer the details of your application to our Company and our H Share Registrar.

(b) Minimum Subscription Amount and Permitted Numbers

You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(c) Warning

The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated White Form eIPO Service Provider to public investors. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, Joint Financial Advisors and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 per each "**China Longyuan Power Group Corporation Limited**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** or **YELLOW** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give **electronic application instructions** to HKSCC via CCASS.

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated White Form eIPO Service Provider, the designated White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out in the section headed "Further Terms and Conditions of the Hong Kong Public Offering — Refund of Application Monies" shall be made pursuant to the arrangements described below in the section headed "How to Apply for the Hong Kong Offer Shares — How many applications may be made"

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) General

CCASS Participants may give electronic application instructions to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

HKSCC's Customer Service Counter
2/F., Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our H Share Registrar.

(b) Minimum Subscription Amount and Permitted Numbers

You may give electronic application instructions in respect of a minimum of 1,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms.

(c) Warning

The subscription for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their electronic application instructions. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their electronic application instructions, they should either:

(i) submit a **WHITE** or **YELLOW** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on December 2, 2009, or such later time as described under the section headed "Effects of Bad Weather Conditions on the Opening of the Application Lists" in the section headed "— 7. When may Applications be Made."

7. WHEN MAY APPLICATIONS BE MADE

(a) Applications on WHITE or YELLOW Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with payment attached, should be lodged in one of the special collection boxes at any of the branches of the receiving banks listed under the section headed "— 3. Where to Collect the Prospectus and Application Forms" at the following times:

Friday, November 27, 2009 — 9:00 a.m. to 5:00 p.m.
Saturday, November 28, 2009 — 9:00 a.m. to 1:00 p.m.
Monday, November 30, 2009 — 9:00 a.m. to 5:00 p.m.
Tuesday, December 1, 2009 — 9:00 a.m. to 5:00 p.m.
Wednesday, December 2, 2009 — 9:00 a.m. to 12:00 noon

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Wednesday, December 2, 2009, or, if the application lists are not open on that day, then by the time and date stated in the section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists."

(b) Electronic Application Instructions to White Form eIPO Service Provider via White Form eIPO service

You may submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Friday, November 27, 2009 until 11:30 a.m. on Wednesday, December 2, 2009, or if the application lists are not open on that day, by the time and date stated in the sub-section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists" (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, December 2, 2009, the last application day, or if the application lists are not open on that day, by the time and date stated in the sub-section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists."

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, December 2, 2009, or if the application lists are not open on that day, by the time and date stated in the sub-section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists," the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(c) Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants should input electronic application instructions at the following times on the following dates:

Friday, November 27, 2009 — 9:00 a.m. to 8:30 p.m.(1)
Saturday, November 28, 2009 — 8:00 a.m. to 1:00 p.m.(1)
Monday, November 30, 2009 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, December 1, 2009 — 8:00 a.m. to 8:30 p.m.(1)
Wednesday, December 2, 2009 — 8:00 a.m.(1) to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Friday, November 27, 2009 until 12:00 noon on Wednesday, December 2, 2009 (24 hours daily, except the last application day).

The latest time for inputting electronic application instructions will be 12:00 noon on Wednesday, December 2, 2009, the last application day, or if the application lists are not open on that day, by the time and date stated in the section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists."

(d) Application Lists

The application lists will be open between 11:45 a.m. and 12:00 noon on Wednesday, December 2, 2009, subject only to the weather conditions as provided in the section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists."

Applicants should note that cheques or banker's cashier orders will not be presented for payment before the closing of the application lists but may be presented at any time thereafter.

(e) Effects of Bad Weather Conditions on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, December 2, 2009. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon. For this purpose, "Business Day" means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

8. HOW MANY APPLICATIONS MAY BE MADE

Multiple applications or suspect multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may make an application as a nominee by (i) giving electronic application instructions to HKSCC (if you are a CCASS Participant) or; (ii) using a **WHITE** or **YELLOW** Application Form, and lodging more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you have made an application by giving electronic application instructions to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For further information, please see "Further Terms and Conditions of the Hong Kong Public Offering — 5. Multiple Applications."

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$8.16 per H Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%. This means that for every board lot of 1,000 H Shares you will pay HK$8,242.34. The Application Forms have tables showing the exact amount payable for numbers of H Shares up to 53,572,000 H Shares.

If the Offer Price as finally determined is less than HK$8.16 per H Share, appropriate refund payments (including brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the section headed "— 11. Dispatch/Collection of H Share Certificates and Refunds of Application Monies."

If your application is successful, brokerage is paid to participants of the Stock Exchange (or the Stock Exchange, as the case may be), the Stock Exchange trading fee is paid to the Stock Exchange, and the SFC transaction levy is paid to the SFC.

10. RESULTS OF ALLOCATIONS

Results of allocations in the Hong Kong Public Offering, including the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offer, the basis of allotment of Hong Kong Offer Shares and the number of Hong Kong Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving electronic application instructions to HKSCC via CCASS or to the designated White Form eIPO Service Provider via **White Form eIPO** service will be made available in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Wednesday, December 9, 2009:

The results of allocations and the Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be made available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering can be found in our announcement to be posted on the website of our Company at **www.clypg.com.cn** and on the website of the Stock Exchange at **www.hkex.com.hk** on Wednesday, December 9, 2009;
- Results of allocations will be made available from our Hong Kong Public Offering website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Wednesday, December 9, 2009 to 12:00 midnight on Tuesday, December 15, 2009. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be made available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, December 9, 2009 to Saturday, December 12, 2009;
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Wednesday, December 9, 2009 to Friday, December 11, 2009 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "— 3. Where to Collect the Prospectus and Application Forms."

11. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUNDS OF APPLICATION MONIES

Refund cheques for surplus application monies (if any) under **WHITE** or **YELLOW** Application Forms and H Share certificates for successful applicants under **WHITE** Application Forms or **White Form eIPO** service are expected to be posted and/or available for collection (as the case may be) on or around Wednesday, December 9, 2009.

e-Refund payment instructions for surplus application monies (if any) under **White Form eIPO** service and applicants have paid the application monies from a single bank account will be despatched to the their application payment bank account on or around Wednesday, December 9, 2009.

Refund cheque for surplus application monies (if any) under White Form eIPO service and applicants have paid application monies from multiple bank accounts will be despatched to the address as specified on the their White Form eIPO application by ordinary post at their own risk on or around Wednesday, December 9, 2009.

H Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, December 10, 2009 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for termination" has not been exercised.

For further information on arrangements for the dispatch/collection of H Share certificates and refunds of application monies, please see the section headed "Further Terms and Conditions of the Hong Kong Public Offering — 7. If Your Application for Hong Kong Offer Shares is Successful (in Whole or in Part)" and "— 8. Refund of Application Monies."

1. GENERAL

(a) If you apply for Hong Kong Offer Shares in the Hong Kong Public Offering, you will be agreeing with our Company and the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) as set out below.

(b) If you give electronic application instructions to HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

If you give electronic application instructions through the designated website at **www.eipo.com.hk**, you will have authorised the designated White Form eIPO Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(c) In this section, references to "you," "applicants," "joint applicants" and other like references shall, if the context so permits, include references to making applications electronically by submitting an application to the designated White Form eIPO Service Provider through the designated website for the **White Form eIPO** service and both nominees and principals on whose behalf HKSCC Nominees is applying for Hong Kong Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.

(d) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC prior to making any application for Hong Kong Offer Shares.

2. OFFER TO PURCHASE THE HONG KONG OFFER SHARES

(a) You offer to purchase from us at the Offer Price the number of the Hong Kong Offer Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.

(b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares applied for but not allocated to you and representing the difference (if any) between the Final Offer Price and the maximum Offer Price (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable thereto), is expected to be sent to you at your own risk to the address stated on your Application Form on or before Wednesday, December 9, 2009. Details of the procedure for refunds relating to each of the Hong Kong Public Offering methods are contained below in the sections headed "— 7. If Your Application for the Hong Kong Offer Shares is Successful (in Whole or in Part)," "— 8. Refund of Application Monies" and "— 9. Additional Information for Applicants Applying by Giving Electronic Application Instructions to HKSCC."

(c) Any application may be rejected in whole or in part.

(d) Applicants under the Hong Kong Public Offering should note that in no circumstances (save for those provided under section 40 of the Hong Kong Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, electronic application instructions to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Hong Kong Companies Ordinance.

3. ACCEPTANCE OF YOUR OFFER

(a) The Hong Kong Offer Shares will be allocated after the application lists close. We expect to announce the final number of Hong Kong Offer Shares, the level of applications under the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Wednesday, December 9, 2009.

(b) The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Hong Kong Offer Shares successfully applied for, will be made available on Wednesday, December 9, 2009 in the manner described in the section headed "How To Apply For the Hong Kong Offer Shares — 10. Results of Allocations."

(c) We may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

(d) If we accept your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering."

(e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. EFFECT OF MAKING ANY APPLICATION

(a) By completing and submitting any Application Form you:

- instruct and authorize our Company and/or the Joint Bookrunners (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by our Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;
- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares allocated to you, and as required by our Articles of Association;
- represent, warrant and undertake that you understand that the H Shares have not been and will not be registered under the Securities Act and you are outside the United States when completing the Application Form (as defined in Regulation S under the Securities Act);
- confirm that you have received and/or read a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and will not rely on any other information or representation save as set out in any supplement to this prospectus;
- confirm that you understand entirely that our registered share capital comprises Domestic Shares and H Shares and that holders of H Shares shall have the same right as holders of Domestic Shares save as to certain rights which holders of H Shares are entitled;
- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS or to the designated White Form eIPO Service Provider via **White Form eIPO** service;
- (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;
- (if you are an agent for another person) warrant that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS or to the designated White Form eIPO Service Provider via **White Form eIPO** service and that you are duly authorized to sign the Application Form or to give electronic application instruction as that other person's agent;
- undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Offer Shares in the International Offering, nor otherwise participate in the International Offering;
- warrant the truth and accuracy of the information contained in your application;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the H Shares applied for, or any lesser number allocated to you under the application;
- authorize our Company to place your name(s) or HKSCC Nominees, as the case may be, on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to send any H Share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except if you have applied for 1,000,000 Hong Kong Offer Shares or more and have indicated in your Application Form your wish to collect your refund cheque and H Share certificates (where applicable) in person);
- understand that these declarations and representations will be relied upon by our Company and the Joint Bookrunners and the Joint Lead Managers in deciding whether or not to allocate any Hong Kong Offer Shares in response to your application;
- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;
- agree with our Company and each shareholder of our Company, and our Company agrees with each of our shareholders, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;

- agree with our Company, and each shareholder, director, supervisor, manager and officer of our Company, and our Company acting for itself and for each director, supervisor, manager and officer agrees with each shareholder of our Company to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

- agree with our Company and each shareholder of our Company that the H Shares in our Company are freely transferable by the holder thereof;

- authorize our Company to enter into a contract on your behalf with each of our directors, supervisors and officers whereby each such director, supervisor and officer undertakes to observe and comply with his obligations to shareholders as stipulated in our Articles of Association;

- agree that our Company, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, agents or advisors and any other parties involved in the Global Offering are liable only for and that you have only relied upon, the information and representations contained in this prospectus and any supplement to this prospectus; and

- agree to disclose to our Company, our H Share Registrar, the receiving bankers, the Joint Bookrunners, the Joint Lead Managers and their respective advisors and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application.

(b) If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) agree that:

- any Hong Kong Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;

- each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the first-named applicant) at your own risk and costs; and (3) to cause such allotted Hong Kong Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the H Share certificates for such allotted Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees;

- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form;

- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(c) In addition, by giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the offer price is less than the offer price per H Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Stock Exchange trading fee, by crediting your designated bank account;
- (where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares) (i) HKSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus; (ii) in addition to the confirmations and agreements set out in paragraph (a) above, instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, and the following:

— agree that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted electronic application instructions on your behalf or your CCASS Investor Participant stock account;

— undertake and agree to accept the Hong Kong Offer Shares in respect of which you have given electronic application instructions or any lesser number;

— (if the electronic application instructions are given for your own benefit) declare that only one set of electronic application instructions has been given for your benefit;

— (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the benefit of that other person and that you are duly authorized to give those instructions as that other person's agent;

— understand that the above declaration will be relied upon by our Company, the directors and the Joint Bookrunners in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the electronic application instructions given by you and that you may be prosecuted if you make a false declaration;

— authorize our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of your electronic application instructions and to send H Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

— confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

— confirm that you have only relied on the information and representations in this prospectus in giving your electronic application instructions or instructing your broker or custodian to give electronic application instructions on your behalf;

— agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

— agree that any application made by HKSCC Nominees on behalf of you pursuant to the electronic application instructions given by you is irrevocable before Saturday, December 26, 2009, such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before Wednesday, December 2, 2009, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Saturday, December 26, 2009 if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

— agree that once the application of HKSCC Nominees is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;

— agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to Hong Kong Offer Shares;

— agree with our Company, for itself and for the benefit of each of the shareholders of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the shareholders of our Company, with each CCASS Participant giving electronic application instructions) to observe and comply with the Company Law, the Special Regulations and our Articles of Association; and

— agree with our Company, for itself and for the benefit of each of the shareholders of our Company and each director, supervisor, manager and other officer (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each of the shareholders of our Company and each director, supervisor, manager and other officer, with each CCASS Participant giving electronic application instructions):

(i) to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning its affairs to arbitration in accordance with our Articles of Association; and

(ii) that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive.

(d) Our Company, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.

(e) All the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally.

5. MULTIPLE APPLICATIONS

(a) It will be a term and condition of all applications that by completing and delivering an Application Form or giving electronic application instructions, you:

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service;
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service, and that you are duly authorized to sign the Application Form as that other person's agent.

(b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service;
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service;
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service for more than 53,572,000 H Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the section entitled "Structure of the Global Offering — Hong Kong Public Offering;" or
- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Offering.

(c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and

- the only business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allotted to you or your application is liable to be rejected:

(a) **If your application is revoked:**

By completing and submitting an Application Form or electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before Saturday, December 26, 2009. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Wednesday, December 2, 2009 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may be revoked on or before Saturday, December 26, 2009 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) **If our Company, the Joint Bookrunners (where applicable) or their respective agents exercise their discretion to reject your application:**

We and the Joint Bookrunners (as agent for our Company) or the designated **White Form eIPO** Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

(c) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give electronic application instructions or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) **In the following circumstances:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you apply have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares in the International Offering. By filling in any of the Application Forms or giving electronic instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service, you agree not to apply for Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
- you apply for more than 53,572,000 Hong Kong Offer Shares initially being offered under the Hong Kong Public Offering;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- your Application Form is not completed correctly and in accordance with the instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement does not become unconditional; or
- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement is terminated in accordance with their respective terms.

7. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the H Shares.

No receipt will be issued for sums paid on application.

You will receive one H share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on yellow Application Forms or by electronic application instructions to HKSCC via CCASS, in which case H share certificates will be deposited in CCASS). H Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, December 10, 2009 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for termination" has not been exercised.

(a) **If you apply using a White Application Form:**

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your H Share certificate(s) and/or refund cheque (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect it/them in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, December 9, 2009 or such other date as notified by our Company in the newspapers as the date of despatch/collection of H Share certificates/e-Refund payment instructions/refund cheques.

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) and/or H Share certificate(s) (where applicable) in person, your refund cheque(s) and/or H Share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, December 9, 2009, by ordinary post and at your own risk.

(b) **If you apply using a Yellow Application Form:**

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Wednesday, December 9, 2009, or in the event of a contingency, on any other date as shall be determined by HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **YELLOW** Application Form for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the newspapers on Wednesday, December 9, 2009 in the manner described in "How To Apply for the Hong Kong Offer Shares — 10. Results of Allocations." You should check the announcement to be published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 9, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same procedure, as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Wednesday, December 9, 2009, by ordinary post and at your own risk.

(c) **If you apply through White Form eIPO:**

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your H Share certificate(s) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 9, 2009, or such other date as notified by our company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** on Wednesday, December 9, 2009, by ordinary post and at your own risk.

If you paid the application monies from a single bank account, e-Refund payment instructions (if any) will be despatched to your application payment bank account on or around Wednesday, December 9, 2009. If you used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to you on or around Wednesday, December 9, 2009.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated White Form eIPO Service Provider set out in the section headed "How to Apply for the Hong Kong Offer Shares — 5. Applying Through White Form eIPO — Additional information."

8. REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Hong Kong Offer Shares for any of the reasons set out above in the section headed "— 6. Circumstances in which You will Not be Allotted Hong Kong Offer Shares;"
- the Offer Price as finally determined is less than the Offer Price of HK$8.16 per H Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) initially paid on application;
- the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering;"
- any application is revoked or any allotment pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies prior to the date of refund will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Bookrunners, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful and reserved applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, December 9, 2009 in accordance with the various arrangements as described above. Refund cheques will be crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instructions is given will be treated as an applicant.

(b) Deposit of H Share Certificates into CCASS and Refund of Application Monies

- No temporary document of title will be issued. No receipt will be issued for sums on paid application.
- If your application is wholly or partially successful, your H share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or your CCASS Investor Participant stock account at the close of business on Wednesday, December 9, 2009, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Wednesday, December 9, 2009 in the manner described in "How to Apply for the Hong Kong Offer Shares — 10. Results of Allocations." You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 9, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, December 9, 2009. HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per H Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, December 9, 2009. No interest will be paid thereon.

10. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Ordinance") came into effect in Hong Kong on December 20, 1996. This Personal Information Collection Statement informs the applicant for and holder of our H Shares of the policies and practices of our Company and our H Share Registrar in relation to personal data and the Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and our H Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share Certificate(s), and/or the despatch of e-Refund payment instructions, and/or the despatch of refund cheque(s) to which you are entitled.

It is important that holders of securities inform us and our H Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and e-Refund payment instructions/refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the register of holders of securities of our Company;
- conducting or assisting in the conduct of signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing relevant information to facilitate claims on entitlements; and

- any other incidental or associated purposes relating to the above and/or to enable our Company and our H Share Registrar to discharge our obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) **Transfer of personal data**

Personal data held by our Company and our H Share Registrar relating to the applicants and the holders of securities will be kept confidential but our Company and our H Share Registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our Company or our respective appointed agents such as financial advisors and receiving bankers;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Hong Kong Offer Shares to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to our Company and/or our H Share Registrar in connection with the operation of their business;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.

By signing an Application Form or by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider via **White Form eIPO** service, you agree to all of the above.

(d) **Access to and correction of personal data**

The Ordinance provides the holders of securities with rights to ascertain whether our Company or our H Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the Ordinance, our Company and our H Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and kinds of data held should be addressed to us, at our registered address disclosed in the "Corporate Information" section in this prospectus or as notified from time to time in accordance with applicable law, for the attention of the company secretary, or our H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong. As described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI to this prospectus, a copy of the following accountants' report is available for inspection.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

November 27, 2009

The Directors
China Longyuan Power Group Corporation Limited
Morgan Stanley Asia Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009 (the "Track Record Period"), and the consolidated balance sheets of the Group as at December 31, 2006, 2007 and 2008 and June 30, 2009, together with the notes thereto (the "Financial Information") for inclusion in the prospectus of the Company dated November 27, 2009 (the "Prospectus").

The Company was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on July 9, 2009 as part of the reorganization (the "Reorganization") of China Longyuan Electric Power Group Corporation ("CLEPG"), a state-owned enterprise, as described in Section A below. CLEPG was the holding company of the subsidiaries now comprising the Group prior to the Reorganization. Pursuant to the Reorganization, CLEPG was converted into a joint stock company, namely China Longyuan Power Group Corporation Limited, i.e. the Company, the details of which are set out in Section A below. The registered office of the Company is located at Room 1206, 12th Floor, No. 7 Baishiqiao Street, Haidian District, Beijing, the PRC.

As at the date of this report, no audited financial statements have been prepared for the Company and its overseas investment holding subsidiary, Hero Asia (BVI) Company Limited, for each of the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 as the Company was newly established in 2009 and Hero Asia (BVI) Company Limited is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. We have, however, reviewed all significant transactions undertaken by these two companies during the Track Record Period, or where the companies were established at a date later than January 1, 2006, for the period from the date of incorporation to June 30, 2009, for the purpose of this report.

The statutory financial statements of CLEPG and the PRC subsidiaries now comprising the Group as set out in Section A below for the years ended December 31, 2006, 2007 and 2008 were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises established in the PRC and were audited by RSM China Certified Public Accountants Co., Ltd. (中瑞岳華會計師事務所) (formerly Yuehua Certified Public Accountant Co., Ltd. (岳華會計師事務所)), a certified public accounting firm registered in the PRC. The financial statements of Hero Asia Investment Limited for the years ended

December 31, 2006, 2007 and 2008 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by Fok Chan Leung Wan Certified Public Accountants Co., Ltd., a certified public accounting firm registered in Hong Kong.

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Company based on the audited financial statements, or where appropriate, unaudited management accounts, on the basis set out in Section A below, after making such adjustments as are appropriate. Adjustments have been made, for the purpose of this report, to restate these financial statements to conform with the accounting policies set out in section C, which are in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). IFRSs include International Accounting Standards and interpretations.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with IFRSs promulgated by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our audit procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited any financial statements of the companies now comprising the Group or the Financial Information of the Group in respect of any period subsequent to June 30, 2009.

OPINION

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the Financial Information, on the basis of presentation set out in Section A below and in accordance with the accounting policies set out in Section C below, gives a true and fair view of the Group's consolidated results and cash flows for the Track Record Period, and of the Group's consolidated state of affairs as at December 31, 2006, 2007 and 2008 and June 30, 2009.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended June 30, 2008, together with the notes thereon (the "Corresponding Interim Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the Corresponding Interim Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the Corresponding Interim Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Interim Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A BASIS OF PRESENTATION

The Company was established in the PRC on July 9, 2009 as a joint stock company with limited liability as part of the Reorganization of CLEPG in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE"). The Company and its subsidiaries (the "Group") are mainly engaged in wind and coal power generation and sale and other related business. Prior to the establishment of the Company, CLEPG was the holding company of the subsidiaries now comprising the Group, and was wholly-owned by China Guodian Group Corporation ("Guodian"). In substance, the Company replaced CLEPG as the holding company of CLEPG's subsidiaries. As part of the plan of the Reorganization, in September 2008, CLEPG carved out certain assets and liabilities which do not meet the Group's strategic operation plans to Guodian. The details of the carve-out are:

(i) Transferred certain equity interests in the following associates and other entities which mainly carry out coal power generation and other related business to Guodian at nil consideration:

Name of company	Attributable equity interests
Guodian Electricity Development Joint Stock Co., Ltd. 國電電力發展股份有限公司	7.45%
Guodian Science Technology Environmental Protection Group Co., Ltd. 國電科技環保集團有限公司	6%
Zhejiang Zheneng Leqing Power Generation Co., Ltd. 浙江浙能樂清發電有限責任公司	23%
Guotou Beibuwan Power Generation Co., Ltd. 國投北部灣發電有限公司	18%
Anhui Anqing Wanjiang Power Generation Co., Ltd. 安徽安慶皖江發電有限責任公司	20%
Jiangxi Jingdezhen Power Generation Co., Ltd. 江西景德鎮發電有限責任公司	20%

(ii) Guodian assumed the liabilities of supplementary pension subsidies for employees retired prior to September 30, 2008; and

(iii) Transferred certain receivables to Guodian at nil consideration.

The carrying amounts of equity interests and receivables transferred to Guodian without consideration amounted to RMB839,907,000 and RMB nil, respectively. The gross amount of receivables transferred was RMB52,720,000, which were fully impaired in previous years. The liabilities assumed by Guodian amounted to RMB29,817,000. The assets transferred to and liabilities assumed by Guodian were recorded as equity transactions in the consolidated statements of changes in equity.

The assets and liabilities of CLEPG and its subsidiaries have been injected into the Company in exchange of issuing approximately 4,900 million ordinary shares with a par value of RMB1.00 each to Guodian.

As there was no change in controlling shareholders before and after the Reorganization, the Financial Information has been prepared as a reorganization of business under common control. Accordingly, the relevant assets and liabilities of the companies comprising the Group have been recognized at historical cost except for assets/liabilities which are stated at their fair value in accordance with the accounting policies as described in Section C(1). Hereinafter, the term "Company" also refers to CLEPG for the period prior to the Reorganization, unless otherwise indicated or as the context may otherwise require.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group as set out in section B(1), B(3) and B(4), respectively include the results of operations of CLEPG and the subsidiaries comprising the Group for the Track Record Period (or where the companies were incorporated/established at a date later than January 1, 2006, for the period from the date of incorporation/establishment to June 30, 2009), as if the group structure has been in existence throughout the Track Record Period. The consolidated balance sheets as at December 31, 2006, 2007, and 2008 and June 30, 2009 as set out in Section B(2) have been prepared to present the state of affairs of the companies comprising the Group as at the respective dates.

All material intra-group transactions and balances have been eliminated on consolidation.

As at June 30, 2009, the Company has direct or indirect interest in the following entities, all of which the Company has the power to govern, particulars of which are set out below:

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
1	Dandong Haiyanghong Wind Power Generation Co., Ltd. 丹東海洋紅風力發電有限責任公司	the PRC November 23, 1999	RMB33,510,000	67.14%	—	Wind power generation
2	Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. 福建省東山澳仔山風電開發有限公司	the PRC October 30, 1997	RMB256,000,000	66.15%	25%	Wind power generation
3	Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd. 福建省平潭長江澳風電開發有限公司 (note ii)	the PRC October 22, 1997	RMB14,260,000	60%	—	Wind power generation

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
4	Gansu Jieyuan Wind Power Generation Co., Ltd. 甘肅潔源風電有限責任公司 (note ii)	the PRC July 18, 1997	RMB276,000,000	61%	—	Wind power generation
5	Xinjiang Tianfeng Power Generation Joint Stock Company 新疆天風發電股份有限公司	the PRC May 26, 1997	RMB427,317,300	59.47%	—	Wind power generation
6	Zhejiang Wind Power Generation and Development Co., Ltd. 浙江風力發電發展有限責任公司	the PRC February 14, 1995	RMB92,000,000	100%	—	Wind power generation
7	Fujian Wind Power Generation Co., Ltd. 福建風力發電有限公司 (note ii)	the PRC December 13, 2002	RMB40,000,000	90%	—	Wind power generation
8	Yichun Xing'anling Wind Power Generation Co., Ltd. 伊春興安嶺風力發電有限公司 (note ii)	the PRC December 21, 2004	RMB199,380,000	30%	25%	Wind power generation
9	Jilin Longyuan Wind Power Generation Co., Ltd. 吉林龍源風力發電有限公司 (note ii)	the PRC October 17, 2005	RMB438,200,000	56.58%	9.65%	Wind power generation
10	Jiangsu Longyuan Wind Power Generation Co., Ltd. 江蘇龍源風力發電有限公司	the PRC September 9, 2005	RMB333,320,000	50%	25%	Wind power generation
11	Longyuan Pingtan Wind Power Generation Co., Ltd. 龍源平潭風力發電有限公司 (note ii)	the PRC May 25, 2005	RMB170,000,000	85%	5%	Wind power generation
12	Chifeng Xinsheng Wind Power Generation Co., Ltd. 赤峰新勝風力發電有限公司 (note ii)	the PRC April 29, 2006	RMB273,426,200	34%	—	Wind power generation
13	Shenyang Longyuan Wind Power Generation Co., Ltd. 瀋陽龍源風力發電有限公司	the PRC September 22, 2006	RMB432,270,000	73.60%	25%	Wind power generation
14	Tieling Longyuan Wind Power Generation Co., Ltd. 鐵嶺龍源風力發電有限公司	the PRC October 31, 2006	RMB281,690,000	75%	25%	Wind power generation
15	Huanan Longyuan Wind Power Generation Co., Ltd. 樺南龍源風力發電有限公司 (note ii)	the PRC January 23, 2007	RMB263,153,500	15%	25%	Wind power generation

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
16	Yichun Longyuan Wind Power Generation Co., Ltd. 伊春龍源風力發電有限公司 (note ii)	the PRC January 26, 2007	RMB135,250,000	5%	35%	Wind power generation
17	Longyuan (Bayannur) Wind Power Generation Co., Ltd. 龍源(巴彥淖爾)風力發電有限責任公司	the PRC July 14, 2006	RMB910,800,000	75%	25%	Wind power generation
18	Longyuan Qidong Wind Power Generation Co., Ltd. 龍源啟東風力發電有限公司	the PRC August 10, 2007	RMB245,760,000	30%	70%	Wind power generation
19	Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. 河北圍場龍源建投風力發電有限公司 (note ii)	the PRC August 25, 2006	RMB187,850,000	50%	—	Wind power generation
20	Longyuan (Baotou) Wind Power Generation Co., Ltd. 龍源(包頭)風力發電有限責任公司	the PRC June 27, 2007	RMB394,940,000	75%	25%	Wind power generation
21	Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. 龍源(張家口)風力發電有限公司	the PRC May 18, 2007	RMB505,850,000	75%	25%	Wind power generation
22	Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. 瀋陽龍源雄亞風力發電有限公司	the PRC September 4, 2007	RMB148,310,000	75%	25%	Wind power generation
23	Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd. 浙江溫嶺東海塘風力發電有限公司	the PRC September 21, 2007	RMB140,020,000	36.29%	40%	Wind power generation
24	Longyuan (Siziwang) Wind Power Generation Co., Ltd. 龍源(四子王)風力發電有限責任公司	the PRC May 18, 2007	RMB149,000,000	75%	25%	Wind power generation
25	Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd. 伊春龍源雄亞風力發電有限公司	the PRC December 26, 2007	RMB320,140,000	26%	25%	Wind power generation
26	Fuyuan Longyuan Wind Power Generation Co., Ltd. 撫遠龍源風力發電有限公司	the PRC January 4, 2008	RMB87,828,000	75%	25%	Wind power generation

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
27	Hailin Longyuan Wind Power Generation Co., Ltd. 海林龍源風力發電有限公司	the PRC February 28, 2008	RMB81,432,000	26%	25%	Wind power generation
28	Longyuan (Tongyu) Wind Power Generation Co., Ltd. 龍源(通榆)風力發電有限公司	the PRC July 25, 2008	RMB143,470,000	75%	25%	Wind power generation
29	Chifeng Longyuan Wind Power Generation Co., Ltd. 赤峰龍源風力發電有限公司	the PRC December 26, 2007	RMB468,570,000	72.01%	25%	Wind power generation
30	Longyuan (Xing'anmeng) Wind Power Co., Ltd. 龍源(興安盟)風力發電有限公司	the PRC December 13, 2007	RMB135,030,000	75%	25%	Wind power generation
31	Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd. 龍源雄亞(福清)風力發電有限公司	the PRC April 15, 2008	RMB86,650,000	50%	50%	Wind power generation
32	Hainan Longyuan Wind Power Generation Co., Ltd. 海南龍源風力發電有限公司	the PRC December 17, 2007	RMB142,058,800	75%	25%	Wind power generation
33	Longyuan (Changling) Wind Power Generation Co., Ltd. 龍源(長嶺)風力發電有限公司	the PRC December 11, 2008	RMB155,120,000	75%	25%	Wind power generation
34	Longyuan Shenyang Wind Power Generation Co., Ltd. 龍源瀋陽風力發電有限公司	the PRC December 26, 2008	RMB2,000,000	100%	—	Wind power generation
35	Gansu Xin'an Wind Power Generation Co., Ltd. 甘肅新安風力發電有限公司 (note iii)	the PRC June 13, 2007	RMB75,000,000	35%	—	Wind power generation
36	Longyuan (Tongliao) Wind Power Generation Co., Ltd. 龍源(通遼)風力發電有限公司	the PRC March 11, 2009	RMB40,040,000	100%	—	Wind power generation
37	Longyuan (Naiman) Wind Power Generation Co., Ltd. 龍源(奈曼)風力發電有限公司	the PRC March 12, 2009	RMB41,410,000	100%	—	Wind power generation
38	Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd. 龍源建投(承德)風力發電有限公司 (note ii)	the PRC March 27, 2009	RMB145,670,000	30%	25%	Wind power generation

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
39	Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd. 龍源建投(承德圍場)風力發電有限公司 (note ii)	the PRC March 27, 2009	RMB138,320,000	30%	25%	Wind power generation
40	Yunnan Longyuan Wind Power Generation Co., Ltd. 雲南龍源風力發電有限公司	the PRC May 26, 2009	RMB49,360,000	100%	—	Wind power generation
41	Longyuan (Zhangbei) Wind Power Generation Co., Ltd. 龍源(張北)風力發電有限公司	the PRC March 24, 2009	RMB2,000,000	100%	—	Wind power generation
42	Gansu Longyuan Wind Power Generation Co., Ltd. 甘肅龍源風力發電有限公司	the PRC May 31, 2009	RMB624,530,000	75%	25%	Wind power generation
43	Longyuan Kangping Wind Power Generation Co., Ltd. 龍源康平風力發電有限公司	the PRC March 23, 2009	RMB18,490,000	100%	—	Wind power generation
44	Shuangyashan Longyuan Wind Power Generation Co., Ltd. 雙鴨山龍源風力發電有限公司	the PRC May 21, 2009	RMB163,570,000	75%	25%	Wind power generation
45	Yilan Longyuan Huineng Wind Power Generation Co., Ltd. 依蘭龍源匯能風力發電有限公司	the PRC May 19, 2009	RMB157,830,000	57%	—	Wind power generation
46	Yanbian Longyuan Wind Power Generation Co., Ltd. 延邊龍源風力發電有限公司	the PRC March 23, 2009	RMB10,000,000	100%	—	Wind power generation
47	Hegang Longyuan Wind Power Generation Co., Ltd. 鶴崗龍源風力發電有限公司	the PRC June 3, 2009	RMB165,550,000	70%	25%	Wind power generation
48	Longyuan (Rudong) Wind Power Generation Co., Ltd. 龍源(如東)風力發電有限公司	the PRC June 6, 2009	RMB278,850,000	50%	50%	Wind power generation
49	Jiangyin Sulong Power Generation Co., Ltd. 江陰蘇龍發電有限公司 (note ii)	the PRC December 28, 1993	USD144,320,000	2%	25%	Coal power generation
50	Nantong Tianshenggang Power Generation Co., Ltd. 南通天生港發電有限公司 (note ii)	the PRC September 28, 1994	USD51,180,000	0.65%	31.29%	Coal power generation
51	Donghai Longyuan Biomass Power Generation Co., Ltd. 東海龍源生物質發電有限公司	the PRC November 23, 2006	RMB49,000,000	95%	—	Biomass power generation

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
52	Longyuan Tibet New Energy Co., Ltd. 龍源西藏新能源有限公司	the PRC June 9, 2009	RMB5,990,000	100%	—	Geothermal power generation
53	Longyuan Ge'ermu New Energy Development Co., Ltd. 龍源格爾木新能源開發有限公司	the PRC June 23, 2009	RMB10,000,000	100%	—	Solar power generation
54	China Fulin Wind Power Engineering Co., Ltd, 中國福霖風能工程有限公司	the PRC November 14, 1992	RMB6,000,000	100%	—	Provision of wind power consulting services
55	Xinjiang Wind Power Engineering Consultant Co., Ltd. 新疆風電工程設計諮詢有限責任公司	the PRC March 30, 1998	RMB2,000,000	100%	—	Provision of wind power consulting services
56	Hero Asia Investment Limited 雄亞投資有限公司 (note iv)	Hong Kong SAR April 1, 1993	HKD10,000	100%	—	Investment holding
57	Zhongneng Power-Tech Development Company Limited 中能電力科技開發有限公司	the PRC July 28, 1993	RMB60,000,000	80%	—	Manufacturing and sales of power equipment
58	Beijing Zhongneng Lianchuang Wind Power Technology Co., Ltd. 北京中能聯創風電技術有限公司	the PRC June 6, 2007	RMB10,000,000	50%	50%	Provision of maintenance services to wind power plants
59	Suzhou Longyuan Bailu Wind Power Technique Vocational Training Center Co., Ltd. 蘇州龍源白鷺風電職業技術培訓中心有限公司	the PRC August 4, 2006	RMB10,000,000	60%	—	Provision of training services to wind power plants
60	Longyuan (Beijing) Carbon Assets Management and Technology Co., Ltd. 龍源(北京)碳資產管理技術有限公司	the PRC August 27, 2008	RMB10,000,000	80%	20%	Provision of wind power consulting services
61	Zhejiang Cangnan Wind Power Generation Co., Ltd. 浙江蒼南風力發電有限公司	the PRC October 18, 2001	RMB44,224,000	—	90%	Wind power generation
62	Zhejiang Linhai Wind Power Generation Co., Ltd. 浙江臨海風力發電有限公司	the PRC May 15, 2001	RMB30,000,000	—	90%	Wind power generation
63	Zhejiang Zhoushan Cengang Wind Power Generation Co., Ltd. 浙江舟山岑港風力發電有限公司	the PRC July 1, 2007	RMB25,000,000	—	70%	Wind power generation

	Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
64	Fujian Putian Nanri Wind Power Generation Co., Ltd. 福建省莆田南日風電有限公司 (note ii)	the PRC September 17, 2003	RMB61,400,000	—	43.40%	Wind power generation
65	Nantong Tiansheng Port Co., Ltd. 南通天生港務有限公司	the PRC February 26, 2004	RMB30,980,000	—	51%	Provision of harbor related services
66	Donghai Longyuan Biomass Bunker Co., Ltd. 東海龍源生物質能燃料供應有限公司	the PRC February 14, 2007	RMB4,000,000	—	60%	Provision of straw to biomass power plants
67	Hero Asia (BVI) Company Limited 雄亞(維爾京)有限公司	British Virgin Islands ("BVI") March 7, 1994	USD1,000	—	100%	Investment holding
68	Jiangsu Sulong Energy Co., Ltd 江蘇蘇龍能源有限公司	the PRC March 13, 2009	RMB20,000,000	—	100%	Coal supply
69	Jiangsu New Longyuan Investment Co., Ltd. 江蘇新龍源投資有限公司 (Section C, note 35(ii))	the PRC June 2, 2008	RMB100,000,000	—	100%	Investment holding

Notes:

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) The Company directly or indirectly either owns less than half of equity interests in these companies or owns more than half of equity interests but the voting power attached to the equity interests does not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. The Company is the biggest equity owner of these companies and no other equity owners individually or in the aggregate had the power to control these companies according to the articles of association. During the Track Record Period, the Company or the Company's subsidiaries had signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in unison with the Company existed since the establishment of these entities. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws. (See section headed "History, Reorganization and Corporate Structure" in the Prospectus). In addition to the concert party agreements arrangement, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees etc. Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the Track Record Period. Therefore the financial statements of these companies are consolidated by the Company during the Track Record Period (or where the companies were established at a date later than January 1, 2006, for the period from the date of establishment to June 30, 2009).

(iii) Since the concert party agreement signed between the Company and other equity owners of Gansu Xin'an Wind Power Generation Co., Ltd. (甘肅新安風力發電有限公司) was effective on January 1, 2009, the financial statements of the entity are consolidated by the Company from January 1, 2009.

(iv) The shares of Hero Asia Investment Limited are held by certain individuals on behalf of the Company according to the Trust Agreement signed by these individuals and the Company.

B FINANCIAL INFORMATION

1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section C Note	Years ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	2	5,445,371	6,963,086	8,554,654	3,753,937	3,912,314
Other net income	3	96,623	168,916	390,168	178,308	270,400
Operating expenses						
Coal consumption		(2,202,171)	(2,346,789)	(3,127,886)	(1,531,968)	(979,712)
Service concession construction costs		(975,481)	(2,073,808)	(2,200,360)	(774,235)	(364,511)
Depreciation and amortization		(609,018)	(778,297)	(1,082,895)	(508,899)	(739,297)
Personnel costs		(344,456)	(383,889)	(384,024)	(183,497)	(209,242)
Material costs		(115,509)	(110,344)	(294,585)	(50,497)	(290,054)
Repairs and maintenance		(96,692)	(104,672)	(87,369)	(26,010)	(28,810)
Administration expenses		(72,861)	(100,511)	(107,176)	(50,620)	(56,523)
Other operating expenses		(159,505)	(115,246)	(239,775)	(79,045)	(68,032)
		(4,575,693)	(6,013,556)	(7,524,070)	(3,204,771)	(2,736,181)
Operating profit		966,301	1,118,446	1,420,752	727,474	1,446,533
Finance income		68,297	93,738	145,600	105,454	19,202
Finance expenses		(345,389)	(457,449)	(1,003,059)	(407,672)	(545,390)
Net finance expenses	4	(277,092)	(363,711)	(857,459)	(302,218)	(526,188)
Share of profits less losses of associates and jointly controlled entities		16,871	18,072	52,698	17,825	29,078
Profit before taxation	5	706,080	772,807	615,991	443,081	949,423
Income tax	6	(59,465)	(60,394)	(2,082)	(11,046)	(150,718)
Profit for the year/period		646,615	712,413	613,909	432,035	798,705

The accompanying notes form part of the Financial Information.

1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

	Section C Note	Years ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other comprehensive income/ (losses):						
Available-for-sale financial assets: net movement in the fair value reserve		8,426	18,221	(18,790)	(18,068)	4,648
Exchange difference on translation of financial statements of overseas subsidiaries		374	1,346	1,175	(1,204)	(2,056)
Other comprehensive income/ (losses) for the year/period, net of tax	9	8,800	19,567	(17,615)	(19,272)	2,592
Total comprehensive income for the year/period		655,415	731,980	596,294	412,763	801,297
Profit attributable to:						
Equity owner of the Company		149,704	215,035	337,448	237,316	425,317
Non-controlling interests		496,911	497,378	276,461	194,719	373,388
Profit for the year/period		646,615	712,413	613,909	432,035	798,705
Total comprehensive income attributable to:						
Equity owner of the Company		158,504	234,602	319,833	218,044	427,909
Non-controlling interests		496,911	497,378	276,461	194,719	373,388
Total comprehensive income for the year/period		655,415	731,980	596,294	412,763	801,297
Basic and diluted earnings per share (RMB cents)	10	2.99	4.30	6.75	4.75	8.51

The accompanying notes form part of the Financial Information.

2 CONSOLIDATED BALANCE SHEETS

	Section C Note	At December 31, 2006	At December 31, 2007	At December 31, 2008	At June 30, 2009
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	12	9,863,241	14,937,276	24,290,215	31,065,800
Investment properties	13	293,138	265,584	171,906	151,471
Lease prepayments	14	362,147	461,129	556,720	639,270
Intangible assets	15	974,404	2,997,002	5,083,453	5,683,061
Investments in associates and jointly controlled entities	16	309,583	585,749	526,560	599,760
Other financial assets	17	889,856	897,156	349,770	481,968
Deferred tax assets	27(b)	80,225	91,675	190,326	167,094
Total non-current assets		12,772,594	20,235,571	31,168,950	38,788,424
Current assets					
Trading securities		55	232	54	146
Inventories	18	131,561	205,116	279,250	389,019
Trade debtors and bills receivable	19	563,276	865,895	1,240,868	1,770,509
Prepayments and other current assets	20	489,526	974,046	1,804,795	1,246,820
Tax recoverable	27(a)	11,438	6,864	462	1,200
Restricted deposits	21	483,334	228,603	500,043	470,484
Cash at bank and on hand	22	102,406	808,769	1,054,985	1,250,534
Total current assets		1,781,596	3,089,525	4,880,457	5,128,712
Current liabilities					
Borrowings	23	2,765,960	6,156,000	4,686,238	8,924,302
Obligations under finance leases	24	104,717	—	—	—
Trade creditors and bills payable	25	2,311,252	1,779,353	2,728,694	2,733,289
Other payables	26	1,183,358	1,541,913	1,917,969	3,570,190
Tax payable	27(a)	11,600	28,548	80,015	90,333
Total current liabilities		6,376,887	9,505,814	9,412,916	15,318,114
Net current liabilities		(4,595,291)	(6,416,289)	(4,532,459)	(10,189,402)
Total assets less current liabilities		8,177,303	13,819,282	26,636,491	28,599,022

The accompanying notes form part of the Financial Information.

2 CONSOLIDATED BALANCE SHEETS (CONTINUED)

	Section C Note	At December 31,			At June 30,
		2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Borrowings	23	3,890,757	7,845,058	17,345,042	18,612,923
Obligations under finance lease	24	—	—	50,000	50,000
Provision for supplementary pension subsidies and early retirement benefits	28	33,990	32,900	—	—
Deferred income	29	37,978	386,518	2,145,284	2,158,939
Deferred tax liabilities	27(b)	13,835	26,841	23,300	29,404
Total non-current liabilities		3,976,560	8,291,317	19,563,626	20,851,266
NET ASSETS		4,200,743	5,527,965	7,072,865	7,747,756
CAPITAL AND RESERVES	30				
Paid-in capital		992,909	1,662,909	3,162,909	3,162,909
Reserves		971,322	1,202,462	712,420	1,140,329
Total equity attributable to the equity owner of the Company		1,964,231	2,865,371	3,875,329	4,303,238
Non-controlling interests		2,236,512	2,662,594	3,197,536	3,444,518
TOTAL EQUITY		4,200,743	5,527,965	7,072,865	7,747,756

The accompanying notes form part of the Financial Information.

3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity owner of the Company								
	Paid-in capital	Capital reserve	Reserve fund	Exchange reserve	Fair value reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2006	950,909	442,674	22,444	281	—	337,384	1,753,692	1,859,197	3,612,889
Changes in equity:									
Acquisition of non-controlling interests	—	1,291	—	—	—	—	1,291	(60,471)	(59,180)
Acquisition of a subsidiary (note 35(a))	—	8,744	—	—	—	—	8,744	91,177	99,921
Capital contributions	42,000	—	—	—	—	—	42,000	275,206	317,206
Dividends by subsidiaries to non-controlling equity owners	—	—	—	—	—	—	—	(425,508)	(425,508)
Total comprehensive income for the year	—	—	—	374	8,426	149,704	158,504	496,911	655,415
At December 31, 2006	992,909	452,709	22,444	655	8,426	487,088	1,964,231	2,236,512	4,200,743
At January 1, 2007	992,909	452,709	22,444	655	8,426	487,088	1,964,231	2,236,512	4,200,743
Changes in equity:									
Acquisition of non-controlling interests	—	(3,462)	—	—	—	—	(3,462)	(35,738)	(39,200)
Capital contributions	670,000	—	—	—	—	—	670,000	323,590	993,590
Dividends by subsidiaries to non-controlling equity owners	—	—	—	—	—	—	—	(359,148)	(359,148)
Total comprehensive income for the year	—	—	—	1,346	18,221	215,035	234,602	497,378	731,980
At December 31, 2007	1,662,909	449,247	22,444	2,001	26,647	702,123	2,865,371	2,662,594	5,527,965
At January 1, 2008	1,662,909	449,247	22,444	2,001	26,647	702,123	2,865,371	2,662,594	5,527,965
Changes in equity:									
Acquisition of non-controlling interests	—	2,102	—	—	—	—	2,102	(35,534)	(33,432)
Disposal of equity interests to non-controlling equity owners	—	(1,887)	—	—	—	—	(1,887)	21,487	19,600
Capital contributions	1,500,000	—	—	—	—	—	1,500,000	451,099	1,951,099
Distribution pursuant to the Reorganization (note i)	—	(810,090)	—	—	—	—	(810,090)	—	(810,090)
Dividends by subsidiaries to non-controlling equity owners	—	—	—	—	—	—	—	(178,571)	(178,571)
Total comprehensive income for the year	—	—	—	1,175	(18,790)	337,448	319,833	276,461	596,294
At December 31, 2008	3,162,909	(360,628)	22,444	3,176	7,857	1,039,571	3,875,329	3,197,536	7,072,865

The accompanying notes form part of the Financial Information.

3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to the equity owner of the Company								
	Paid-in capital	**Capital reserve**	**Reserve fund**	**Exchange reserve**	**Fair value reserve**	**Retained earnings**	**Subtotal**	**Non-controlling interests**	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At January 1, 2009	3,162,909	(360,628)	22,444	3,176	7,857	1,039,571	3,875,329	3,197,536	7,072,865
Changes in equity:									
Capital contributions	—	—	—	—	—	—	—	131,005	131,005
Dividends by subsidiaries to non-controlling equity owners	—	—	—	—	—	—	—	(304,424)	(304,424)
Change in consolidation scope (Section A note (iii))	—	—	—	—	—	—	—	47,013	47,013
Total comprehensive income for the period.	—	—	—	(2,056)	4,648	425,317	427,909	373,388	801,297
At June 30, 2009	3,162,909	(360,628)	22,444	1,120	12,505	1,464,888	4,303,238	3,444,518	7,747,756
At January 1, 2008	1,662,909	449,247	22,444	2,001	26,647	702,123	2,865,371	2,662,594	5,527,965
Changes in equity:									
Disposal of equity interests to non-controlling equity owners (unaudited).	—	(1,887)	—	—	—	—	(1,887)	21,487	19,600
Capital contributions (unaudited)	1,500,000	—	—	—	—	—	1,500,000	213,836	1,713,836
Distribution pursuant to the Reorganization (unaudited) (note i)	—	(417,794)	—	—	—	—	(417,794)	—	(417,794)
Dividends by subsidiaries to non-controlling equity owners (unaudited)	—	—	—	—	—	—	—	(150,653)	(150,653)
Total comprehensive income for the period (unaudited)	—	—	—	(1,204)	(18,068)	237,316	218,044	194,719	412,763
At June 30, 2008 (unaudited)	3,162,909	29,566	22,444	797	8,579	939,439	4,163,734	2,941,983	7,105,717

Note:

(i) As described in Section A, pursuant to the Reorganization, the Company transferred certain assets and liabilities which do not meet the Group's strategic operation plans to Guodian in 2008 at nil consideration, which was presented as a distribution to Guodian.

The accompanying notes form part of the Financial Information.

4 CONSOLIDATED CASH FLOW STATEMENTS

	Section C Note	Years ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Profit before taxation		706,080	772,807	615,991	443,081	949,423
Adjustments for:						
Depreciation		596,401	714,930	953,218	453,905	643,116
Amortization		12,617	63,367	129,677	54,994	96,181
Impairment loss on property, plant and equipment		31,802	—	103,813	—	—
Impairment loss on investments in associates and jointly controlled entities		448	—	25	—	—
Impairment loss on other financial assets		401	2,230	—	—	—
Loss/(gain) on disposal of property, plant and equipment and investment properties		4,717	133	(21,367)	(8,797)	(282)
Interest expenses on financial liabilities		311,498	445,526	932,239	394,703	532,744
Foreign exchange differences, net		2,721	(11,017)	(52,571)	(46,670)	(405)
Interest income on financial assets		(22,363)	(24,936)	(37,075)	(13,888)	(18,327)
Dividend income		(41,145)	(53,651)	(46,750)	(44,128)	(50)
Share of profits less losses of associates and jointly controlled entities		(16,871)	(18,072)	(52,698)	(17,825)	(29,078)
Changes in working capital:						
Increase in inventories		(32,807)	(47,486)	(68,858)	(103,940)	(79,079)
Decrease/(increase) in trading securities		—	(177)	178	143	(92)
Decrease/(increase) in trade debtors and bills receivable		32,427	(301,799)	(374,973)	(111,554)	(517,085)
Decrease/(increase) in prepayments and other current assets		52,639	132,067	(108,941)	(1,067,909)	(194,097)
Increase/(decrease) in trade and other payables		305,215	(1,027,240)	945,207	350,992	(72,997)
Decrease in deferred income		(1,454)	(10,730)	(32,555)	(7,724)	(34,161)
Cash generated from operations		1,942,326	635,952	2,884,560	275,383	1,275,811
Income tax paid		(60,087)	(44,698)	(44,784)	(32,433)	(113,352)
Net cash from operating activities		1,882,239	591,254	2,839,776	242,950	1,162,459

The accompanying notes form part of the Financial Information.

4 CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)

	Section C Note	Years ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from investing activities						
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		(3,239,395)	(7,161,549)	(11,603,412)	(4,346,327)	(6,132,183)
Payments for acquisition of financial assets and investments in associates and jointly controlled entities		(429,112)	(708,214)	(725,525)	(244,201)	(251,273)
Acquisition of subsidiary/obtaining control of subsidiary, net of cash acquired		467	—	—	—	8,247
Government grant received		23,095	353,504	654,865	13,268	676,557
Proceeds from disposal of property, plant and equipment and investment properties		2,612	21,696	25,175	7,250	45,671
Proceeds from repayments of loans and advances, and disposal of investments in associates and jointly controlled entities		96,603	68,000	472,633	280,562	279,236
Proceeds from disposal of subsidiaries		—	1,804	—	—	—
Dividends received		31,677	33,935	95,864	78,998	12,680
Interest received		38,050	25,824	47,775	13,888	18,327
Time deposits		—	—	(53,050)	(52,000)	46,990
Net cash used in investing activities		(3,476,003)	(7,365,000)	(11,085,675)	(4,248,562)	(5,295,748)
Cash flows from financing activities						
Capital contributions from the equity owner of the Company		30,000	670,000	1,500,000	1,500,000	—
Capital contributions from the non-controlling equity owner		275,206	323,590	451,099	213,836	131,005
Proceeds from borrowings		7,891,300	14,663,040	18,446,157	11,218,049	11,512,821
Repayment of borrowings		(6,374,950)	(7,143,175)	(10,524,527)	(6,242,445)	(6,401,274)
Dividends paid by subsidiaries to non-controlling equity owners		(422,102)	(372,541)	(358,349)	(106,189)	(145,487)
Interest paid		(344,287)	(550,341)	(1,118,530)	(535,426)	(719,477)
Payment of finance lease obligations		(43,348)	(107,741)	(1,890)	—	(1,479)
Proceeds from sales and leaseback transaction classified as finance lease		—	—	50,000	50,000	—
Net cash from financing activities		1,011,819	7,482,832	8,443,960	6,097,825	4,376,109
Net (decrease)/increase in cash and cash equivalents		(581,945)	709,086	198,061	2,092,213	242,820
Cash and cash equivalents at beginning of year/period		684,316	102,406	808,769	808,769	1,001,935
Effect of foreign exchange rate changes		35	(2,723)	(4,895)	(693)	(281)
Cash and cash equivalents at end of year/period	22	102,406	808,769	1,001,935	2,900,289	1,244,474

Note:

(i) For major non-cash transactions, please refer to note 35 in Section C.

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with IFRSs, which collective term includes International Financial Reporting Standards, International Accounting Standards and related interpretations promulgated by the IASB. The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised IFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period ended June 30, 2009. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended June 30, 2009 are set out in note 38.

(b) Basis of preparation of the Financial Information

The Financial Information comprises the Company and its subsidiaries.

The Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at June 30, 2009 amounting to RMB10,189 million. The directors are of the opinion that, based on a review of the working capital forecast of the Group for the eighteen months ending December 31, 2010, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements (see note 31 (b)).

(c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the Group's presentation currency and the functional currency of the Company and its PRC subsidiaries.

The measurement basis used in the preparation of the Financial Information is the historical cost basis except that financial instruments classified as available-for-sale or as trading securities (see note 1(g)) are stated at their fair value.

Non-current assets held for sale (or disposal groups held for sale) are stated at the lower of carrying amount and fair value less costs to sell (see note 1(x)).

The preparation of the Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in note 36.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Company directly or indirectly. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity owner of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity owner of the Company.

Where losses applicable to the non-controlling equity owner exceed the non-controlling interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling equity owner, are charged against the Group's interest except to the extent that the non-controlling equity owner has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the non-controlling equity owner's share of losses previously absorbed by the Group has been recovered.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 1(o) or (p) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(x)).

(e) **Associates and jointly controlled entities**

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 1(x)). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1 (l)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year/period are recognized in profit or loss whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealized profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

In the Company's balance sheet, its investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 1(l)), unless it is classified as held for sale (or included in a disposal Group that is classified as held for sale) (see note 1(x)).

(f) **Business combination for entities under common control**

Business combinations arising from transfer of interests in entities that are under the control of the equity owner that controls the Group are accounted for as if the acquisition had occurred at the beginning of the Track Record Period or, if later, at the date that common control was established. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's equity owner's consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the equity owner that control the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognized directly in equity.

(g) **Other investments in debt and equity securities**

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in debt and equity securities are initially stated at cost, which is generally their transaction price. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any dividends or interest earned on these investments as these are recognized in accordance with the policies set out in note 1(u)(v) and (vi).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortized cost less impairment losses (see note 1(l)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the balance sheet at cost less impairment losses (see note 1(l)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortized cost of monetary items such as debt securities which are recognized directly in profit or loss. Dividend income from these investments is recognized in accordance with the policy set out in note 1(u)(v) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss in accordance with the policy set out in note 1(u)(vi). When these investments are derecognized or impaired (see note 1(l)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognized/derecognized on the date the Group commits to purchase / sell the investments or they expire.

(h) **Investment properties**

Investment properties are land and buildings which are owned or held under a leasehold interest (see note 1(k)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(l)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives ranging from 30 to 50 years. Rental income from investment properties is accounted for as described in note 1(u)(iv).

(i) **Other property, plant and equipment**

Buildings held for own use, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(l)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Land, buildings and structures	10-40 years
- Wind turbines	15-20 years
- Other machinery and equipment	4-30 years
- Motor vehicles	5-15 years
- Furniture, fixtures and others	4-18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) **Intangible assets**

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses (see note 1(l)).

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 1(l)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

- Concession assets	20-25 years
- Software and others	5 years

Both the period and method of amortization are reviewed annually.

(k) **Leased assets**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) ***Classification of assets leased to the Group***

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(h)); and

— land held for own use under an operating lease, where the fair value cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) ***Assets acquired under finance leases***

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) ***Operating lease charges***

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

(l) **Impairment of assets**

(i) ***Impairment of investments in debt and equity securities and other receivables***

Investments in debt and equity securities (other than investments in subsidiaries: see note 1(l)(ii)) and other current and non-current receivables that are stated at cost or amortized cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

— For investments in associates and jointly controlled entities recognized using the equity method (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 1(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(l)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortized cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

— For available-for-sale securities, the cumulative loss that has been recognized directly in equity is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

  Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized directly in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

  Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) ***Impairment of other assets***

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets; and

— investments in subsidiaries, associates and joint ventures (except for those classified as held for sale or included in a disposal group that is classified as held for sale) (see note 1(x)).

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated first to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognized.

(m) **Inventories**

Inventories excluding spare parts are carried at the lower of cost and net realizable value. Spare parts are stated in the balance sheet at cost less provision for obsolescence.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(n) **Trade and other receivables**

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost less allowance for impairment of doubtful debts (see note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) **Interest-bearing borrowings**

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) **Trade and other payables**

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(t)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) **Employee benefits**

(i) ***Short term employee benefits and contributions to defined contribution retirement plans***

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) ***Defined benefit retirement plan obligations***

The Group provided supplementary pension subsidies to employees in the PRC, who retired before September 30, 2008. Such supplementary pension subsidies are considered as defined benefit retirement plans.

The Group's net obligation in respect of defined benefit retirement plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in profit or loss on a straight line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognized immediately in profit or loss.

In calculating the Group's obligation in respect of a plan, if any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognized is limited to the total of any cumulative unrecognized net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(iii) ***Termination benefits***

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(s) **Income tax**

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income tax levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) **Financial guarantees issued, provisions and contingent liabilities**

(i) ***Financial guarantees issued***

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) ***Provisions and contingent liabilities***

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) ***Sale of electricity, steam and goods***

Electricity revenue is recognized when electricity is supplied to the provincial grid companies. Revenue of steam is recognized when steam is supplied to customers. Revenue of goods is recognized when the title of the goods has been passed to customers, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) ***Service concession revenue***

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(iii) ***Rendering of services***

Revenue from the rendering of services is recognized in the statement of comprehensive income by reference to the stage of completion of the transaction based on the progress of work performed.

(iv) ***Rental income from operating leases***

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(v) ***Dividends***

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established. Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(vi) ***Interest income***

Interest income is recognized as it accrues using the effective interest method.

(vii) ***Government grants***

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and consequently are recognized in profit or loss on a systematic basis over the useful life of the asset.

The Group sells carbon credits known as Certified Emission Reductions ("CERs"), generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. The Group also sells Voluntary Emission Reductions ("VERs"), which are attributable to electricity generation from CDM projects before being registered with CDM EB. Revenue in relation to the CERs and VERs is recognized when following conditions are met:

— the counterparties have committed to purchase the CERs or VERs;

— the sales prices have been agreed; and

— relevant electricity has been generated.

The revenue related to CERs are recognized and recorded in trade receivables for the volume verified by the independent supervisors assigned by CDM EB and in other receivables for the remaining volume.

(v) **Translation of foreign currencies**

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) **Non-current assets held for sale**

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognized at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the consolidated financial statements are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognized in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortized.

(y) **Related parties**

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(z) **Segment reporting**

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 REVENUE

The amount of each significant category of revenue recognized during the year/period is as follows:

	Years ended December 31,			Six months ended June 30,	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Sales of electricity	4,116,862	4,412,027	5,752,101	2,797,322	2,979,385
Sales of steam	76,281	90,438	120,532	54,247	109,343
Service concession construction revenue (note (i))	975,481	2,073,808	2,200,360	774,235	364,511
Sales of electricity equipment	97,707	100,639	263,706	39,015	82,916
Sales of coal	—	—	—	—	199,141
Others (note (ii))	179,040	286,174	217,955	89,118	177,018
	5,445,371	6,963,086	8,554,654	3,753,937	3,912,314

Notes:

(i) During the Track Record Period, the Group entered into several service concession agreements with local governments (the "Grantor") to construct and operate wind power plants during the concession period, which is normally for 22-25 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group either needs to dispose of the wind power plants or transfer the wind power plants to the Grantor at nil consideration. Service concession construction revenue recorded during the Track Record Period represents the revenue recognized during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted.

The Group has recognized intangible assets related to the service concession arrangement (see note 15) representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognized service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

(ii) Others mainly represent revenue from the provision of consulting, harbor related services and sales of substituting electricity generation purchased from other power generation companies.

3 OTHER NET INCOME

	Years ended December 31,			Six months ended June 30,	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Government grants					
- CERs and VERs income	—	29,645	117,521	60,763	116,929
- Others	61,731	94,552	207,664	87,932	136,388
Rental income from investment properties	32,169	31,742	25,035	11,805	10,915
Net (loss)/gain on disposal of plant, property and equipment and investment properties	(4,717)	(133)	21,367	8,797	282
Others	7,440	13,110	18,581	9,011	5,886
	96,623	168,916	390,168	178,308	270,400

4 FINANCE INCOME AND EXPENSES

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income on financial assets	22,363	24,936	37,075	13,888	18,327
Foreign exchange gains	2,865	14,974	61,775	47,438	733
Net realized and unrealized gains on trading securities	1,924	177	—	—	92
Dividend income from listed securities	17,770	19,717	24,363	24,363	—
Dividend income from other investments	23,375	33,934	22,387	19,765	50
Finance income	68,297	93,738	145,600	105,454	19,202
Interest on bank and other borrowings wholly repayable within five years	233,288	218,166	595,860	262,505	240,409
Interest on other loans	119,876	368,740	702,675	293,336	482,276
Less: interest expenses capitalized into property, plant and equipment and intangible assets	(41,666)	(141,380)	(366,296)	(161,138)	(189,941)
	311,498	445,526	932,239	394,703	532,744
Foreign exchange losses	5,586	3,957	9,204	768	328
Net realized and unrealized loss on trading securities	—	—	178	143	—
Impairment losses on trade and other receivables	25,393	1,367	42,416	3,409	1,759
Bank charges and others	2,912	6,599	19,022	8,649	10,559
Finance expenses	345,389	457,449	1,003,059	407,672	545,390
Net finance expenses recognized in profit or loss	(277,092)	(363,711)	(857,459)	(302,218)	(526,188)

The borrowing costs have been capitalized at rates of 4.78% to 7.01%, 4.47% to 7.05%, 5.02% to 7.83%, 5.02% to 7.58% (unaudited) and 4.13% to 7.05% per annum for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and June 30, 2009 respectively.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) **Personnel costs**

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages and other benefits	309,426	346,922	341,413	155,445	178,025
Contributions to defined contribution retirement plan	33,800	36,307	41,571	27,359	31,217
Expenses recognized in respect of defined benefit retirement plan (note 28(a)(iii))	1,230	660	1,040	693	—
	344,456	383,889	384,024	183,497	209,242

(b) **Other items**

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amortization					
- lease prepayments	11,108	11,295	14,367	7,584	7,694
- intangible assets	1,509	52,072	115,310	47,410	88,487
Depreciation					
- investment properties	9,070	8,686	7,541	3,433	2,625
- property, plant and equipment	587,331	706,244	945,677	450,472	640,491
Impairment losses					
- investment in associates and jointly controlled entities	448	—	25	—	—
- other financial assets	401	2,230	—	—	—
- property, plant and equipment	31,802	—	103,813	—	—
Auditors' remuneration					
- audit services	—	3,401	4,137	—	—
- other services	—	319	798	—	—
Operating lease charges					
- hire of plant and machinery	103	12,263	13,738	11,245	247
- hire of properties	850	1,349	2,291	1,972	2,254
Direct outgoings for investment properties					
- occupied	4,787	5,798	5,666	2,584	1,686
- vacant	763	600	928	456	326
Cost of inventories	2,336,417	2,466,867	3,444,905	1,583,722	1,276,773
including: personnel costs, depreciation, amortization, and operating lease charges	1,102	1,375	1,764	906	905

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) **Taxation in the consolidated statement of comprehensive income represents:**

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax					
Provision for the year/period	47,997	68,806	103,024	57,139	122,444
Under/(over) provision in respect of prior years	416	(2,586)	(371)	(371)	488
	48,413	66,220	102,653	56,768	122,932
Deferred tax					
Origination and reversal of temporary differences	11,052	(8,437)	(100,571)	(45,722)	27,786
Effect on deferred tax balances resulting from a change in income tax rate	—	2,611	—	—	—
	59,465	60,394	2,082	11,046	150,718

Notes:

(i) The provision for income tax represents PRC income tax. Hero Asia Investment Limited is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the Track Record Period. Pursuant to the rules and regulations of the BVI, Hero Asia (BVI) Company Limited is not subject to any income tax in the BVI.

(ii) Prior to January 1, 2008, PRC entities were, in general, subject to the statutory income tax rate of 33%, consisting of 30% state tax and 3% local tax, on their assessable profits. CLEPG, being a new technology enterprise located in the Beijing Development and Experiment Zone for New Technology Industries, was entitled to a preferential income tax rate of 15%. In addition, certain subsidiaries of the Group, being enterprises engaged in state encouraged industries located in the Western Regions; being an Advance and New Technology Enterprise recognized under the then effective tax rules and regulations; being an enterprise located in the designated Special Economic Zone; being production-type foreign investment enterprises ("FIEs") that were engaged in energy projects, were also taxed at a preferential income tax rate of 15%.

Certain subsidiaries of the Group, being production-type FIEs with an operating period of 10 years or more; being a domestic enterprise located in the Western Regions engaged in electricity project, were each entitled to a tax holiday of a two-year full exemption followed by a three-year 50% exemption commencing from their respective first profit-making year after offsetting accumulated tax losses, if any ("2+3 tax holiday"). Further, pursuant to CaiShui [2002] No. 56 and GuoShuiHan [2003] No. 368, Notices on Preferential Tax Treatment for FIEs Making Additional Investments (財政部、國家税務總局關於外商投資企業追加投資享受企業所得税優惠政策的通知), one of the FIEs of the Group can enjoy the 2+3 tax holiday on its additional investments made to the FIE.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on January 1, 2008. As a result of the New Tax Law, the statutory income tax rate in the PRC is reduced from 33% to 25%. The Implementation Rules of the New Tax Law ("Implementation Rules") (中華人民共和國企業所得税法實施條例) and GuoFa [2007] No. 39 Notice on the Implementation of the Transitional Preferential Tax Policies ("Circular 39") (國務院關於實施企業所得税過渡優惠政策的通知) were promulgated by the State Council on December 6, 2007 and December 26, 2007, respectively. Pursuant to Circular 39, certain subsidiaries of the Group are entitled to apply the transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, Circular 39 grandfathers the 2+3 tax holidays and requires them to commence on January 1, 2008 should they be not started earlier. Accordingly, certain subsidiaries of the Group can continue to enjoy the 2+3 tax holidays until they expire.

In addition, pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment ("Circular 46") (財政部、國家税務總局關於執行公共基礎設施項目企業所得税優惠目錄有關問題的通知), certain subsidiaries of the Group, which are set up after January 1, 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from their respective first operating income ("3+3 tax holiday"). As at June 30, 2009, these entities were applying for the approval of the 3+3 tax holidays from the respective tax authorities.

(iii) Pursuant to GuoShuiFa [2009] No. 82 Notice on Issues concerning Determination of Tax Resident Enterprise Status of Overseas Registered Enterprises Controlled by China's Capitals in accordance with the Criteria of Place of Effective Management issued by the State Administration of Taxation ("SAT") on April 22, 2009 ("Circular 82") (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), the directors of the Company are of the opinion that it is more likely than not that Hero Asia Investment Limited and Hero Asia (BVI) Company Limited will be recognized as PRC tax residents under the New Tax Law effective from January 1, 2008 and are subject to PRC income tax at 25%. Accordingly, dividends receivable by them will be exempted from PRC dividend withholding tax under the New Tax Law. The determination of PRC tax resident status under Circular 82 is subject to final approval by the SAT. The Group has not received such approvals from the SAT.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	706,080	772,807	615,991	443,081	949,423
Applicable tax rates	15%	15%	25%	25%	25%
Notional tax on profit before taxation	105,912	115,921	153,998	110,770	237,356
Tax effect of non-deductible expenses	16,724	13,048	10,324	6,013	8,726
Tax effect of share of profits less losses of associates and jointly controlled entities	(2,531)	(2,711)	(13,174)	(4,456)	(7,269)
Tax effect of non-taxable income	(7,122)	(10,624)	(11,688)	(11,032)	(12)
Effect of differential tax rate of certain subsidiaries of the Group	(51,101)	(39,432)	(125,906)	(79,402)	(120,321)
Tax effect of unused tax losses and timing differences not recognized	12,483	27,385	51,834	25,099	29,941
Tax credits for purchase of domestic equipment	(14,632)	(45,359)	(62,488)	(35,057)	—
Others	(268)	2,166	(818)	(889)	2,297
Income tax	59,465	60,394	2,082	11,046	150,718

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the year ended December 31, 2006

	Directors' and Supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Zhu Yongpeng (Chairman)	—	—	—	—	—
Mr. Xie Changjun	—	152	416	38	606
Mr. Wang Baole	—	—	—	—	—
Mr. Tian Shicun	—	—	—	—	—
Mr. Luan Baoxing	—	—	—	—	—
Mr. Wang Liansheng	—	140	312	37	489
Independent non-executive directors					
Mr. Li Junfeng	—	—	—	—	—
Mr. Zhang Songyi	—	—	—	—	—
Mr. Meng Yan	—	—	—	—	—
Supervisors					
Mr. Chen Bin	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. Wang Jianting	—	114	218	33	365
	—	406	946	108	1,460

For the year ended December 31, 2007

	Directors' and Supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Zhu Yongpeng (Chairman)	—	—	—	—	—
Mr. Xie Changjun	—	224	503	44	771
Mr. Wang Baole	—	—	—	—	—
Mr. Tian Shicun	—	215	503	44	762
Mr. Luan Baoxing	—	—	—	—	—
Mr. Wang Liansheng	—	198	393	42	633
Independent non-executive directors					
Mr. Li Junfeng	—	—	—	—	—
Mr. Zhang Songyi	—	—	—	—	—
Mr. Meng Yan	—	—	—	—	—
Supervisors					
Mr. Chen Bin	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. Wang Jianting	—	152	284	37	473
	—	789	1,683	167	2,639

For the year ended December 31, 2008

	Directors' and Supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Zhu Yongpeng (Chairman)	—	—	—	—	—
Mr. Xie Changjun	—	257	496	51	804
Mr. Wang Baole	—	—	—	—	—
Mr. Tian Shicun	—	245	496	50	791
Mr. Luan Baoxing	—	—	—	—	—
Mr. Wang Liansheng	—	220	393	48	661
Independent non-executive directors					
Mr. Li Junfeng	—	—	—	—	—
Mr. Zhang Songyi	—	—	—	—	—
Mr. Meng Yan	—	—	—	—	—
Supervisors					
Mr. Chen Bin	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. Wang Jianting	—	169	322	41	532
	—	891	1,707	190	2,788

For the six months period ended June 30, 2008 (unaudited)

	Directors' and Supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Zhu Yongpeng (Chairman)	—	—	—	—	—
Mr. Xie Changjun	—	98	291	25	414
Mr. Wang Baole	—	—	—	—	—
Mr. Tian Shicun	—	93	291	24	408
Mr. Luan Baoxing	—	—	—	—	—
Mr. Wang Liansheng	—	84	229	23	336
Independent non-executive directors					
Mr. Li Junfeng	—	—	—	—	—
Mr. Zhang Songyi	—	—	—	—	—
Mr. Meng Yan	—	—	—	—	—
Supervisors					
Mr. Chen Bin	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. Wang Jianting	—	62	177	20	259
	—	337	988	92	1,417

For the six months period ended June 30, 2009

	Directors' and Supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Mr. Zhu Yongpeng (Chairman)	—	—	—	—	—
Mr. Xie Changjun	—	92	393	27	512
Mr. Wang Baole	—	—	—	—	—
Mr. Tian Shicun	—	87	395	26	508
Mr. Luan Baoxing	—	—	—	—	—
Mr. Wang Liansheng	—	79	312	25	416
Independent non-executive directors					
Mr. Li Junfeng	—	—	—	—	—
Mr. Zhang Songyi	—	—	—	—	—
Mr. Meng Yan	—	—	—	—	—
Supervisors					
Mr. Chen Bin	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. Wang Jianting	—	59	268	22	349
	—	317	1,368	100	1,785

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Track Record Period. No remuneration was paid to independent non-executive directors during the Track Record Period as the independent non-executive directors were appointed subsequent to the Track Record Period.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended December 31, 2006, 2007, 2008, and for the six months period ended June 30, 2008 and 2009 are set forth below:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
				(unaudited)	
Directors	2	3	3	3	3
Non-directors	3	2	2	2	2
	5	5	5	5	5

The emoluments of the directors are disclosed in note 7. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other emoluments	389	364	408	153	145
Discretionary bonuses	923	779	769	447	608
Retirement scheme contributions	106	81	91	44	48
	1,418	1,224	1,268	644	801

The emoluments of the individuals with the highest emoluments are within the following bands:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
				(unaudited)	
Nil to HKD 500,000	3	—	—	2	2
HKD 500,001 to HKD 1,000,000	—	2	2	—	—

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Available-for-sale financial assets:					
Net movement in fair value reserve					
- Before tax amount	9,926	25,603	(25,054)	(24,152)	6,198
- Tax (expense)/benefit	(1,500)	(7,382)	6,264	6,084	(1,550)
Net of tax amount	8,426	18,221	(18,790)	(18,068)	4,648
Translation of financial statements of overseas subsidiaries					
- Before tax amount	374	1,346	1,175	(1,204)	(2,056)
- Tax (expense)/benefit	—	—	—	—	—
Net of tax amount	374	1,346	1,175	(1,204)	(2,056)
Other comprehensive income/(losses)	8,800	19,567	(17,615)	(19,272)	2,592

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity owners of the Company of RMB149,704,000, RMB215,035,000, RMB337,448,000 and RMB425,317,000 during the Track Record Period and the 5,000 million ordinary shares in issue as at the date of the Prospectus as if the share were outstanding throughout the entire Track Record Period.

The Company did not have any potential dilutive shares throughout the entire Track Record Period. Accordingly, diluted earnings per share is the same as basic earnings per share.

11 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

— Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

— Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies.

The Group combined other business activities that are not reportable in "All others." Revenue included in this category is mainly from manufacturing and sales of power equipment, and provision of consulting services, and maintenance and training services to wind power plants.

(a) **Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and jointly controlled entities, investments in financial assets, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade creditors, bills payable, other payables and bank borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and jointly controlled entities, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009 is set out below.

For the year ended December 31, 2006

	Wind power	Coal power	All others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers				
- Sales of electricity	304,088	3,798,312	14,462	4,116,862
- Others	2,083	230,528	120,417	353,028
Subtotal	306,171	4,028,840	134,879	4,469,890
Inter-segment revenue	—	—	37,450	37,450
Reportable segment revenue	306,171	4,028,840	172,329	4,507,340
Reportable segment profit (operating profit)	128,111	866,491	32,778	1,027,380
Depreciation and amortization before inter-segment elimination	(110,749)	(477,412)	(20,857)	(609,018)
Impairment of property, plant and equipment	—	(31,802)	—	(31,802)
Impairment of trade and other receivables	1,897	(2,500)	(24,790)	(25,393)
Interest income	1,753	12,743	7,867	22,363
Interest expense	(54,184)	(174,753)	(82,561)	(311,498)
Reportable segment assets	5,189,731	7,053,039	860,677	13,103,447
Expenditures for reportable segment non-current assets during the year	3,198,354	535,018	18,582	3,751,954
Reportable segment liabilities	3,503,120	4,930,472	639,581	9,073,173

For the year ended December 31, 2007

	Wind power	Coal power	All others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers				
- Sales of electricity	725,537	3,670,037	16,453	4,412,027
- Others	1,237	347,843	128,171	477,251
Subtotal	726,774	4,017,880	144,624	4,889,278
Inter-segment revenue	—	—	91,602	91,602
Reportable segment revenue	726,774	4,017,880	236,226	4,980,880
Reportable segment profit (operating profit)	443,026	724,296	41,729	1,209,051
Depreciation and amortization before inter-segment elimination	(271,631)	(483,418)	(23,248)	(778,297)
Impairment of property, plant and equipment	—	—	—	—
Impairment of trade and other receivables	1,405	(2,500)	(272)	(1,367)
Interest income	6,317	12,651	5,968	24,936
Interest expense	(172,536)	(166,663)	(106,327)	(445,526)
Reportable segment assets	13,173,581	6,975,026	1,062,482	21,211,089
Expenditures for reportable segment non-current assets during the year	7,461,434	338,932	184,645	7,985,011
Reportable segment liabilities	9,726,406	4,890,052	996,349	15,612,807

For the year ended December 31, 2008

	Wind power	Coal power	All others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers				
- Sales of electricity	1,634,852	4,089,698	27,551	5,752,101
- Others	3,257	283,672	315,264	602,193
Subtotal	1,638,109	4,373,370	342,815	6,354,294
Inter-segment revenue	—	—	112,375	112,375
Reportable segment revenue	1,638,109	4,373,370	455,190	6,466,669
Reportable segment profit (operating profit)	1,076,130	329,619	73,942	1,479,691
Depreciation and amortization before inter-segment elimination	(566,099)	(493,595)	(29,807)	(1,089,501)
Impairment of property, plant and equipment	(103,813)	—	—	(103,813)
Impairment of trade and other receivables	(39,102)	(2,500)	(814)	(42,416)
Interest income	15,579	13,258	8,238	37,075
Interest expense	(508,653)	(264,129)	(159,457)	(932,239)
Reportable segment assets	27,851,977	6,928,655	1,004,007	35,784,639
Expenditures for reportable segment non-current assets during the year	12,491,835	159,495	32,924	12,684,254
Reportable segment liabilities	20,751,658	4,937,492	1,645,582	27,334,732

For the six months period ended June 30, 2008 (unaudited)

	Wind power	Coal power	All others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers				
- Sales of electricity	735,890	2,053,039	8,393	2,797,322
- Others	1,725	127,153	53,502	182,380
Subtotal	737,615	2,180,192	61,895	2,979,702
Inter-segment revenue	—	—	49,637	49,637
Reportable segment revenue	737,615	2,180,192	111,532	3,029,339
Reportable segment profit (operating profit)	545,080	211,186	4,168	760,434
Depreciation and amortization before inter-segment elimination	(246,952)	(248,998)	(12,949)	(508,899)
Impairment of property, plant and equipment	—	—	—	—
Impairment of trade and other receivables	(2,884)	—	(525)	(3,409)
Interest income	4,258	3,917	5,713	13,888
Interest expense	(194,719)	(129,507)	(70,477)	(394,703)

For the six months period ended June 30, 2009

	Wind power	Coal power	All others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers				
- Sales of electricity	1,324,289	1,634,964	20,132	2,979,385
- Others	162	460,347	107,909	568,418
Subtotal	1,324,451	2,095,311	128,041	3,547,803
Inter-segment revenue	—	—	100,019	100,019
Reportable segment revenue	1,324,451	2,095,311	228,060	3,647,822
Reportable segment profit (operating profit)	1,004,103	449,079	34,658	1,487,840
Depreciation and amortization before inter-segment elimination	(462,571)	(268,550)	(16,740)	(747,861)
Impairment of property, plant and equipment	—	—	—	—
Impairment of trade and other receivables	(1,027)	—	(732)	(1,759)
Interest income	5,102	8,942	4,283	18,327
Interest expense	(347,537)	(85,849)	(99,358)	(532,744)
Reportable segment assets	37,604,648	7,101,711	2,105,055	46,811,414
Expenditures for reportable segment non-current assets during the six months period ended June 30, 2009	7,552,478	308,478	49,550	7,910,506
Reportable segment liabilities	28,454,307	5,154,928	2,791,085	36,400,320

(b) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	Years ended December 31,			Six months ended June 30	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue					
Reportable segment revenue	4,507,340	4,980,880	6,466,669	3,029,339	3,647,822
Service concession construction revenue	975,481	2,073,808	2,200,360	774,235	364,511
Elimination of inter-segment revenue	(37,450)	(91,602)	(112,375)	(49,637)	(100,019)
Consolidated revenue	5,445,371	6,963,086	8,554,654	3,753,937	3,912,314
Profit					
Reportable segment profit	1,027,380	1,209,051	1,479,691	760,434	1,487,840
Elimination of inter-segment profits	(15,227)	(18,615)	(16,765)	(9,793)	(18,919)
	1,012,153	1,190,436	1,462,926	750,641	1,468,921
Share of profits less losses of associates and jointly controlled entities	16,871	18,072	52,698	17,825	29,078
Net finance expenses	(277,092)	(363,711)	(857,459)	(302,218)	(526,188)
Unallocated head office and corporate expenses	(45,852)	(71,990)	(42,174)	(23,167)	(22,388)
Consolidated profit before taxation	706,080	772,807	615,991	443,081	949,423

	At December 31, 2006	At December 31, 2007	At December 31, 2008	At June 30, 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Reportable segment assets	13,103,447	21,211,089	35,784,639	46,811,414
Inter-segment elimination	(1,654,216)	(4,610,463)	(9,412,137)	(13,279,746)
	11,449,231	16,600,626	26,372,502	33,531,668
Investments in associates and jointly controlled entities.	309,583	585,749	526,560	599,760
Other financial assets	738,126	808,366	269,190	350,388
Trading securities	55	232	54	146
Tax recoverable	11,438	6,864	462	1,200
Deferred tax assets	80,225	91,675	190,326	167,094
Unallocated head office and corporate assets	1,965,532	5,231,584	8,690,313	9,266,880
Consolidated total assets	14,554,190	23,325,096	36,049,407	43,917,136
Liabilities				
Reportable segment liabilities	9,073,173	15,612,807	27,334,732	36,400,320
Inter-segment elimination	(1,635,107)	(4,572,739)	(9,357,648)	(13,211,199)
	7,438,066	11,040,068	17,977,084	23,189,121
Tax payable	11,600	28,548	80,015	90,333
Deferred tax liabilities	13,835	26,841	23,300	29,404
Unallocated head office and corporate liabilities	2,889,946	6,701,674	10,896,143	12,860,522
Consolidated total liabilities	10,353,447	17,797,131	28,976,542	36,169,380

(c) **Geographical information**

All of the Group's operations are located in the PRC, therefore no geographic segment reporting existed.

(d) **Major customers**

Revenue from the PRC government controlled power grid companies amounted to RMB3,906,825,000, RMB4,333,052,000, RMB5,446,314,000, RMB2,790,700,000 (unaudited) and RMB2,891,417,000 for the years ended December 31, 2006, 2007, 2008, and for the six months ended June 30, 2008 and 2009, respectively. Service concession construction revenue is all from the PRC government.

12 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2006	2,124,188	7,332,773	99,643	100,823	693,828	10,351,255
Acquired through business combination (note 35)	1,363	77,845	1,348	728	181,979	263,263
Additions	14,618	11,780	22,451	17,005	2,664,834	2,730,688
Transfer from construction in progress	75,821	1,308,390	1,664	7,140	(1,393,015)	—
Transfer from investment properties (note 13)	19,695	—	—	—	—	19,695
Transfer to other assets	—	—	—	—	(41,192)	(41,192)
Disposals	(29,806)	(79,917)	(4,683)	(8,325)	(9,835)	(132,566)
At December 31, 2006	2,205,879	8,650,871	120,423	117,371	2,096,599	13,191,143
At January 1, 2007	2,205,879	8,650,871	120,423	117,371	2,096,599	13,191,143
Additions	9,868	6,740	16,259	17,263	5,749,934	5,800,064
Transfer from construction in progress	230,824	3,131,027	—	10,008	(3,371,859)	—
Transfer from investment properties (note 13)	19,695	—	—	—	—	19,695
Transfer to other assets	—	—	—	—	(29,788)	(29,788)
Disposals	(1,222)	(1,924)	(2,652)	(145)	(1,050)	(6,993)
At December 31, 2007	2,465,044	11,786,714	134,030	144,497	4,443,836	18,974,121
At January 1, 2008	2,465,044	11,786,714	134,030	144,497	4,443,836	18,974,121
Additions	27,557	14,930	23,257	22,970	10,283,821	10,372,535
Transfer from construction in progress	247,865	6,939,089	—	4,319	(7,191,273)	—
Transfer from investment properties (note 13)	61,264	—	—	—	—	61,264
Transfer to other assets	—	—	—	—	(10,501)	(10,501)
Disposals	(16,159)	(949)	(22,237)	(6,345)	—	(45,690)
At December 31, 2008	2,785,571	18,739,784	135,050	165,441	7,525,883	29,351,729
At January 1, 2009	2,785,571	18,739,784	135,050	165,441	7,525,883	29,351,729
Additions due to the change in consolidation scope (Section A note (iii))	594	—	903	19	304	1,820
Additions	28,122	111,352	16,238	7,563	7,294,145	7,457,420
Transfer from construction in progress	54,937	3,881,756	—	958	(3,937,651)	—
Transfer from investment properties (note 13)	20,859	—	—	—	—	20,859
Transfer to other assets	—	—	—	—	(30,690)	(30,690)
Transfer to service concession construction costs	—	—	—	—	(24,119)	(24,119)
Disposals	—	(151)	(1,657)	(2,757)	—	(4,565)
At June 30, 2009	2,890,083	22,732,741	150,534	171,224	10,827,872	36,772,454

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation and impairment losses:						
At January 1, 2006	492,336	2,139,318	77,410	49,169	42,326	2,800,559
Acquired through business combination (note 35)	205	11,757	1,124	304	—	13,390
Depreciation charge for the year	93,095	478,224	7,969	9,966	—	589,254
Impairment loss (note (iii))	607	31,195	—	—	—	31,802
Transfer from investment properties (note 13)	201	—	—	—	—	201
Written back on disposal	(18,226)	(76,770)	(4,457)	(7,851)	—	(107,304)
At December 31, 2006	568,218	2,583,724	82,046	51,588	42,326	3,327,902
At January 1, 2007	568,218	2,583,724	82,046	51,588	42,326	3,327,902
Depreciation charge for the year	106,756	578,168	11,445	15,436	—	711,805
Transfer from investment properties (note 13)	827	—	—	—	—	827
Written back on disposal	(485)	(615)	(2,448)	(141)	—	(3,689)
At December 31, 2007	675,316	3,161,277	91,043	66,883	42,326	4,036,845
At January 1, 2008	675,316	3,161,277	91,043	66,883	42,326	4,036,845
Depreciation charge for the year	115,539	805,990	11,648	17,182	—	950,359
Impairment loss (note (iii))	—	—	—	—	103,813	103,813
Transfer from investment properties (note 13)	6,978	—	—	—	—	6,978
Written back on disposal	(8,567)	(844)	(21,197)	(5,873)	—	(36,481)
At December 31, 2008	789,266	3,966,423	81,494	78,192	146,139	5,061,514
At January 1, 2009	789,266	3,966,423	81,494	78,192	146,139	5,061,514
Additions due to the change in consolidation scope (Section A note (iii))	—	—	198	4	—	202
Depreciation charge for the period	68,125	557,014	6,604	11,022	—	642,765
Transfer from investment properties (note 13)	3,049	—	—	—	—	3,049
Written back on disposal	—	(60)	(706)	(110)	—	(876)
At June 30, 2009	860,440	4,523,377	87,590	89,108	146,139	5,706,654
Net book value:						
At December 31, 2006	1,637,661	6,067,147	38,377	65,783	2,054,273	9,863,241
At December 31, 2007	1,789,728	8,625,437	42,987	77,614	4,401,510	14,937,276
At December 31, 2008	1,996,305	14,773,361	53,556	87,249	7,379,744	24,290,215
At June 30, 2009	2,029,643	18,209,364	62,944	82,116	10,681,733	31,065,800

Notes:

(i) The Group's property, plants and buildings are located in the PRC.

(ii) Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery (see note 23), which had an aggregate net book value of RMB304,829,000, RMB636,484,000, RMB1,064,309,000 and RMB1,033,098,000 as at December 31, 2006, 2007 and 2008 and June 30, 2009 respectively.

(iii) During the year ended December 31, 2006, impairment was mainly provided for certain equipment which were replaced by more technical advanced equipment. During the year ended December 31, 2008, the impairment of construction in progress was mainly provided for the damaged equipment of a subsidiary of the Company. The recoverable amount was estimated based on the fair value of the assets less costs to sell, determined by reference to the market bid prices and most recent transactions.

(iv) Property, plant and equipment held under finance leases

Certain properties and equipment of the Group with an aggregate net book value of RMB133,645,000, RMBnil, RMB72,881,000 and RMB70,215,000 as at December 31, 2006, 2007 and 2008 and June 30, 2009 respectively, are accounted for as finance leases pursuant to the sales and leaseback transactions.

(v) As at June 30, 2009, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties. The aggregate carrying value of such properties of the Group was approximately RMB43,891,000. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

13 INVESTMENT PROPERTIES

	At December 31,			At June 30,
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cost:				
At January 1	347,244	327,549	307,854	202,403
Transfer to property, plant and equipment (note 12)	(19,695)	(19,695)	(61,264)	(20,859)
Disposals	—	—	(44,187)	—
At the end of the year/period	327,549	307,854	202,403	181,544
Accumulated depreciation:				
At January 1	25,542	34,411	42,270	30,497
Charge for the year/period	9,070	8,686	7,541	2,625
Transfer to property, plant and equipment (note 12)	(201)	(827)	(6,978)	(3,049)
Written back on disposal	—	—	(12,336)	—
At the end of the year/period	34,411	42,270	30,497	30,073
Net book value:	293,138	265,584	171,906	151,471

All the investment properties owned by the Group are located in the PRC, which comprise a number of commercial properties that are leased to third parties. The leases typically run for a short initial period of one to three years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually adjusted periodically to reflect market rentals. None of these leases includes contingent rentals. All lease contracts could be terminated with an insignificant penalty.

According to the Property Valuation Report issued by Jones Lang LaSalle Sallmanns Limited, a firm of independent qualified valuer in Hong Kong, on November 27, 2009, the fair value of the Group's investment properties as at December 31, 2006, 2007 and 2008 and June 30, 2009 are RMB551,366,000, RMB559,322,000, RMB391,703,000 and RMB393,247,000, respectively.

As at June 30, 2009, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its investment properties. The aggregate carrying value of such properties of the Group was approximately RMB151,471,000. The directors are of the opinion that the Group legally owns the use rights of these properties.

14 LEASE PREPAYMENTS

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At January 1	417,600	463,559	573,836	683,794
Acquired through business combination (note 35)	225	—	—	—
Additions due to the change in consolidation scope (Section A note (iii))	—	—	—	3,008
Additions	45,734	110,277	109,958	87,950
At the end of the year/period	463,559	573,836	683,794	774,752
Accumulated amortization:				
At January 1	90,304	101,412	112,707	127,074
Additions due to the change in consolidation scope (Section A note (iii))	—	—	—	15
Amortization for the year/period	11,108	11,295	14,367	8,393
At the end of the year/period	101,412	112,707	127,074	135,482
Net book value:	362,147	461,129	556,720	639,270

Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period from 20 to 50 years.

15 INTANGIBLE ASSETS

	Concession assets	Software and others	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1, 2006	—	1,577	1,577
Additions	975,481	51	975,532
Disposals	—	(472)	(472)
At December 31, 2006	975,481	1,156	976,637
Additions	2,073,808	862	2,074,670
At December 31, 2007	3,049,289	2,018	3,051,307
Additions	2,200,360	1,401	2,201,761
At December 31, 2008	5,249,649	3,419	5,253,068
Additions due to the change in consolidation scope (Section A note (iii))	335,842	18	335,860
Additions	364,511	625	365,136
Disposals	—	(14)	(14)
At June 30, 2009	5,950,002	4,048	5,954,050
Accumulated amortization:			
At January 1, 2006	—	1,056	1,056
Charge for the year	1,405	104	1,509
Written back on disposal	—	(332)	(332)
At December 31, 2006	1,405	828	2,233
Charge for the year	51,977	95	52,072
At December 31, 2007	53,382	923	54,305
Charge for the year	114,920	390	115,310
At December 31, 2008	168,302	1,313	169,615
Additions due to the change in consolidation scope (Section A note (iii))	12,897	4	12,901
Charge for the period	88,339	148	88,487
Written back on disposal	—	(14)	(14)
At June 30, 2009	269,538	1,451	270,989
Net book value:			
At December 31, 2006	974,076	328	974,404
At December 31, 2007	2,995,907	1,095	2,997,002
At December 31, 2008	5,081,347	2,106	5,083,453
At June 30, 2009	5,680,464	2,597	5,683,061

Concession assets represent the rights the Group received for the usage of the concession wind power plants for the generation of electricity. The Group recognized the intangible assets at the fair value of the concession construction service (see note 2 (i)). The concession assets are amortized over the operating period of the service concession projects.

16 INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	309,583	585,749	526,560	599,760

The following list contains only the particulars of associates and jointly controlled entities, all of which are corporate entities and established in the PRC, which principally affected the results or assets of the Group:

	Name of company	Place of establishment	Particulars of registered capital	Attributable equity interest		Principal activities
				Direct	Indirect	
			RMB'000			
1	Yilan Longyuan Wind Power Co., Ltd. (依蘭龍源風力發電有限公司)	the PRC	293,562	15%	25%	Wind power generation
2	Yantai Longyuan Power Technology Co., Ltd. (煙台龍源電力技術股份有限公司)	the PRC	66,000	—	25%	Manufacturing and sales of power equipment
3	Shanghai Wind Power Generation Co., Ltd. (上海風力發電有限公司)	the PRC	79,070	33%	—	Wind power generation
4	Guodian Union Power Technology Co., Ltd. (國電聯合動力技術有限公司)	the PRC	313,046	30%	—	Manufacturing and sales of power equipment
5	Hangtian Longyuan (Benxi) Wind Power Generation Co., Ltd. (航天龍源(本溪)風力發電有限公司)	the PRC	93,800	45%	—	Wind power generation
6	Hebei Jiantou Longyuan Chongli Wind Energy Co., Ltd. (河北建投龍源崇禮風能有限公司)	the PRC	90,000	50%	—	Wind power generation
7	Shantou Fu'ao Wind Power Generation Co., Ltd. (汕頭福澳風力發電公司)	the PRC	10,000	50%	—	Wind power generation
8	Anhui Anqing Wanjiang Power Generation Co., Ltd.* (安徽安慶皖江發電有限責任公司)	the PRC	621,000	20%	—	Coal power generation
9	Zhejiang Zheneng Leqing Power Generation Co., Ltd.* (浙江浙能樂清發電有限責任公司)	the PRC	990,000	23%	—	Coal power generation
10	Shanghai Yinhua Shipping Co., Ltd.（上海銀樺航運有限公司）	the PRC	200,000	—	49%	Transportation and logistics

* The Company's shares in these entities were transferred to Guodian with nil consideration on September 30, 2008 as part of the Reorganization, as described in Section A.

Summary financial information on major associates and jointly controlled entities:

	At December 31,						At June 30,	
	2006		2007		2008		2009	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets	6,469,428	1,565,874	11,579,141	2,875,531	5,568,868	1,901,712	6,511,048	2,331,338
Liabilities	5,190,384	1,256,291	9,220,456	2,289,782	4,046,691	1,375,152	4,836,015	1,731,578
Equity	1,279,044	309,583	2,358,685	585,749	1,522,177	526,560	1,675,033	599,760

	Years ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							(unaudited)			
Revenue	1,912,441	462,891	2,188,765	543,552	1,354,620	460,329	940,701	260,132	869,440	311,311
Profit	69,704	16,871	72,771	18,072	155,075	52,698	64,435	17,825	81,208	29,078

The current period un-recognized share of losses of associates and jointly controlled entities as at December 31, 2006, 2007 and 2008 and June 30, 2009 is RMB3,257,000, RMBnil, RMBnil and RMBnil respectively. The accumulated un-recognized share of losses of associates and jointly controlled entities as at December 31, 2006, 2007 and 2008 and June 30, 2009 is RMB5,674,000, RMB5,439,000, RMBnil and RMBnil respectively.

17 OTHER FINANCIAL ASSETS

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments, measured at fair value	12,618	38,228	13,174	19,372
Unquoted equity investments in non-listed companies, at cost	330,889	375,519	256,016	331,016
Loans to				
- associates (note (i))	151,730	88,790	80,580	80,580
- third party (note (ii))	—	—	—	51,000
Others (note (iii))	394,619	394,619	—	—
	889,856	897,156	349,770	481,968

Notes:

(i) The loans to associates are designated loans and are unsecured, not past due as at balance sheet dates, and bear interest at the rates of 5.75% to 6.16%, 5.75% to 6.48%, 6.48% to 7.05%, and 5.35% to 7.05% per annum for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2009 respectively. The current portion is recorded in other current assets (see note 20).

(ii) The balance at June 30, 2009 is unsecured, interest free and is expected to be repaid in 2011.

(iii) The Group held equity interests in a listed subsidiary of Guodian, namely 國電電力發展股份有限公司, which was transferred back to Guodian as part of the Reorganization in 2008 as described in Section A.

The following list contains the particulars of major unquoted equity investments in non-listed entities, all of which are corporate entities and established in the PRC:

	Name of company	Particulars of registered capital	Attributable equity interest	Principal activities
		RMB'000		
1	Guodian Fuel Co., Ltd. (國電燃料有限公司)	2,034,830	8%	Trading of coal and fuel
2	Guodian Finance Corporation Ltd. (國電財務有限公司)	1,300,000	15%	Financial services

18 INVENTORIES

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Coal	48,885	73,411	97,196	149,990
Fuel oil	4,974	4,340	5,929	4,500
Spare parts and others	77,702	127,365	176,125	234,529
	131,561	205,116	279,250	389,019

19 TRADE DEBTORS AND BILLS RECEIVABLE

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from third parties	549,438	832,450	1,210,637	1,732,730
Amounts due from fellow subsidiaries	17,220	32,248	26,764	39,929
Amounts due from associates	338	3,805	9,371	3,817
	566,996	868,503	1,246,772	1,776,476
Less: allowance for doubtful debts	(3,720)	(2,608)	(5,904)	(5,967)
	563,276	865,895	1,240,868	1,770,509

(a) **Ageing analysis**

The ageing analysis of trade debtors and bills receivable of the Group is as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Current	561,910	863,583	1,238,095	1,767,065
Past due within 1 year	651	1,285	4,922	795
Past due between 1 to 2 years	220	20	120	4,861
Past due between 2 to 3 years	3,080	220	20	120
Over 3 years	1,135	3,395	3,615	3,635
	566,996	868,503	1,246,772	1,776,476
Less: Allowances for doubtful accounts	(3,720)	(2,608)	(5,904)	(5,967)
	563,276	865,895	1,240,868	1,770,509

Trade debtors are generally due within 15-30 days from the date of billing. Certain wind power projects collect part of receivables tariff premium representing 30% to 55% of total electricity sales in 6 to 12 months from the date of recognition of sales as agreed in the electricity sales contracts signed between the Group and local grid companies.

(b) **Impairment of trade debtors and bills receivable**

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account.

The movement in the allowance for bad and doubtful accounts during the Track Record Period is as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	2,116	3,720	2,608	5,904
Impairment losses recognized	1,844	74	4,538	1,089
Reversal of impairment losses	(240)	(366)	(1,242)	—
Uncollectible amounts written off	—	(820)	—	(1,026)
At the end of the year/period	3,720	2,608	5,904	5,967

The Group's trade debtors and bills receivable of RMB4,117,000, RMB3,570,000, RMB5,904,000 and RMB5,967,000 as at December 31, 2006, 2007 and 2008 and June 30, 2009 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Group does not hold any collateral over these balances.

(c) **Trade debtors and bills receivable that are not impaired**

The aging analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	561,910	863,583	1,238,095	1,767,065
Past due within 1 year	651	130	1,433	795
Past due over 1 year	318	1,220	1,340	2,649
	562,879	864,933	1,240,868	1,770,509

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

All trade debtors and bills receivable are expected to be recovered within one year.

20 PREPAYMENTS AND OTHER CURRENT ASSETS

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Loans and advances to (note (i)):				
- associates	211,793	537,206	346,926	82,699
- Guodian	3,000	16,270	11,405	11,792
- fellow subsidiaries	46,735	34,213	21,137	20,162
- third parties	131,045	165,470	149,001	73,148
Prepayments	47,785	88,388	109,056	223,371
Government grant receivables	1,146	6,912	1,143,368	561,977
CERs receivable	—	35,058	41,099	145,696
Dividends receivable	25,704	45,420	191	16,188
Deductible VAT (note (ii))	35	123	4,641	133,726
Other debtors (note (iii))	177,544	201,301	74,914	75,674
	644,787	1,130,361	1,901,738	1,344,433
Less: allowance for doubtful debts	(155,261)	(156,315)	(96,943)	(97,613)
	489,526	974,046	1,804,795	1,246,820

Notes:

(i) Except for the interest bearing loans and advances amounting to RMB200,965,000, RMB391,821,000, RMB275,713,000 and RMB16,420,000 with annum interest rates of 4.69% to 7.05% as at December 31, 2006, 2007, 2008 and June 30, 2009, respectively, other loans and advances are unsecured, interest free and have no fixed terms of repayment.

(ii) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets, which is deductible from output VAT since January 1, 2009. Such input VAT was recorded as part of the costs of the related assets before January 1, 2009.

(iii) Other debtors mainly represented receivables arising from disposal of property, plant and equipment and investment properties and deposits.

Impairment losses in respect of prepayments and other current asset are recorded using an allowance account.

The movement in the allowance for bad and doubtful accounts during the Track Record Period is as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	132,166	155,261	156,315	96,943
Impairment losses recognized	26,368	3,683	39,779	670
Reversal of impairment losses	(2,579)	(2,024)	(659)	—
Uncollectible amounts written off	(694)	(605)	(98,492)	—
At the end of the year/period	155,261	156,315	96,943	97,613

The Group's prepayments and other current assets of RMB158,403,000, RMB158,011,000, RMB96,943,000 and RMB97,613,000 as at December 31, 2006, 2007 and 2008 and June 30, 2009 were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Group does not hold any collateral over these balances.

For the other balances of prepayments and other current assets, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

21 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for bills payable and housing maintenance fund designated for specific purposes as requested by PRC regulations. These restricted deposits are expected to be released within one year.

22 CASH AT BANK AND ON HAND

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	838	6,375	663	1,160
Cash at bank and other financial institutions	101,568	802,394	1,054,322	1,249,374
	102,406	808,769	1,054,985	1,250,534
Representing:				
- Cash and cash equivalents	102,406	808,769	1,001,935	1,244,474
- Time deposits with original maturity over three months	—	—	53,050	6,060

23 BORROWINGS

(a) **The Group's long-term interest-bearing borrowings comprise:**

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
- Secured	1,333,074	4,152,645	9,473,092	11,130,293
- Unsecured	2,060,448	3,571,111	8,500,603	8,453,692
Loan from government				
- Unsecured	2,000	2,000	2,000	2,000
Other borrowings (note (e)(i))				
- Secured	630,000	630,000	315,000	315,000
	4,025,522	8,355,756	18,290,695	19,900,985
Less: Current portion of long-term borrowings				
- Bank loans	(134,765)	(195,698)	(630,653)	(973,062)
- Other borrowings (note (e)(i))	—	(315,000)	(315,000)	(315,000)
	3,890,757	7,845,058	17,345,042	18,612,923

As at December 31, 2006, 2007 and 2008 and June 30, 2009, bank loans guaranteed by Guodian amounted to RMB833,356,000, RMB2,920,452,000, RMB6,558,665,000 and RMB6,024,503,000, respectively.

(b) **The Group's short-term interest-bearing borrowings comprise:**

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
- Secured	1,024,000	300,000	—	—
- Unsecured	1,566,195	3,413,075	2,992,907	3,062,314
Loans from Guodian (unsecured)	—	845,000	—	—
Loans from fellow subsidiaries (unsecured)	—	305,000	—	—
Loans from other financial institutions				
- Unsecured (note (i))	41,000	233,280	141,000	3,948,652
Other borrowings (unsecured) (note (e)(ii))	—	548,947	606,678	625,274
Current portion of long-term borrowings				
- Bank loans	134,765	195,698	630,653	973,062
- Other borrowings (note (e)(i))	—	315,000	315,000	315,000
	2,765,960	6,156,000	4,686,238	8,924,302

Notes:

(i) The Group had unpaid loans of RMB40,000,000 as of each date of December 31, 2006, 2007 and 2008 and June 30, 2009. These unpaid loans represent loans borrowed by a subsidiary, China Fulin Wind Power Engineering Co., Ltd., from third parties.

(ii) As at December 31, 2006, 2007 and 2008 and June 30, 2009, bank loans guaranteed by Guodian amounted to RMB1,000,000,000, RMB300,000,000, RMBnil and RMB303,116,000, respectively.

(c) **The Group's effective interest rates per annum on borrowings are as follows:**

	At December 31,			At June 30,
	2006	2007	2008	2009
Long-term				
Bank loans	3.79%~7.01%	3.79%~7.47%	3.22%~7.83%	3.80%~7.05%
Loan from government	2.55%	2.55%	2.55%	2.55%
Other borrowings	3.74%	3.74%	—	—
Short-term				
Bank loans	4.78%~6.12%	4.47%~7.29%	4.54%~7.47%	4.37%~7.21%
Loans from related parties	—	5.22%~6.72%	—	—
Loans from other financial institutions	3.60%~6.12%	3.60%~6.12%	3.60%~6.72%	3.60%~6.12%
Other borrowings	3.74%	3.74%~4.42%	3.74%~6.25%	3.74%~6.25%

(d) **The Group's long-term borrowings are repayable as follows:**

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	134,765	510,698	945,653	1,288,062
After 1 year but within 2 years	593,062	769,817	1,343,607	2,460,897
After 2 years but within 5 years	1,671,634	2,598,471	5,196,374	5,078,558
After 5 years	1,626,061	4,476,770	10,805,061	11,073,468
	4,025,522	8,355,756	18,290,695	19,900,985

(e) **Significant terms of other borrowings**

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term				
Other borrowings (note (i))	630,000	315,000	—	—
Short-term				
Other borrowings (note (i))	—	315,000	315,000	315,000
Debentures (note (ii))	—	548,947	606,678	625,274
	630,000	1,178,947	921,678	940,274

Notes:

(i) In August 2006, Nantong Tianshenggang Power Generation Co., Ltd. (南通天生港發電有限公司) issued a debt of RMB630,000,000 to finance its working capital, which was pledged by its future electricity revenue with a maturity period of three years. The effective interest rate is 3.74% per annum.

(ii) On January 19, 2007, Jiangyin Sulong Power Generation Co., Ltd. (江陰蘇龍發電有限公司) issued short-term debentures of RMB550,000,000 at a discount to par with a maturity period of 365 days in the PRC inter-bank debenture market. The unit par value is RMB100 and the issue price is RMB96.17. The effective annual interest rate is 4.42%. The short-term debentures of RMB550,000,000 were repaid on January 19, 2008.

On October 28, 2008, Jiangyin Sulong Power Generation Co., Ltd. (江陰蘇龍發電有限公司) issued short-term debentures of RMB600,000,000 at par with a maturity period of 365 days in the PRC inter-bank debenture market. The effective annual interest rate is 6.25%.

24 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
Present value of the minimum lease payments	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	104,717	—	—	—
After one year but within two years	—	—	—	50,000
After two years but within five years	—	—	50,000	—
Present value of finance lease obligations	104,717	—	50,000	50,000

	At December 31,			At June 30,
	2006	2007	2008	2009
Total minimum lease payments	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	107,741	—	2,930	2,700
After one year but within two years	—	—	2,835	52,700
After two years but within five years	—	—	51,417	—
	107,741	—	57,182	55,400
Less: total future interest expenses	(3,024)	—	(7,182)	(5,400)
Present value of finance lease obligations	104,717	—	50,000	50,000

At inception, the lease period of the finance lease obligation in 2008 is three years. Except for the interest expenses to be paid annually, the principal obligation is to be paid at the end of the lease period.

25 TRADE CREDITORS AND BILLS PAYABLE

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	2,098,470	1,587,595	2,689,475	2,432,723
Creditors and accrued charges	196,130	184,714	38,275	300,566
Amounts due to fellow subsidiaries	16,652	7,044	944	—
	2,311,252	1,779,353	2,728,694	2,733,289

As at December 31, 2006, 2007 and 2008 and June 30, 2009, all trade creditors and bills payable are within one year since the invoice date.

26 OTHER PAYABLES

	At December 31, 2006	At December 31, 2007	At December 31, 2008	At June 30, 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for acquisition of property, plant and equipment	575,862	695,199	1,306,879	2,704,014
Payables for staff related costs	145,595	176,249	166,987	174,741
Payables for other taxes	54,493	85,531	105,841	83,730
Dividends payable	207,165	193,772	13,994	172,931
Deposits	20,469	30,876	61,260	63,334
Interests payable	9,890	25,783	46,818	42,299
Receipts in advance				
- associates	—	—	—	34
- fellow subsidiaries	3,774	1,595	5,629	350
- third parties	2,354	6,686	23,105	85,521
Amounts due to associates and jointly controlled entities (note (i))	16,753	141,342	76,638	91,022
Amounts due to fellow subsidiaries (note (i))	9,863	9,849	9,127	12,721
Amounts due to Guodian (note (i))	—	—	—	1,500
Other accruals and payables (note (ii))	137,140	175,031	101,691	137,993
	1,183,358	1,541,913	1,917,969	3,570,190

Notes:

(i) Amounts due to Guodian, fellow subsidiaries, associates and jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment.

(ii) Other accruals and payables mainly represent payable for repair and maintenance expenses, consulting fees and payable to non-controlling equity owners of subsidiaries for payments made on behalf of the Group.

All of the other payables are expected to be settled or recognized as income within one year or are repayable on demand.

27 INCOME TAX IN THE CONSOLIDATED BALANCE SHEETS

(a) **Tax payable / (tax recoverable) in the consolidated balance sheets represents:**

	At December 31, 2006	At December 31, 2007	At December 31, 2008	At June 30, 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Net tax payable at beginning of year/period	11,836	162	21,684	79,553
Provision for the year/period (note 6(a))	47,997	68,806	103,024	122,444
Under/(over) provision in respect of prior years (note 6(a))	416	(2,586)	(371)	488
Income tax paid	(60,087)	(44,698)	(44,784)	(113,352)
Net tax payable at end of year/period	162	21,684	79,553	89,133
Representing:				
Tax payable	11,600	28,548	80,015	90,333
Tax recoverable	(11,438)	(6,864)	(462)	(1,200)
	162	21,684	79,553	89,133

(b) **Deferred tax assets and liabilities recognized:**

The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheets and the movements during the Track Record Period are as follows:

Deferred tax assets arising from:	Provision for impairment of assets	Tax credits for domestic equipment	Tax losses	Unrealized profits on intra-group transactions	Deferred government grant	Depreciation and amortization	Provision for defined benefit retirement plan	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2006	11,779	61,918	1,175	582	—	4,489	5,750	3,300	88,993
Credited/(charged) to profit or loss	1,460	(27,095)	2,747	3,747	8,907	102	(57)	1,421	(8,768)
At December 31, 2006	13,239	34,823	3,922	4,329	8,907	4,591	5,693	4,721	80,225
Credited/(charged) to profit or loss	2,115	8,406	(2,744)	2,968	559	(1,147)	(1,028)	2,321	11,450
At December 31, 2007	15,354	43,229	1,178	7,297	9,466	3,444	4,665	7,042	91,675
Credited/(charged) to profit or loss	22,191	33,479	44,892	4,808	(466)	(1,646)	(22)	58	103,294
Charged to reserves	—	—	—	—	—	—	(4,643)	—	(4,643)
At December 31, 2008	37,545	76,708	46,070	12,105	9,000	1,798	—	7,100	190,326
Credited/(charged) to profit or loss	992	(12,629)	(37,893)	5,458	14,740	7,522	—	(1,422)	(23,232)
At June 30, 2009	38,537	64,079	8,177	17,563	23,740	9,320	—	5,678	167,094

Deferred tax liabilities arising from:	Available-for-sale investments	Amortization of intangible assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2006	—	(10,051)	—	(10,051)
Credited/(charged) to profit or loss	—	742	(3,026)	(2,284)
Charged to reserves	(1,500)	—	—	(1,500)
At December 31, 2006	(1,500)	(9,309)	(3,026)	(13,835)
(Charged)/credited to profit or loss	—	(6,793)	1,169	(5,624)
Charged to reserves	(7,382)	—	—	(7,382)
At December 31, 2007	(8,882)	(16,102)	(1,857)	(26,841)
(Charged)/credited to profit or loss	—	(3,161)	438	(2,723)
Credited to reserves	6,264	—	—	6,264
At December 31, 2008	(2,618)	(19,263)	(1,419)	(23,300)
(Charged)/credited to profit or loss	—	(4,584)	30	(4,554)
Charged to reserves	(1,550)	—	—	(1,550)
At June 30, 2009	(4,168)	(23,847)	(1,389)	(29,404)

(c) **Deferred tax assets not recognized**

In accordance with the accounting policy set out in note 1(s), the Group has not recognized deferred tax assets in respect of cumulative tax losses, certain provision for impairment of assets and provision for the defined benefit retirement plan of RMB334,718,000, RMB505,526,000, RMB642,278,000 and RMB748,008,000 as at December 31, 2006, 2007, 2008 and June 30, 2009 respectively as it is not probable that future taxable profits against which the losses and the provisions can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses will expire in five years after the tax losses generated under current tax legislation. The tax losses that will expire in the year ending December 31, 2009, 2010, 2011, 2012, 2013 and 2014 are RMB4,029,000, RMB14,198,000, RMB93,805,000, RMB172,344,000, RMB210,247,000 and RMB119,297,000 respectively.

(d) **Deferred tax liabilities not recognized**

There are no significant taxable temporary differences not recognized during the Track Record Period.

28 EMPLOYEE BENEFITS

(a) **Defined benefit retirement plan**

The Group paid supplementary pension subsidies (including post-retirement medical benefits) and early retirement benefits to its employees who retired prior to September 30, 2008. Pursuant to the Reorganization as described in Section A, Guodian agreed to assume the liabilities of the supplementary pension and early retirement benefits of the retired employees of the Group from September 30, 2008, amounting to RMB29,817,000 net of taxation. The Group terminated the supplementary pension and early retirement subsidies plan for its employees who retired after September 30, 2008.

The Group's obligations in respect of the supplementary pension and early retirement benefits at the balance sheet dates were computed by an independent actuary, Towers Perrin, whose actuaries are members of the Society of Actuaries of the United States of America, using the projected unit credit actuarial cost method.

(i) ***The provision for supplementary pension subsidies and early retirement benefits recognized in the balance sheets are determined as follows:***

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of defined benefit obligations	36,700	31,440	33,290	—
Unrecognized net actuarial (losses)/gains	(1,100)	3,140	1,170	—
Transfer to Guodian	—	—	(34,460)	—
Provisions for supplementary pension subsidies and early retirement benefits in balance sheets	35,600	34,580	—	—
Current portion included in other payables	(1,610)	(1,680)	—	—
Non-current portion	33,990	32,900	—	—

(ii) ***The movements of provisions for supplementary pension subsidies and early retirement benefits are as follows:***

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	35,980	35,600	34,580	—
Benefits paid	(1,610)	(1,680)	(1,160)	—
Actuarial gain recognized	—	(500)	—	—
Interest expense	1,230	1,160	1,040	—
Transfer to Guodian	—	—	(34,460)	—
At end of the year/period	35,600	34,580	—	—

(iii) ***Expenses recognized in consolidated statements of comprehensive income:***

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Actuarial gain recognized	—	(500)	—	—
Interest expense	1,230	1,160	1,040	—
At end of the year/period	1,230	660	1,040	—

(iv) ***The principal actuarial assumptions used for the purpose of the actuarial valuation are as follows:***

	At December 31,			At June 30,
	2006	2007	2008	2009
Discount rate	3.25%	4.50%	4.00%	—
Cost of living increase rate	4.50%	4.50%	4.50%	—
Medical expense increase rate	8.00%	8.00%	8.00%	—

Mortality is assumed to be the average life expectancy of the residents in the PRC and the subsidies paid are assumed to continue until the death of the retirees.

(b) **Defined contribution retirement plan**

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "Schemes") organized by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 16% to 20% of the salaries of the employees. The local government authorities are responsible for the entire pension obligations payable to retired employees. In addition, the Group and its staff participate in a retirement plan managed by Guodian to supplement the above-mentioned Schemes. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and supplementary retirement plan other than the annual contributions described above.

29 DEFERRED INCOME

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1	15,191	37,978	386,518	2,145,284
Additions	24,241	359,270	1,791,321	47,816
Credited to profit or loss	(1,454)	(10,730)	(32,555)	(34,161)
At the end of the year/period	37,978	386,518	2,145,284	2,158,939

Deferred income mainly represents VAT refund granted by the government relating to the purchase of domestic equipment and other subsidies relating to the construction of property, plant and equipment, which would be recognized as income on a straight-line basis over the expected useful life of the relevant assets.

30 CAPITAL AND RESERVES

(a) **Dividends**

The Company has not distributed any dividends during the Track Record Period.

(b) **Paid-in capital**

For the purpose of this report, the paid-in capital of the Group prior to the establishment of the Company represents the paid-in capital of CLEPG.

(c) **Reserves**

(i) ***Capital reserve***

Capital reserve includes the contributions or distributions to equity owners, and the difference between the considerations of acquisition or disposal of equity interests from/to non-controlling equity owners and the carrying amount of the proportionate net identifiable assets.

(ii) ***Reserve fund***

Pursuant to the Articles of Association of the Company, the Company are required to transfer 10% of its profit after taxation to statutory reserve fund. The transfer will no longer be recognized when the accumulated statutory reserve fund reaches 50% of the registered capital. This reserve fund can be utilized in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(iii) ***Fair value reserve***

Fair value reserve represents the cumulative net change in the fair value of available-for-sale securities held after income tax, which is dealt with in accordance with the accounting policies set out in notes 1(g) and 1(s).

(iv) ***Exchange reserve***

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than the RMB which are dealt with in accordance with the accounting policies as set out in note 1(v).

(v) ***Distributability of reserves***

Following the Reorganization, the payment of future dividends will be determined by the Company's Board of Directors. The payment of the dividends will depend upon, the future earnings, capital requirements and financial conditions and general business conditions of the Company. As the controlling shareholder, Guodian will be able to influence the Company's dividend policy.

Following the establishment of the Company, under the Company Law of the PRC and the Company's Articles of Association, net profit after tax as reported in the statutory financial statements prepared in accordance with the accounting rules and regulations of the PRC can only be distributed as dividends after allowances have been made for the following:

(i) Making up prior years' cumulative losses, if any;

(ii) Allocations to the reserve fund as set out in note 30 (c) (ii) above; and

(iii) Allocations to the discretionary common reserve if approved by the shareholders.

After the listing of the Company's shares on HKSE, in accordance with the Articles of Association of the Company, the net profit after tax of the Company for the purpose of dividends payment will be the lesser of (i) the net profit determined in accordance with the accounting rules and regulations of the PRC; and (ii) the net profit determined in accordance with IFRSs.

(d) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as at December 31, 2006, 2007 and 2008 and June 30, 2009 are 71%, 76%, 80% and 82%, respectively.

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) **Credit risk**

The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable and prepayments and other current assets.

Substantially all of the Group's cash and cash equivalents are mainly deposited in the stated owned/controlled PRC banks and a related party which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 91%, 87%, 83% and 81% of total trade debtor and bills receivable as at December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. For other trade and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the Financial Information.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

The Group provided financial guarantees to third parties and related parties. Except for the financial guarantees extended by the Group as set out in note 33(a), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 33(a).

(b) **Liquidity risk**

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, the Group negotiates banking facilities and utilizes operating cash inflows in its subsidiaries. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk.

The Group had net current liabilities of RMB4,595,291,000, RMB6,416,289,000, RMB4,532,459,000 and RMB10,189,402,000 as at December 31, 2006, 2007, 2008 and June 30, 2009 respectively. With regards to its future capital commitments and other financing requirements, the Group has unutilized banking facilities of RMB7.2 billion as of September 30, 2009. The Company will issue debenture with no more than RMB1.6 billion, according to a shareholders' meeting resolution dated July 17, 2009, with the maturity of seven years.

In addition, the directors of the Group have carried out a review of the cash flow forecast for the 18-month period ending December 31, 2010. Based on such forecast, the directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the above-mentioned borrowings financing which may impact the operations of the Group prior to the end of the next twelve months after the date of this report. The directors are of the opinion that the assumptions which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realized.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	more than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2006						
Long-term borrowings (note 23(a))	3,890,757	4,930,074	231,911	796,793	2,200,807	1,700,563
Short-term borrowings (note 23(b))	2,765,960	2,860,511	2,860,511	—	—	—
Obligations under finance leases (note 24)	104,717	107,741	107,741	—	—	—
Trade creditors and bills payable (note 25)	2,311,252	2,311,252	2,311,252	—	—	—
Other payables (note 26)	1,183,358	1,183,358	1,183,358	—	—	—
	10,256,044	11,392,936	6,694,773	796,793	2,200,807	1,700,563

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	more than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2007						
Long-term borrowings (note 23(a))	7,845,058	10,846,713	544,804	1,285,044	3,395,254	5,621,611
Short-term borrowings (note 23(b))	6,156,000	6,268,358	6,268,358	—	—	—
Trade creditors and bills payable (note 25)	1,779,353	1,779,353	1,779,353	—	—	—
Other payables (note 26)	1,541,913	1,541,913	1,541,913	—	—	—
	17,322,324	20,436,337	10,134,428	1,285,044	3,395,254	5,621,611

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	more than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2008						
Long-term borrowings (note 23(a))	17,345,042	25,472,776	1,202,348	2,486,675	7,864,752	13,919,001
Short-term borrowings (note 23(b))	4,686,238	4,795,187	4,795,187	—	—	—
Obligations under finance leases (note 24)	50,000	57,182	2,930	2,835	51,417	—
Trade creditors and bills payable (note 25)	2,728,694	2,728,694	2,728,694	—	—	—
Other payables (note 26)	1,917,969	1,917,969	1,917,969	—	—	—
	26,727,943	34,971,808	10,647,128	2,489,510	7,916,169	13,919,001

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	more than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
June 30, 2009						
Long-term borrowings (note 23(a))	18,612,923	25,401,545	1,016,336	3,442,612	7,393,708	13,548,889
Short-term borrowings (note 23(b))	8,924,302	9,167,915	9,167,915	—	—	—
Obligations under finance leases (note 24)	50,000	55,400	2,700	52,700	—	—
Trade creditors and bills payable (note 25)	2,733,289	2,733,289	2,733,289	—	—	—
Other payables (note 26)	3,570,190	3,570,190	3,570,190	—	—	—
	33,890,704	40,928,339	16,490,430	3,495,312	7,393,708	13,548,889

(c) **Interest rate risk**

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the Track Record Period, however, management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the balance sheet date. The detailed interest rates and maturity information of the Group's borrowings are disclosed in note 23.

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Net fixed rate borrowings:				
Borrowings	3,198,188	5,859,798	4,155,621	7,825,228
Obligations under finance lease	104,717	—	—	—
Less: Loans and advances (note 20(i))	—	—	(6,000)	—
Bank deposits (including restricted deposits)	(472,979)	(217,280)	(540,621)	(399,455)
	2,829,926	5,642,518	3,609,000	7,425,773
Net floating rate borrowings:				
Borrowings	3,458,529	8,141,260	17,875,659	19,711,997
Obligations under finance lease	—	—	50,000	50,000
Less: Loans and advances (note 20(i))	(200,965)	(391,821)	(269,713)	(16,420)
Designated loans (note 17(i))	(151,730)	(88,790)	(80,580)	(80,580)
Bank deposits (including restricted deposits)	(111,923)	(813,717)	(1,013,744)	(1,320,403)
	2,993,911	6,846,932	16,561,622	18,344,594
Total net borrowings	5,823,837	12,489,450	20,170,622	25,770,367

At December 31, 2006, 2007, 2008 and June 30, 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB23,684,000, RMB51,737,000, RMB106,522,000 and RMB120,416,000, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet date.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for the entire Track Record Period.

(d) **Currency risk**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros and United States dollars.

(i) ***Recognized assets and liabilities***

Except for CERs and VERs sales which were denominated in foreign currencies, all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in Euros and United States dollars. The directors considered that the Group's exposure to foreign currency risk is insignificant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its shareholders.

(ii) ***Exposure to currency risk***

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than RMB to which they relate.

	At December 31,						At June 30,	
	2006		2007		2008		2009	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	413	13	80,936	6,616	52,926	11,920	53,419	58,203
Trade debtors	—	—	—	—	—	79,074	—	42,865
Other current assets	—	187,695	—	418,670	—	41,099	—	141,475
Long-term borrowings	(91,332)	(47,480)	(789,466)	(43,226)	(1,399,260)	(33,140)	(1,543,474)	(30,634)
Short-term borrowings	—	(187,695)	—	(528,756)	—	—	—	—
Net exposure	(90,919)	(47,467)	(708,530)	(146,696)	(1,346,334)	98,953	(1,490,055)	211,909

The followings are USD and EUR exchange rates to RMB during the Track Record Period:

	Average rate				Reporting date spot rate			
	2006	2007	2008	Six months ended June 30, 2009	2006	2007	2008	June 30, 2009
USD	7.9395	7.5567	7.0696	6.8333	7.8087	7.3046	6.8346	6.8319
EUR	9.9231	10.4667	10.1630	9.6499	10.2665	10.6669	9.6590	9.6408

A 5% strengthening of RMB against the following currencies as at December 31, 2006, 2007 and 2008 and June 30, 2009 would have increased/(decreased) the net profit and retained profit by the amount shown below.

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
USD	3,836	29,662	61,637	56,109
EUR	1,717	5,224	(4,681)	(9,128)
	5,553	34,886	56,956	46,981

A 5% weakening of RMB against the above currencies as at December 31, 2006, 2007 and 2008 and June 30, 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the Track Record Period.

(e) **Equity price risk**

The Group is exposed to equity price changes arising from equity investments classified as trading securities and available-for-sale equity securities (see note 17). The Group's listed investments are listed on Shanghai Stock Exchange and Shenzhen Stock Exchange in the PRC. Listed and unlisted investments held in the available-for-sale portfolio are held for long term purpose. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's exposure to equity price risk is insignificant.

(f) **Fair values**

All financial assets and liabilities are carried at the amounts not materially different from their fair values as at December 31, 2006, 2007 and 2008 and June 30, 2009 except as follows:

	At December 31,						At June 30,	
	2006		2007		2008		2009	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate long-term bank loans	124,688	92,126	113,252	76,878	100,036	76,581	147,988	118,483

(g) **Estimation of fair values**

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments.

(i) ***Listed securities***

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(ii) ***Interest-bearing borrowings and finance lease obligations***

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

32 COMMITMENTS

(a) Capital commitments outstanding at each year/period end not provided for in the Financial Information were as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for	2,818,190	3,010,938	8,139,217	10,401,279
Authorized but not contracted for	4,328,333	6,103,125	9,996,775	10,076,302
	7,146,523	9,114,063	18,135,992	20,477,581

(b) At each year/period end, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	750	960	1,607	2,129
After 1 year but within 5 years	6,744	7,753	8,449	13,682
	7,494	8,713	10,056	15,811

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

33 CONTINGENT LIABILITIES

(a) **Financial guarantees issued**

At each year/period end, the Group issued the following guarantees:

(i) Guarantees to banks in respect of the bank loans granted to certain third parties or related parties are set forth below:

At December 31, 2006

	Period of guaranteed loans		Guaranteed amount
	From	To	RMB'000
Third parties:			
Jiangyin Xingtai New Materials Co., Ltd. 江陰興泰新材料有限公司	May 19, 2005	November 20, 2008	40,000
Jiangyin Chemical Fiber Factory 江陰市化學纖維廠	November 14, 2006	September 12, 2007	45,000
Jiangsu Xingye Plastics and Chemistry Co., Ltd. 江蘇興業塑化股份有限公司	September 1, 2006	June 20, 2007	30,000
Related party:			
Anhui Anqing Wanjiang Power Generation Co., Ltd. 安徽安慶皖江發電有限責任公司	November 10, 2006	April 18, 2014	4,000

At December 31, 2007

	Period of guaranteed loans		Guaranteed amount
	From	To	RMB'000
Third parties:			
Jiangyin Xingtai New Materials Co., Ltd. 江陰興泰新材料有限公司	May 19, 2005	November 20, 2008	40,000
Jiangyin Huamei Special Fiber Co., Ltd. 江陰華美特種纖維有限公司	March 19, 2007	March 12, 2008	40,000
Jiangyin Huamei Special Fiber Co., Ltd. 江陰華美特種纖維有限公司	April 17, 2007	January 29, 2008	50,000
Jiangsu Xingye Plastics and Chemistry Co., Ltd. 江蘇興業塑化股份有限公司	June 8, 2007	June 2, 2008	30,000
Jiangyin Huamei Special Fiber Co., Ltd. 江陰華美特種纖維有限公司	September 4, 2007	September 2, 2008	35,000
Jiangyin Yunlun Chemical Fiber Co., Ltd. 江陰運倫化纖有限公司	November 19, 2007	November 18, 2008	95,000
Related party:			
Anhui Anqing Wanjiang Power Generation Co., Ltd. 安徽安慶皖江發電有限責任公司	November 10, 2006	April 18, 2014	4,000

At December 31, 2008

	Period of guaranteed loans		Guaranteed amount
	From	To	RMB'000
Third parties:			
Jiangyin Huamei Special Fiber Co., Ltd. 江陰華美特種纖維有限公司	February 22, 2008	February 18, 2009	60,000
Jiangsu Xingye Plastics and Chemistry Co., Ltd. 江蘇興業塑化股份有限公司	June 10, 2008	June 9, 2009	30,000
Jiangyin Huamei Special Fiber Co., Ltd. 江陰華美特種纖維有限公司	September 10, 2008	September 9, 2010	35,000
Related party:			
Guodian United Power Technology Co., Ltd. 國電聯合動力技術有限公司	October 22, 2008	July 22, 2009	168,000

At June 30, 2009

	Period of guaranteed loans		Guaranteed amount
	From	To	RMB'000
Third parties:			
Jiangyin Huamei Special Fiber Co., Ltd. 江陰華美特種纖維有限公司	September 10, 2008	September 9, 2010	35,000
Related party:			
Guodian United Power Technology Co., Ltd. 國電聯合動力技術有限公司	October 22, 2008	June 11, 2010	258,000
Inner Mongolia Xinjin Wind Power Generation Co., Ltd. 內蒙古新錦風力發電有限公司	February 23, 2009	February 17, 2024	88,800

The Group has not made any provision on the outstanding guarantees during the Track Record Period as the directors of the Company are of the opinion that these companies have ability to repay the bank loans for the remaining guarantees. In addition, an equity owner of 江陰華美特種纖維有限公司 which is also a non-controlling equity owner of a subsidiary of the Company, issued a written confirmation that it will sell its equity interest in that subsidiary and the proceeds to repay the bank loans if the loans are not repaid upon maturity. Up to September 30, 2009, guarantees to third parties have been released.

(ii) A wholly-owned subsidiary of the Group issued guarantees to banks in respect of a banking facility granted to a third party for RMB24,000,000 in 1997. Due to the default of the third party, the PRC court ordered the subsidiary to execute the guarantee of RMB19,000,000. According to the relevant PRC regulations and the PRC lawyer's opinion, the Group will not be liable for the guarantee since the bank did not seek for enforcement of the original judgement by the PRC court within the statutory period of time.

(iii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate, amounting to RMB32,640,000 on July 22, 2008. The directors of the Company are of the opinion that the default of repaying the bank loans by Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) is remote.

(b) **Contingent liability in respect of taxes on CDM revenue**

Up to date, there have been no rules issued on whether the revenue from sales of CERs and VERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs and VERs. Therefore, the Group has not made any provision on such contingencies.

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) **Transactions with related parties**

The Group is part of a large group of companies under Guodian and has significant transactions and relationships with the subsidiaries of Guodian.

Apart from those disclosed in Section A, the principal transactions which were carried out in the ordinary course of business are as follows:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of goods to					
Fellow subsidiaries	45,213	39,563	108,382	13,448	29,212
Associates and jointly controlled entities	—	—	19,556	2,956	4,008
Purchase of goods from					
Fellow subsidiaries	—	36,223	10,738	10,738	7,977
Associates and jointly controlled entities	11,383	20,489	—	—	575,676
Working capital provided to/(received from)					
Guodian	—	13,270	(4,865)	580,774	(1,113)
Fellow subsidiaries	16,872	(12,508)	(12,354)	(12,889)	5,759
Associates and jointly controlled entities	196,299	205,885	(131,995)	(56,380)	(185,229)
Loan guarantees provided by					
Guodian	355,263	1,387,096	3,338,213	2,254,141	(231,046)
Loan guarantees provided to					
Associates and jointly controlled entities	4,000	—	164,000	56,000	178,800
Loans provided to/(repayment from)					
Associates and jointly controlled entities	165,000	(68,000)	(5,000)	(5,000)	(5,000)
Loans received from/(repayment to)					
Guodian	—	845,000	(845,000)	(845,000)	—
Fellow subsidiaries	(80,000)	305,000	(305,000)	(265,000)	—
Interest expenses					
Guodian	—	13,608	17,692	17,206	—
Fellow subsidiaries	3,682	3,326	3,959	1,620	—
Interest income					
Fellow subsidiaries	141	2,040	3,684	1,720	746
Associates and jointly controlled entities	2,028	9,170	6,543	3,618	6,752

(b) **Outstanding balances with related parties**

The deposits placed with a fellow subsidiary amounted to RMB19,645,000, RMB519,208,000, RMB597,268,000 and RMB95,028,000 as at December 31, 2006, 2007 and 2008 and June 30, 2009 respectively. Details of the other outstanding balances with related parties are set out in notes 17, 19, 20, 23, 25 and 26.

(c) **Transactions with other state-controlled entities in the PRC**

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-controlled entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities included but are not limited to the following:

— Sales of electricity;

— Depositing and borrowing money;

— Purchase of materials and receiving construction work services; and

— Service concession arrangements.

The tariff of electricity is regulated by relevant government. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the Financial Information, the directors are of the opinion that the following transactions require disclosure as other state-controlled entities transactions:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of electricity	4,116,862	4,412,027	5,658,714	2,797,322	2,944,092
Sales of other products	52,643	150,617	24,460	19,284	146,264
Interest income	7,289	8,542	9,046	3,076	5,965
Interest expense	208,676	374,559	1,064,189	483,541	645,749
Loans received/(repayment)	2,240,348	4,803,413	9,441,405	6,086,435	5,662,942
Purchase of materials and receiving construction service	813,910	1,673,330	2,902,880	729,052	2,443,570
Service concession construction revenue	975,481	2,073,808	2,200,360	774,235	346,511

The balances due from/(to) other state-controlled entities transactions are as follows:

	At December 31,			At June 30,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables from sale of electricity	516,770	780,911	1,028,676	1,463,813
Receivables from sales of other products	7,212	8,630	14,702	100,426
Cash on hand and at banks and restrict deposit	361,529	341,084	349,774	838,215
Borrowings	5,442,717	10,246,130	19,687,535	25,350,477
Payable for purchase of materials and receiving construction work service	52,807	118,517	413,243	1,085,497

(d) **Key management personnel remuneration**

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 7, and certain of the highest paid employees as disclosed in note 8, is as follows:

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other emoluments	905	1,470	1,634	556	526
Discretionary bonus	2,072	3,103	3,116	1,623	2,206
Retirement scheme contributions	246	325	365	157	171
	3,223	4,898	5,115	2,336	2,903

35 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

(a) **Acquisition of subsidiaries**

(i) On January 1, 2006, Xinjiang Tianfeng Power Generation Joint Stock Company (新疆天風發電股份有限公司, "Xinjiang Tianfeng"), a subsidiary of CLEPG, acquired all the assets and liabilities and the related business of Xinjiang Dabancheng Wind Power Generation Co., Ltd. (新疆達阪城風力發電有限責任公司, "Xinjiang Dabancheng"), an associate of the Group before the acquisition, by issuing capital to other preceding equity owners of Xinjiang Dabancheng, the fair value of which amounted to RMB147,856,000. As a result of this acquisition, the non-controlling interest percentage of Xinjiang Tianfeng increased to 40.53%. The acquired operation has no material contribution to the revenue and profit of the Group for the year ended December 31, 2006.

The assets and liabilities at the date of acquisition are as follows:

	At January 1, 2006	
	Carrying value of the acquiree	Fair value
	RMB'000	RMB'000
Cash and cash equivalents	467	467
Other current assets	16,797	19,261
Property, plant and equipment	240,833	249,873
Lease prepayments	71	225
Less: Current liabilities	(61,675)	(61,675)
Non-current liabilities	(60,305)	(60,295)
Net assets	136,188	147,856
Less: Deferred tax liabilities	—	(1,838)
	136,188	146,018
Purchase consideration settled in cash		—
Less: Cash and cash equivalents acquired		(467)
Net cash inflow on acquisition		(467)

(ii) On June 2, 2009, Jiangyin Sulong Power Generation Co., Ltd (江陰蘇龍發電有限公司), acquired 100% equity interest in a subsidiary, Jiangsu New Longyuan Investment Co., Ltd. (江蘇新龍源投資有限公司) from a third party with total cash consideration of RMB45,000,000. The acquired operation has no material contribution to the revenue and profit of the Group for the six months period ended June 30, 2009.

The assets and liabilities at the date of acquisition are as follows:

	At June 2, 2009	
	Carrying value of the acquiree	Fair value
	RMB'000	RMB'000
Cash and cash equivalents	1,962	1,962
Investments in associates and jointly controlled entities	98,066	98,066
Less: Current liabilities	(55,028)	(55,028)
Net assets	45,000	45,000

(b) **Major non-cash transactions**

	Years ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Distributions to Guodian pursuant to the Reorganization (Section A)	—	—	810,090	—	—
Capital contribution in form of transferring interest in an associate	12,000	—	—	—	—

36 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the Financial Information. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those polices and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) **Impairment losses for bad and doubtful debts**

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would by higher than estimated.

(b) **Impairment losses of non-current assets**

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, investment properties, lease prepayments, intangible assets and investments in associates and jointly controlled entities, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

(c) **Recognition of deferred tax assets**

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

(d) **Depreciation**

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(e) **Income tax**

The Group files income taxes in numerous tax authorities. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

(f) **Provisions for guarantees**

Provisions for outstanding guarantees are recognized if they become probable that the holders of these guarantees will call upon the Group under the guarantees and the amount of that claim on the Group is expected to exceed the amount currently carried in payables in respect of the guarantee. The Group reviews the financial position of these guarantee holders regularly and estimates the amount to claim on the Group based on historical experience. If the financial position of these guarantee holders were to deteriorate, actual provisions would be higher than estimated.

37 PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be Guodian, which is a state-owned enterprise established in the PRC. Guodian does not produce financial statement available for public use.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED JUNE 30, 2009

As at the date of this report, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the period ended June 30, 2009 and which have not been adopted in preparing the Financial Information:

	Effective for accounting periods beginning on or after
IFRS 3 (revised), "Business combinations"	Applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009
IAS 27 (revised), "Consolidated and separate financial statement"	July 1, 2009
Amendment to IAS 39, "Financial instruments, Recognition and measurement — Eligible hedged items"	July 1, 2009
IFRIC 17, "Distribution of non-cash assets to owners"	July 1, 2009
Improvements to IFRSs 2009	July 1, 2009 or January 1, 2010
Amendment to IFRS 1, "First-time adoption of International Financial Reporting Standards — Additional exemptions for first-time adopters"	January 1, 2010
Amendment to IFRS 2, "Share-based payment — Group cash-settled share-based payment transactions"	January 1, 2010
Amendment to IAS32, "Financial instruments: Presentation — Classification of rights issues"	February 1, 2010
IAS 24 (revised), "Related party disclosures"	January 1, 2011
IFRS 9, "Financial instruments"	January 1, 2013

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far the Group believes that the adoption of these new IFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

D SUBSEQUENT EVENTS

(a) Establishment of the Company

Pursuant to the Approval of Establishing China Longyuan Power Group Corporation Limited, issued by State-owned Assets Supervision and Administration Commission of the State Council, the Company was established as a joint stock company on July 9, 2009. The Company issued 4,900 million and 1,000 million ordinary shares with a par value of RMB1.00 each to Guodian and Guodian Northeast Electric Power Co., Ltd. (國電東北電力有限公司), respectively.

(b) Dividends

In accordance with the notice Provisional Regulation Relating to Corporate Reorganization of Enterprises and Related Management of State-owned Capital and Financial Treatment (企業公司制改建有關國有資本管理與財務處理的暫行規定) issued by the Ministry of Finance (the "MOF"), which became effective from August 27, 2002, and pursuant to the board resolution of the Company on July 17, 2009, the Company is to make a distribution to Guodian, which represents an amount equal to the net profit attributable to the equity holder of the Company, generated during the period from September 30, 2008 (date of the Reorganization) to July 9, 2009 by the businesses and operations contributed to the Group by CLEPG.

(c) Bond issuing

According to a resolution of shareholders' meeting dated July 17, 2009, the Company submitted an application to the PRC government for a proposed issuance of unsecured bonds in an aggregate principal amount of RMB1,600 million due 2016.

E SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Group in respect of any period subsequent to June 30, 2009.

Yours faithfully

KPMG
Certified Public Accountants
Hong Kong

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on (i) how the proposed listing might have affected the financial position of the Group after the completion of the Global Offering; (ii) how the proposed listing might have affected the unaudited pro forma forecast earnings per share for the year ending December 31, 2009.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of the Group during the Track Record Period or any further date.

The information set forth in this appendix does not form part of the accountants' report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix II to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Global Offering on our net tangible assets as of June 30, 2009 as if it had taken place on June 30, 2009.

The unaudited pro forma statement of adjusted net tangible assets have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of June 30, 2009 or any future date following the Global Offering. It is prepared based on our consolidated net assets as of June 30, 2009 as derived from our consolidated financial statements set forth in the accountants' report in Appendix I, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the accountants' report as set forth in Appendix I to this prospectus.

	Adjusted consolidated net tangible assets attributable to equity holders of the Company as at June 30, 2009[(1)]	Add: Estimated net proceeds from the Global Offering[(2)]	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share [(3)(5)]	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$[(4)]
Based on an offer price of HK$6.26 per Share . .	79.1	11,256.0	11,335.1	1.59	1.80
Based on an offer price of HK$8.16 per Share . .	79.1	14,735.6	14,814.7	2.07	2.35

Notes:

(1) The adjusted consolidated net tangible assets attributable to equity holders of the Company as of June 30, 2009 have been calculated based on the audited consolidated net assets attributable to the equity owner of the Company of RMB 4,303.2 million after deducting intangible assets of RMB 5,683.1 million and adjusting the share of these intangible assets attributable to non-controlling interests of RMB 1,459.0 million. Intangible assets of the Group mainly represented concession assets for wind power service concession projects, amounting to RMB 5,680.5 million as of June 30, 2009.

(2) The estimated net proceeds from the Global Offering are based on indicative offer prices of HK$6.26 and HK$8.16 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 7,142,860,000 Shares are in issue assuming that the Global Offering has been completed on June 30, 2009 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB 0.8809 to HK$1.00, the PBOC Rate prevailing on November 13, 2009. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) The Group's property interests as at September 30, 2009 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation Report". The above unaudited pro forma statement of adjusted consolidated net tangible assets do not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB612.0 million. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending December 31, 2009. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB7.5 million would be charged against the profit for the year ending December 31, 2009.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the forecast earnings per share. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

For the year ending December 31, 2009

Forecast consolidated net profit attributable to equity holders of the Company[(1)]	not less than RMB886.0 million (approximately HK$1,005.8 million)
Unaudited forecast earnings per Share — pro forma fully diluted[(2)]	not less than RMB0.12 (approximately HK$0.14)

Notes:

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

(2) The calculation of the unaudited pro forma forecast earnings per Share on a pro forma fully diluted basis for the year ending December 31, 2009 is based on the above forecast consolidated net profit attributable to equity holders for the year ending December 31, 2009 assuming that a total of 7,142,860,000 Shares were in issue during the entire year, without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.

C. LETTERS FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PROFORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

November 27, 2009

The Directors
China Longyuan Power Group Corporation Limited
Room 1206, 12th Floor, No. 7 Baishiqiao Street
Haidian District
Beijing, China

Dear Sirs,

We report on the unaudited pro forma financial information ("the Pro Forma Financial Information") of China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries ("the Group") set out in Appendix II to the prospectus dated November 27, 2009 ("the Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the share offer might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our procedures on the unaudited Pro Forma Financial Information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at June 30, 2009 or any future date; or
- the earnings per share of the Group for the year ending December 31, 2009 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The forecast of the consolidated profit attributable to equity holders of the Company for the year ending December 31, 2009 is set out in the "Financial Information — Profit Forecast for the Year Ending December 31, 2009" in this prospectus.

(A) BASES AND ASSUMPTIONS

The forecast of the consolidated profit attributable to equity holders of the Company for the year ending December 31, 2009 prepared by the Directors is based on the audited consolidated results of the Group for the six months ended June 30, 2009, the unaudited consolidated results of the Group for the three months ended September 30, 2009 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2009. The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarized in Appendix I to this prospectus and has been prepared on the following principal bases and assumptions:

1. There will be no material changes in the existing government policies or political, legal, fiscal market or economic conditions in the PRC including Hong Kong, the British Virgin Islands ("BVI"), or any of the countries in which members of the Group currently operate or are established.

2. There will be no material changes in legislation and regulations governing the renewable energy and coal power generation industry in the PRC that will materially affect the business operation of the Group.

3. There will be no material changes in the inflation rate, interest rate set by the PBOC or foreign currency exchange rate of RMB against U.S. Dollars and Euro compared to September 30, 2009.

4. There will be no material changes in the bases or rates of taxation or duties in the PRC including Hong Kong, the BVI, or any of the countries in which members of the Group operate or are established.

5. The Group's production and operation will not be significantly affected by interruptions of the supplies of raw materials (primarily coal) and wind turbines, labour disputes, technical barrier and any other reasons that are beyond the control of the Directors.

6. There will be no material changes in technology, industry, safety standards, and environmental protection regulations in connection with the generation and sales of electricity that would have a significant negative impact on the Group's operation in the PRC.

7. There will be no abnormal climatic conditions, particularly wind conditions which will reduce our planned electricity production of the wind farms.

8. The Directors expect that the Group will obtain approval for all applicable preferential tax treatment and exemptions in a timely manner and will obtain all the approvals from government for the new projects before commencement of construction.

9. The Directors believe that the Group is able to develop and complete the construction of new wind farms on schedule. The Directors estimate that all necessary approvals and electricity transmission and dispatch services will be obtained in a timely manner so that the wind farms will be able to sell the electricity to local grid companies upon completion of constructions.

10. The Group's operations and financial performance will not be materially and adversely impacted by any of the risk factors set out in the section headed "Risk Factors" in this prospectus.

(B) LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT FORECAST

The following is the text of the letter from our reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus in connection with the profit forecast for the year ending December 31, 2009.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

November 27, 2009

The Directors
China Longyuan Power Group Corporation Limited
Room 1206, 12th Floor, No. 7, Baishiqiao Street
Haidian District
Beijing
China

Morgan Stanley Asia Limited
Level 46, International Commerce Centre
1 Austin Road West,
Kowloon, Hong Kong

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity holders of China Longyuan Power Group Corporation Limited ("the Company") for the year ending December 31, 2009 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated November 27, 2009 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Group for the six months ended June 30, 2009, the unaudited consolidated results of the Group for the three months ended September 30, 2009 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2009.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated November 27, 2009, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE SPONSOR

The following is the text of a letter, prepared for inclusion in this prospectus by the Sponsor in connection with the forecast of our combined profit attributable to the shareholders of the Company for the year ending December 31, 2009.

Morgan Stanley

Morgan Stanley Asia Limited

Level 46, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

November 27, 2009

To: The Directors
China Longyuan Power Group Corporation Limited

Dear Sirs,

We refer to the forecast consolidated net profit attributable to the shareholders of China Longyuan Power Group Corporation Limited (the ***Company***) and its subsidiaries (collectively the ***Group***) for the year ending December 31, 2009 (the ***Forecast***) as set out in the section headed "Financial Information" in the prospectus issued by the Company dated November 27, 2009 (the "***Prospectus***").

The Forecast, for which the Directors of the Company are solely responsible, has been prepared based on the audited financial results of the Group for the six months ended June 30, 2009, the unaudited management accounts of the Group for the three months ended September 30, 2009 and a forecast of the results of the Group for the remaining three months ending December 31, 2009.

We have discussed with you the bases made by the Directors of the Company as set out in Appendix III to the Prospectus upon which the Forecast has been made. We have also considered the letter dated November 27, 2009 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Morgan Stanley Asia Limited
George Taylor
Managing Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at September 30, 2009 of the property interests of the Group. As described in section "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI, a copy of the full valuation report will be made available for public inspection.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

November 27, 2009

The Board of Directors
China Longyuan Power Group Corporation Limited
Room 1206, 12th Floor
No. 7 Baishiqiao Street
Haidian District
Beijing
PRC

Dear Sirs,

In accordance with your instructions to value the properties in which China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at September 30, 2009 (the "date of valuation").

In valuing the property interests in Groups I, II and III in the PRC, we have catergorized the property interests of the Group into various sub-groups each of which is held by the Company or one of its subsidiaries.

Our valuation of the property interests represents the market value which we would define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

Land

The concept of freehold and leasehold land does not exist in China. Private land ownership in China was abolished in the collectivization movement during the 1950's. Since then, the only form of ownership in land has been 'socialist public ownership' of which there are two generic types: state-owned and collectively owned. Land was 'allocated' free of charge by the state to the designated users (commonly state-owned enterprises) for an indefinite period. The users in return could not in any way transfer the land to other parties. Normally, when dealing with the valuation of such land, we will deem it to have 'no commercial value'.

In January 1995, the "PRC, Administration of Urban Real Property Law" came into effect, reinforcing previous legislation and establishing land as a commodity. By possessing, 'land use rights' users, including state-owned enterprises, could assign lease or mortgage land. Normally, to obtain such land use rights, a premium had to be paid whereupon the 'allocated' land could be reclassified as 'granted land'. The land is granted by the state and the premium is based upon the standard land prices (which are periodically reviewed) set by the Land Administration Bureau. Such land can be valued by reference to the standard land prices in each locality and prices paid in the market for it.

In occasional cases on a discretionary basis, allocated land held by certain state-owned enterprises can be injected by the state to those enterprises as capital investment for incorporation into a joint stock company in return for shares. We have defined such land as "State-capital-injection land" (作價出資土地). After the injection, the land use rights of the State-capital-injection land of specified tenure terms will be held by the joint stock company and a new relevant Land Use Rights Certificate will be issued to the joint stock company. The joint stock company may transfer, lease and mortgage the land use rights in accordance with the relevant land regulations and laws of the PRC in relation to granted land use rights.

We have valued the property interests in portions of Group I, which are held and occupied by the Group by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of certain properties in Group I and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales available, the property interests have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests in Group II which are currently under development, we have assumed that they will be developed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have also take into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have valued the property interests in Group III which are held for investment by the Group by income approach by taking into account the rental income of the properties derived from the existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has been made to comparable sale transaction as available in the relevant market.

We have attributed no commercial value to the property interests in Group IV and Group V which are rented by the Group due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited except for those in respect of which exemptions and waivers have been applied for and granted in respect of Rules 5.01, 5.06, 19A.27(4) and Paragraph 34(2) of the Third Schedule of Companies Ordinance; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

As the Group is in compliance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and section 6 of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual rented properties under operating lease have been excluded from the valuation certificates in our valuation report to this prospectus, of which a summary is included in the Summary of Values and the certificate for rented properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates ("LURCs"), Building Ownership Certificates ("BOCs"), Real Estate Title Certificates ("RETCs") and official plans relating to the property interests in the PRC and have caused searches to be made at the Hong Kong Land Registries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal counsels — Beijing Jiayuan Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
1.	Various properties held by the Company in Beijing and Zhejiang Province The PRC	401,862,000	100%	401,862,000
2.	Various properties held by Jiangyin Sulong Power Generation Co., Ltd. in Jiangsu Province The PRC	671,600,000	27%	181,332,000
3.	Various properties held by Nantong Tianshenggang Power Generation Co., Ltd. in Jiangsu Province The PRC	1,399,628,000	31.94%	447,041,000
4.	Various properties held by Xinjiang Tianfeng Power Generation Joint Stock Company in Xinjiang Uygur Autonomous Region The PRC	56,120,000	59.47%	33,375,000
5.	Various properties held by Gansu Jieyuan Wind Power Generation Co., Ltd. in Gansu Province The PRC	34,041,000	61%	20,765,000
6.	Various properties held by Zhejiang Wind Power Generation and Development Co., Ltd. in Zhejiang Province The PRC	27,068,000	100%	27,068,000
7.	Various properties held by Longyuan Pingtan Wind Power Generation Co., Ltd. in Fujian Province The PRC	16,389,000	89.5%	14,668,000

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
8.	A property held by Jiangsu Longyuan Wind Power Generation Co., Ltd. in Jiangsu Province The PRC	5,902,000	57.99%	3,423,000
9.	A property held by Longyuan Qidong Wind Power Generation Co., Ltd. in Jiangsu Province The PRC	No commercial value	69.37%	No commercial value
10.	A property held by Jilin Longyuan Wind Power Generation Co., Ltd. in Jilin Province The PRC	10,619,000	66.23%	7,033,000
11.	Various properties held by Chifeng Xinsheng Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No commercial value	34%	No commercial value
12.	Various properties held by Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. in Fujian Province The PRC	8,940,000	91.15%	8,149,000
13.	Various properties held by Dandong Haiyanghong Wind Power Generation Co., Ltd. in Liaoning Province The PRC	No commercial value	67.14%	No commercial value
14.	Various properties held by Yichun Xing'anling Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No commercial value	55%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
15.	A property held by Fuyuan Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No commercial value	100%	No commercial value
16.	Various properties held by Huanan Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	690,000	40%	276,000
17.	Various properties held by Yichun Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No commercial value	40%	No commercial value
18.	Various properties held by Shenyang Longyuan Wind Power Generation Co., Ltd. in Liaoning Province The PRC	No commercial value	98.6%	No commercial value
19.	Various properties held by Tieling Longyuan Wind Power Generation Co., Ltd. in Liaoning Province The PRC	5,924,000	100%	5,924,000
20.	Various properties held by Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. in Liaoning Province The PRC	No commercial value	100%	No commercial value
21.	Various properties held by Longyuan (Bayannur) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
22.	Various properties held by Longyuan (Baotou) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	7,288,000	100%	7,288,000
23.	A property held by Longyuan (Siziwang) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	3,986,000	100%	3,986,000
24.	Various properties held by Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd. in Zhejiang Province The PRC	No commercial value	76.29%	No commercial value
25.	A property held by Longyuan Donghai Biomass Power Plant in Jiangsu Province The PRC	75,430,000	95%	71,659,000
26.	Various properties held by Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd. in Fujian Province The PRC	No commercial value	60%	No commercial value
27.	Various properties held by Fujian Putian Nanri Wind Power Generation Co., Ltd. in Fujian Province The PRC	2,820,000	41.56%	1,172,000
28.	Various properties held by Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. in Hebei Province The PRC	7,900,000	100%	7,900,000

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
29.	A property held by China Fulin Wind Power Construction Co., Ltd. in Guangdong Province The PRC	2,072,000	100%	2,072,000
30.	Various properties held by Zhejiang Linhai Wind Power Generation Co., Ltd. in Zhejiang Province The PRC	1,496,000	90%	1,346,000
31.	Various properties held by Zhejiang Cangnan Wind Power Generation Co., Ltd. in Zhejiang Province The PRC	No commercial value	90%	No commercial value
32.	Various properties held by Gansu Xin'an Wind Power Generation Co., Ltd. in Gansu Province The PRC	638,000	35%	223,000
33.	Various properties held by Longyuan (Xing'anmeng) Wind Power Co., Ltd. in Inner Mongolia Autonomous Region the PRC	10,873,000	100%	10,873,000
	Sub-total:	**2,751,286,000**		**1,257,435,000**

Group II — Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
34.	Various properties held by Chifeng Longyuan Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	35,901,000	97.01%	34,828,000
35.	A property held by Hailin Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No commercial value	51%	No commercial value
36.	Various properties held by Yichun Longyuan Hero Asia Wind Power Co., Ltd. in Heilongjiang Province The PRC	No commercial value	100%	No commercial value
37.	A property held by Hainan Longyuan Wind Power Generation Co., Ltd. in Hainan Province The PRC	No commercial value	100%	No commercial value
38.	Various properties held by Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd. in Hebei Province The PRC	25,302,000	50%	12,651,000
39.	A property held by Longyuan Kangping Wind Power Generation Co., Ltd. in Liaoning Province The PRC	No commercial value	100%	No commercial value
40.	A property held by Longyuan (Tongyu) Wind Power Generation Co., Ltd. in Jilin Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
41.	A property held by Longyuan (Changling) Wind Power Generation Co., Ltd. in Jilin Province The PRC	No commercial value	100%	No commercial value
42.	A property held by Longyuan (Naiman) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
43.	A property held by Longyuan (Tongliao) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
44.	A property held by Hegang Longyuan Wind Power Generation Co., Ltd in Heilongjiang Province The PRC	No commercial value	95%	No commercial value
45.	A property held by Shuangyashan Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No commercial value	100%	No commercial value
46.	Various properties held by Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd. in Hebei Province The PRC	4,404,000	55%	2,422,000
47.	A property held by Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd. in Hebei Province The PRC	7,105,000	55%	3,908,000

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2009 RMB
48.	A property held by Yunnan Longyuan Wind Power Generation Co., Ltd. in Yunnan Province The PRC	No commercial value	100%	No commercial value
49.	A property held by Gansu Longyuan Wind Power Generation Co., Ltd. in Gansu Province The PRC	No commercial value	100%	No commercial value
50.	A property held by Longyuan (Jiuquan) Wind Power Generation Co., Ltd. in Gansu Province The PRC	No commercial value	100%	No commercial value
51.	A property held by Longyuan Shenyang Wind Power Generation Co., Ltd. in Liaoning Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	**72,712,000**		**53,809,000**

Group III — Property interests held for investment by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at September 30 2009 RMB
52.	Various properties held by the Company in Beijing and Shanghai The PRC	375,628,000	100%	375,628,000
	Sub-total:	**375,628,000**		**375,628,000**

Group IV — Property interests rented and occupied by the Group in the PRC

No.	Property		Capital value in existing state as at September 30, 2009 RMB	Capital value attributable to the Group as at September 30, 2009 RMB
53.	Properties rented by the Group in the PRC		No commercial value	No commercial value
		Sub-total:	**Nil**	**Nil**

Group V — Property interest rented and occupied by the Group in Hong Kong

No.	Property		Capital value in existing state as at September 30, 2009 RMB	Capital value attributable to the Group as at September 30, 2009 RMB
54.	Office No. 1 39 Floor Hong Kong Plaza No. 188 Connaught Road West Hong Kong		No commercial value	No commercial value
		Sub-total:	**Nil**	**Nil**
		Grand total:	**3,199,626,000**	**1,686,872,000**

VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
1.	Various properties held by the Company in Beijing and Zhejiang Province The PRC	The properties comprise 18 units, three parcels of land with a total site area of approximately 23,180.3 sq.m. for scientific research and design uses and 30 buildings and 18 structures erected thereon, which were completed in various stages between 1979 and 2007. The buildings and units have a total gross floor area of approximately 25,735.34 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 2,475.11 Office — 13,423.46 Ancillary facilities — 1,337.26 Others — 8,499.51 **Total:** — **25,735.34** The structures mainly include boundary fence, water pools and a dam.	The properties are currently occupied by the Group for production, office, ancillary facilities and other purposes except for portions of these properties with a total gross floor area of approximately 11,159.85 sq.m. which are rented to various independent third parties (Refer to note 3).	401,862,000 100% interest attributable to the Group: RMB401,862,000

Notes:

1. The land use rights of 3 parcels of land with a total site area of approximately 23,180.30 sq.m. have been allocated to Zhejiang Wenling Tidal Trial Power Station (中國國電集團溫嶺江夏潮汐試驗電站), a branch of the Company, for scientific research and design uses with LURCs and have been approved by relevant government authorities to continue using as allocated land (the "allocated land").
2. Among 48 buildings or units of the properties,
   a. the Company has obtained valid BOCs for 16 units with a total gross floor area of approximately 17,457.86 sq.m.; and
   b. the Company has obtained BOCs for 30 buildings which are erected on the allocated land and two units together having a total gross floor area of approximately 8,277.48 sq.m.
3. Pursuant to ten Tenancy Agreements, portions of the units with a total gross floor area of approximately 11,159.85 sq.m. are rented to nine independent third parties for various terms with the latest expiry date on July 24, 2014, at a total annual rental of RMB21,793,294.60.
4. Pursuant to five Tenancy Agreements, portions of the units with a total gross floor area of approximately 7,172.08 sq.m. are rented to four subsidiaries of the Company for terms with the expiry date on December 31, 2009 at a total annual rental of RMB11,496,406.13.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
   b. for the units with BOCs except for those stated in note 2b, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
   c. for the buildings and units with BOCs stated in note 2b, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.
6. In the valuation of these properties, we have attributed no commercial value to the three parcels of allocated land, the 32 buildings and units (refer to note 2b) with a total gross floor area of approximately 8,277.48 sq.m. and 18 structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) and the capital value of the units as at the date of valuation would be in the sum of RMB14,415,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
2.	Various properties held by Jiangyin Sulong Power Generation Co., Ltd. in Jiangsu Province The PRC	The properties comprise three units, five parcels of land with a total site area of approximately 1,044,339.70 sq.m. for industrial use and 54 buildings and 177 structures erected thereon, which were completed in various stages between 1994 and 2009. The buildings and units have a total gross floor area of approximately 146,760.76 sq.m. Details of uses and gross floor areas of them are set out as follows:	The properties are currently occupied by the Group for production, office, ancillary facilities and other purposes.	671,600,000 27% interest attributable to the Group: RMB181,332,000

Use	Gross Floor Area (sq.m.)
Production	58,493.31
Office	20,561.40
Ancillary facilities	45,761.76
Others	21,944.29
Total:	**146,760.76**

The structures mainly include chimneys, trestles, retaining walls, and dust catcher structures.

Notes:

1. Jiangyin Sulong Power Generation Co., Ltd. ("JSPG," 江陰蘇龍發電有限公司) is a 27% interest owned subsidiary of the Company.
2. Among five parcels of land of the properties,
   a. the land use rights of three parcels of land with a total site area of approximately 344,299 sq.m. have been granted to JSPG for industrial use with LURCs for various terms expiring on December 26, 2052 and January 12, 2054 respectively (the "granted land"); and
   b. the land use rights of two parcels of land with a total site area of approximately 700,040.70 sq.m. have been allocated to JSPG for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land").
3. Among 57 buildings or units of the properties,
   a. JSPG has obtained valid BOCs for 19 buildings which are erected on the granted land and three units together having a total gross floor area of approximately 58,377.53 sq.m.; and
   b. JSPG has obtained BOCs for 35 buildings with a total gross floor area of approximately 88,383.23 sq.m., which are erected on the allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs;
   b. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
   c. for the buildings with BOCs erected on the granted land and the three units, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
   d. for the buildings with BOCs erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.
5. In valuing the properties, we have attributed no commercial value to the two parcels of allocated land, 35 buildings (refer to note 3b) with a total gross floor area of approximately 88,383.23 sq.m. and 57 structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB292,209,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
3.	Various properties held by Nantong Tianshenggang Power Generation Co., Ltd. in Jiangsu Province The PRC	The properties comprise ten parcels of land with a total site area of approximately 2,829,090.39 sq.m. for industrial and storage uses and 53 buildings and 181 structures erected thereon, which were completed in various stages between 1984 and 2007. The buildings have a total gross floor area of approximately 112,913.20 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 52,514.05 Office — 12,268.23 Ancillary facilities — 24,160.04 Others — 23,970.88 **Total:** — **112,913.20** The structures mainly include wells, chimney, trestles and retaining walls	The properties are currently occupied by the Group for production, office, ancillary facilities and other purposes.	1,399,628,000 31.94% interest attributable to the Group: RMB447,041,000

Notes:

1. Nantong Tianshenggang Power Generation Co., Ltd. ("NTPG," 南通天生港發電有限公司) is a 31.94% interest owned subsidiary of the Company.

2. Among ten parcels of land of the properties,

   a. the land use rights of four parcels of land with a total site area of approximately 272,130.23 sq.m. have been granted to NTPG for industrial use with LURCs for various terms expiring on October 27, 2053 and October 21, 2054 (the "granted land");

   b. the land use rights of five parcels of land with a total site area of approximately 2,507,643.16 sq.m. with LURCs in state-capital-injection nature have been obtained by NTPG for industrial and storage uses for various terms expiring on December 9, 2053 and February 10, 2055 (the "state-capital-injected land"); and

   c. the land use rights of a parcel of land with a site area of approximately 49,317 sq.m. without LURC are intended to be acquired by NTPG.

3. Among 53 buildings of the properties,

   a. NTPG has obtained valid BOCs for 32 buildings with a total gross floor area of approximately 81,307.90 sq.m., which are erected on the granted land and/or the state-capital-injected land;

   b. we have not been provided with any title certificate for the remaining 21 buildings with a total gross floor area of approximately 31,605.3 sq.m.; and

   c. as advised by the Group, nine of the 21 buildings mentioned in note 3b with a total gross floor area of approximately 21,418.62 sq.m. will be demolished soon.

4. Pursuant to a Tenancy Agreement, a portion of a building with a total gross floor area of approximately 4,800 sq.m. is rented to a subsidiary of the Company at an annual rental of RMB600,000 for a term commencing from August 1, 2004.

5. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to assist the Group in applying for BOCs and LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the land granted and state-capital-injected land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs;

   b. for the buildings with BOCs erected on the granted land and/or the state-capital-injected land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. for the remaining one parcel of land and 21 buildings without LURC and BOCs, China Guodian Group Corporation has made undertaking stated in note 5. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.

7. In valuing the properties, we have attributed no commercial value to a parcel of land mentioned in note 2c and 19 structures erected thereon together with 12 buildings (excluding the nine buildings which will be demolished, refer to note 3b, 3c) with a total gross floor area of approximately 10,186.68 sq.m. without BOCs. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB111,170,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
4.	Various properties held by Xinjiang Tianfeng Power Generation Joint Stock Company in Xinjiang Uygur Autonomous Region The PRC	The properties comprise 16 units, 80 parcels of land with a total site area of approximately 264,763.83 sq.m. for industrial use and 10 buildings and 7 structures erected thereon, which were completed in various stages between 1995 and 2007. The buildings and units have a total gross floor area of approximately 10,790.35 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 4,274.27 Office — 5,385.36 Ancillary facilities — 1,130.72 **Total:** — **10,790.35** The structures mainly include boundary fences, a well and a road.	The properties are currently occupied by the Group for production, office, ancillary facilities and other purposes.	56,120,000 59.47% interest attributable to the Group: RMB33,375,000

Notes:

1. Xinjiang Tianfeng Power Generation Joint Stock Company ("Xinjiang Tianfeng," 新疆天風發電股份有限公司) is a 59.47% interest owned subsidiary of the Company.

2. The land use rights of 80 parcels of land with a total site area of approximately 264,763.83 sq.m. have been granted to Xinjiang Tianfeng for industrial use with LURCs for various terms with the expiry dates between June 30, 2054 and November 4, 2058.

3. Xinjiang Tianfeng has obtained all the BOCs for 10 buildings and 16 units of the properties with a total gross floor area of approximately 10,790.35 sq.m.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the properties, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs; and

   b. for the buildings or units of the properties, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
5.	Various properties held by Gansu Jieyuan Wind Power Generation Co., Ltd. in Gansu Province The PRC	The properties comprise three units, eight parcels of land with a total site area of approximately 379,554 sq.m. for industrial and composite uses, eight buildings and eight structures erected thereon, which were completed in various stages between 1997 and 2007. The buildings and units have a total gross floor area of approximately 6,424.61 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,618.68 Office — 1,988.30 Ancillary facilities — 1,077.78 Others — 1,739.85 **Total:** — **6,424.61** The properties also include two buildings which were still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2009. The total gross floor area of the CIP upon completion will be approximately 6,736 sq.m. The total construction cost of the CIP is estimated to be approximately RMB8,100,000, of which approximately RMB7,108,432.29 had been paid up to the date of valuation.	The properties are currently occupied by the Group for production, office, ancillary facilities and other purposes except for two units with a total gross floor area of approximately 225.80 sq.m. which are currently rented to two independent third parties (refer to note 4).	34,041,000 61% interest attributable to the Group: RMB20,765,000

Notes:

1. Gansu Jieyuan Wind Power Generation Co., Ltd. ("Gansu Jieyuan," 甘肅潔源風力發電有限責任公司) is a 61% interest owned subsidiary of the Company.
2. Among eight parcels of land of the properties,
   a. the land use rights of six parcels of land with a total site area of approximately 338,946 sq.m. have been granted to Gansu Jieyuan for industrial use with LURCs for various terms with the expiry dates between July 18, 2053 and October 21, 2058 (the "granted land"); and
   b. the land use rights of two parcels of land with a total site area of approximately 40,608 sq.m. have been allocated to Gansu Jieyuan for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land").
3. Gansu Jieyuan has obtained valid BOCs for eight buildings which erected on the granted land and three units together having a total gross floor area of approximately 6,424.61 sq.m.
4. Pursuant to two Tenancy Agreements, two units with a total gross floor area of approximately 225.8 sq.m. are rented to two independent third parties at a total annual rental of RMB48,074 for office use with the expiry date on December 31, 2009.
5. For the CIP of the properties, we have been provided with Construction Land Planning Permit and Construction Work Planning Permit, but without Construction Work Commencement Permit, regarding a total planned gross floor area of approximately 6,736 sq.m. issued by the relevant local authority.

6. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company) has undertaken to assist the Group in applying for BOCs and indemnity against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since incorporation of the Company.

7. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs;

   b. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;

   c. for the buildings with BOCs erected on the granted land and the three units, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and

   d. for the CIP of the properties erected on the granted land, there will no legal impediment to obtain the BOCs after the CIP has passed the completion and acceptance inspection.

8. In valuing the properties, we have attributed no commercial value to the two parcels of allocated land, two structures erected thereon and the CIP (refer to note 5) which have not obtained proper construction permit. However, for reference purpose, we are of the opinion that the depreciated replace cost of the structures and the capital value of the CIP (excluding the land element) as at the date of valuation would be in the sum of RMB8,136,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
6.	Various properties held by Zhejiang Wind Power Generation and Development Co., Ltd. in Zhejiang Province The PRC	The properties comprise 11 units, three parcels of land with a total site area of approximately 7,650 sq.m. for industrial use and two buildings and 13 structures erected thereon, which were completed in various stages between 1998 and 2007. The buildings and units have a total gross floor area of approximately 3,684.31 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,443.19 Office — 2,241.12 **Total:** — **3,684.31** The structures mainly include boundary fences, retaining wall, garages and pools.	The properties are currently occupied by the Group for production and office purposes.	27,068,000 100% interest attributable to the Group: RMB27,068,000

Notes:

1. Zhejiang Wind Power Generation and Development Co., Ltd. ("Zhejiang Fengli," 浙江風力發電發展有限責任公司) is a wholly owned subsidiary of the Company.
2. Among three parcels of land of the properties,
   a. the land use rights of two parcels of land with a total site area of approximately 3,900 sq.m. have been allocated to Zhejiang Fengli for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land"); and
   b. the land use rights of a parcel of land with a site area of approximately 3,750 sq.m. without LURC are intended to be acquired by Zhejiang Fengli.
3. Among 13 buildings or units of the properties,
   a. Zhejiang Fengli has obtained valid BOCs for 11 units with a total gross floor area of approximately 2,241.12 sq.m.;
   b. Zhejiang Fengli has obtained a BOC for a building with a gross floor area of approximately 693.62 sq.m., which is erected on the allocated land; and
   c. we have not been provided with any title certificate for the remaining one building with a gross floor area of approximately 749.57 sq.m..
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for a BOC and a LURC and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in LURCs;
   b. for the units of the properties with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them;
   c. for the building with BOC erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of it after the land premium has been fully paid; and
   d. for the remaining one parcel of land and a building without LURC and BOC, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.
6. In valuing the properties, we have attributed no commercial value to three parcels of land of the properties, a building (refer to note 3c) with a gross floor area of approximately 749.57 sq.m. erected on the parcel of land without LURC and a building (refer to note 3b) with a gross floor area of approximately 693.62 sq.m. and 13 structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB3,251,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
7.	Various properties held by Longyuan Pingtan Wind Power Generation Co., Ltd. in Fujian Province The PRC	The properties comprise 35 parcels of land with a total site area of approximately 78,157 sq.m. for industrial use, two buildings and structures erected thereon, which were completed in May 2007. The buildings include an integrated control building and a switch room with a total gross floor area of approximately 1,140 sq.m. for the production purpose. The structures mainly include road.	The properties are currently occupied by the Group for production purpose.	16,389,000 89.5% interest attributable to the Group: RMB14,668,000

Notes:

1. Longyuan Pingtan Wind Power Generation Co., Ltd. ("Longyuan Pingtan," 龍源平潭風力發電有限公司) is an 89.5% interest owned subsidiary of the Company.
2. The land use rights of 35 parcels of land with a total site area of approximately 78,157 sq.m. have been granted to Longyuan Pingtan for industrial use with LURCs for a term expiring on June 29, 2057.
3. For two buildings with a total gross floor area of approximately 1,140 sq.m., we have not been provided with any title certificates.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to endeavor to assist the Group in applying for BOCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the properties, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs; and
   b. for two buildings without valid BOCs, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.
6. In valuing the properties, we have attributed no commercial value to two buildings (refer to note 3) with a total gross floor area of approximately 1,140 sq.m. which have not obtained any proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB2,563,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
8.	A property held by Jiangsu Longyuan Wind Power Generation Co., Ltd. in Jiangsu Province The PRC	The property comprises an office unit on Level 14 of Huali Mansion completed in September 2003. The property has a gross floor area of approximately 908.02 sq.m.	The property is currently occupied by the Group for office purpose.	5,902,000 57.99% interest attributable to the Group: RMB3,423,000

Notes:

1. Jiangsu Longyuan Wind Power Generation Co., Ltd. ("Jiangsu Longyuan," 江蘇龍源風力發電有限公司) is a 57.99% interest owned subsidiary of the Company.
2. Jiangsu Longyuan has obtained a valid BOC for the office unit of the property with a gross floor area of approximately 908.02 sq.m.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the property with BOC, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
9.	A property held by Longyuan Qidong Wind Power Generation Co., Ltd. in Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 36,700 sq.m. for industrial use, four buildings and five structures erected thereon, which were completed in March 2008. The buildings have a total gross floor area of approximately 2,580.10 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,559.00 Ancillary facilities — 1,021.10 **Total:** — **2,580.10** The structures mainly include a pool, boundary fences and road.	The property is currently occupied by the Group for production and ancillary facilities purposes.	No commercial value

Notes:

1. Longyuan Qidong Wind Power Generation Co., Ltd. ("Longyuan Qidong," 龍源啟東風力發電有限公司) is a 69.37% interest owned subsidiary of the Company.
2. For a parcel of land and four buildings of the property, we have not been provided with any title certificates.
3. Pursuant to a Watercourse Occupancy Permit, a parcel of land with a site area of approximately 36,700 sq.m. can be occupied by Longyuan Qidong.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for BOCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. Longyuan Qidong is entitled to occupy the parcel of land; and
   b. for the four buildings without valid BOCs, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on the listing and operation of the Group.
6. In valuing the property, we have attributed no commercial value to the property without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB10,040,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
10.	A property held by Jilin Longyuan Wind Power Generation Co., Ltd. in Jilin Province The PRC	The property comprises four office units on Levels 15 and 26 of Weifeng International Office Mansion completed in September 2006. The property has a total gross floor area of approximately 1,364.44 sq.m.	The property is currently occupied by the Group for office purposes.	10,619,000 66.23% interest attributable to the Group: RMB7,033,000

Notes:

1. Jilin Longyuan Wind Power Generation Co., Ltd. ("Jilin Longyuan," 吉林龍源風力發電有限公司) is a 66.23% interest owned subsidiary of the Company.
2. Jilin Longyuan has obtained valid BOCs for four office units with a total gross floor area of approximately 1,364.44 sq.m.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. the four units with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
11.	Various properties held by Chifeng Xinsheng Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 202 parcels of land with a total site area of approximately 294,528.89 sq.m. for industrial use, two buildings and six structures erected thereon, which were completed in various stages between 2006 and 2008. Two central control buildings have a total gross floor area of approximately 3,279.52 sq.m. The structures mainly include a transformer station, boundary fence and a well.	The properties are currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Chifeng Xinsheng Wind Power Generation Co., Ltd. ("Chifeng Xinsheng," 赤峰新勝風力發電有限公司) is a 34% interest owned subsidiary of the Company.
2. The land use rights of 202 parcels of land with a total site area of approximately 294,528.89 sq.m. have been allocated to Chifeng Longyuan for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land").
3. Chifeng Xinsheng has obtained valid BOCs for two buildings with a total gross floor area of approximately 3,279.52 sq.m., which are erected on the two parcels of allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
   b. for the buildings with BOCs erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.
5. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB15,809,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
12.	Various properties held by Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. in Fujian Province The PRC	The properties comprise 20 parcels of land with a total site area of approximately 80,686.43 sq.m. for infrastructure use, six buildings and eight structures erected thereon, which were completed in various stages between 2000 and 2007. The buildings have a total gross floor area of approximately 1,935.28 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,556.03 Ancillary facilities — 311.93 Others — 67.32 **Total:** — **1,935.28** The structures mainly include water supply projects and a well.	The properties are currently occupied by the Group for production, ancillary facilities and other purposes.	8,940,000 91.15% interest attributable to the Group: RMB8,149,000

Notes:

1. Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. ("Dongshan Aozaishan," 福建省東山澳仔山風電開發有限公司) is a 91.15% interest owned subsidiary of the Company.
2. The land use rights of 16 parcels of land with a total site area of approximately 20,912.6 sq.m. have been granted to Dongshan Aozaishan for infrastructure use with LURCs for a term expiring on January 21, 2056 (the "granted land").
3. Pursuant to four Tenancy Agreements, four parcels of land (refer to property no. 53 note 1) with a total site area of approximately 59,773.83 sq.m. are leased to Dongshan Aozaishan for various terms expiring on March 20, 2029 and June 30, 2035 at a total annual rental of RMB14,520 for industrial use (the "leased land").
4. Among six buildings of the properties,
   a. Dongshan Aozaishan has obtained BOCs for three buildings with a total gross floor area of approximately 1,558.13 sq.m., which are erected on the granted land; and
   b. we have not been provided with any proper title certificates for the remaining three buildings with a total gross floor area of approximately 377.15 sq.m. erected on the leased land.
5. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group to obtain the lessor's guarantee for the exclusive use rights on the leased land without any disputes and indemnify against any losses arising from the aforesaid disputes.
6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of prescribed use stated in the LURCs; and
   b. the Tenancy Agreements mentioned in note 3 will be legal after the relevant lessors have obtained the relevant LURCs. China Guodian Group Corporation has made undertaking stated in note 5. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on the listing and operation of the Group.
7. In valuing the properties, we have attributed no commercial value to the leased land, the three buildings (refer to note 4b) with a total gross floor area of approximately 377.15 sq.m. and seven structures erected on the leased land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB5,301,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
13.	Various properties held by Dandong Haiyanghong Wind Power Generation Co., Ltd. in Liaoning Province The PRC	The properties comprise two parcels of land with a total site area of approximately 90,087 sq.m. for industrial use, four buildings and 11 structures erected thereon, which were completed in April 2000. The buildings have a total gross floor area of approximately 2,247.26 sq.m. Details of uses and gross floor areas of them are set out as follows:	The properties are currently occupied by the Group for production, office, ancillary facilities purposes.	No commercial value

Use	Gross Floor Area (sq.m.)
Production	142.27
Office	1,438
Ancillary facilities	666.99
Total:	**2,247.26**

The structures mainly include boundary fence, road and a well.

Notes:

1. Dandong Haiyanghong Wind Power Generation Co., Ltd. ("Dandong Haiyanghong," 丹東海洋紅風力發電有限責任公司) is a 67.14% interest owned subsidiary of the Company.
2. The land use rights of two parcels of land with a total site area of approximately 90,087 sq.m. have been allocated to Dandong Haiyanghong for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land");
3. Dandong Haiyanghong has obtained BOCs for four buildings with a total gross floor area of approximately 2,247.26 sq.m., which are erected on the allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
   b. for the buildings with BOCs erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.
5. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB7,483,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
14.	Various properties held by Yichun Xing'anling Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The properties comprise 91 parcels of land with a total site area of approximately 71,517.4 sq.m. for industrial use, three buildings and six structures erected thereon, which were completed in various stages between 2005 and 2007. The 3 buildings are with a total gross floor area of approximately 2,885.68 sq.m. used for production purpose only. The structures mainly include wells.	The properties are currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Yichun Xing'anling Wind Power Generation Co., Ltd. ("Yichun Xing'anling," 伊春興安嶺風力發電有限公司) is a 55% interest owned subsidiary of the Company.
2. The land use rights of 91 parcels of land with a total site area of approximately 71,517.4 sq.m. have been allocated to Yichun Xing'anling for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land").
3. Yichun Xing'anling has obtained BOCs for three buildings with a total gross floor area of approximately 2,885.68 sq.m., which are erected on the two parcels of allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
   b. for the buildings with BOCs erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.
5. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciation replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB9,153,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
15.	A property held by Fuyuan Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 70,961 sq.m. for industrial use and a building erected thereon, which was completed in December 2008. The building with a gross floor area of approximately 703.45 sq.m. is used for production purpose only.	The property is currently occupied by the Group for production purposes.	No commercial value

Notes:

1. Fuyuan Longyuan Wind Power Generation Co., Ltd. ("Fuyuan Longyuan," 撫遠龍源風力發電有限公司) is a wholly owned subsidiary of the Company.

2. The land use rights of a parcel of land with a site area of approximately 70,961 sq.m. have been allocated to Fuyuan Longyuan for industrial use with a LURC and have been approved by the relevant government authority to continue using as allocated land (the "allocated land");

3. Fuyuan Longyuan has obtained a BOC for a building with a gross floor area of approximately 703.45, which is erected on the allocated land.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the allocated land with LURCs, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC; and

   b. for the building with BOC erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.

5. In valuing the property, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB2,980,000 assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
16.	Various properties held by Huanan Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The properties comprise four units, 3 parcels of land with a total site area of approximately 216,995 sq.m. for industrial use and two buildings erected thereon, which were completed in 2008. The buildings and units have a total gross floor area of approximately 1,681.83 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,405.70 Others — 276.13 **Total:** — **1,681.83** The properties also include two buildings which were still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2009. The total gross floor area of the CIP upon completion will be approximately 1,769.8 sq.m. The total construction cost of the CIP is estimated to be RMB7,335,400, of which approximately RMB5,868,000 had been paid up to the date of valuation.	The properties are currently occupied by the Group for production and other purposes.	690,000 40% interest attributable to the Group: RMB276,000

Notes:

1. Huanan Longyuan Wind Power Generation Co., Ltd. ("Huanan Longyuan," 樺南龍源風力發電有限公司) is a 40% interest owned subsidiary of the Company.
2. Among three parcels of land of the properties,
   a. the land use rights of two parcels of land with a total site area of approximately 189,395 sq.m. have been allocated to Huanan Longyuan for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land"); and
   b. we have not been provided with any title certificate for the remaining parcel of land with a site area of approximately 27,600 sq.m.
3. Among six buildings or units of the properties,
   a. Huanan Longyuan has obtained BOCs for four units with a total gross floor area of approximately 276.13 sq.m.; and
   b. Huanan Longyuan has obtained BOCs for two buildings with a total gross floor area of approximately 1,405.70 sq.m. which are erected on the allocated land.
4. For the CIP of the properties erected on the land without LURCs, we have not been provided with Construction Land Planning permits, Construction Work Planning Permit and Construction Work Commencement Permit regarding a planned gross floor area of approximately 1,769.8 sq.m. issued by the relevant local authority.
5. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for BOCs and LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;

   b. for the units with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them;

   c. for the buildings with BOCs erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid; and

   d. for the CIP of the properties erected on the land without LURCs,

      i) the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and

      ii) as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.

7. In valuing the properties, we have attributed no commercial value to two parcels of allocated land, the building (refer to note 3b) with a gross floor area of approximately 1,405.7 sq.m. erected thereon, a parcel of land without LURCs and the CIP (refer to note 4) without any construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and capital value of the CIP (excluding the land element) as at the date of valuation would be in the sum of RMB9,068,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
17.	Various properties held by Yichun Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The properties comprise nine units, 59 parcels of land with a total site area of approximately 17,146 sq.m. for the industrial use, a building erected thereon, which were completed in 2007 and 2008. The building and units have a total gross floor area of approximately 1,627.86 sq.m. Details of uses and gross floor areas of them are set out as follows:	The properties are currently occupied by the Group for the production and other purposes.	No commercial value

Use	Gross Floor Area (sq.m.)
Production	966.96
Others	660.90
Total:	**1,627.86**

Notes:

1. Yichun Longyuan Wind Power Generation Co., Ltd. ("Yichun Longyuan," 伊春龍源風力發電有限公司) is a 40% interest owned subsidiary of the Company.
2. The land use rights of 59 parcels of land with a total site area of approximately 17,146 sq.m. have been allocated to Yichun Longyuan for industrial use with LURCs, but has not been obtained any approval by the relevant government authority to continue using as allocated land.
3. We have not been provided with any title certificates for a building and nine units with a total gross floor area of approximately 1,627.86 sq.m.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for BOCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the 59 parcels of land, the Group has still to acquire an approval to continue using the allocated land; and
   b. for a building and nine units without valid BOCs, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no adverse effect on listing and operation of the Group.
6. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) and the capital value of the nine units as at the date of valuation would be in the sum of RMB4,471,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
18.	Various properties held by Shenyang Longyuan Wind Power Generation Co., Ltd. in Liaoning Province The PRC	The properties comprise 28 parcels of land with a total site area of approximately 163,908 sq.m. for industrial use, two buildings and seven structures erected thereon, which were completed in 2007 and 2008. The buildings have a total gross floor area of approximately 2,731.19 sq.m. and are used for production purpose only. The structures mainly include boundary fence, retaining wall and a well.	The properties are currently occupied by the Group for production purposes.	No commercial value

Notes:

1. Shenyang Longyuan Wind Power Generation Co., Ltd. ("Shenyang Longyuan," 瀋陽龍源風力發電有限公司) is a 98.6% interest owned subsidiary of the Company.
2. Among 28 parcels of land of the properties,
   a. the land use rights of 25 parcels of land with a total site area of approximately 51,624 sq.m. have been allocated to Shenyang Longyuan for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land"); and
   b. we have not been provided with any title certificates for the remaining three parcels of land with a total site area of approximately 112,284 sq.m.
3. Among two buildings of the properties,
   a. Shenyang Longyuan has obtained a BOC for a building with a gross floor area of approximately 1,289 sq.m., which is erected on the allocated land; and
   b. we have not been provided with any title certificate for the remaining building with a gross floor area of approximately 1,442.19 sq.m.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to endeavor to assist the Group in applying for BOCs and LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
   b. for the buildings with BOC erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid; and
   c. for the remaining three parcel of land and a building without valid LURCs and BOC, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.
6. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciation replacement cost of buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB11,470,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
19.	Various properties held by Tieling Longyuan Wind Power Generation Co., Ltd. in Liaoning Province The PRC	The properties comprise a unit, two parcels of land with a total site area of approximately 168,785 sq.m. for industrial use, two buildings and three structures erected thereon, which were completed in 2007 and 2008. The buildings and the unit have a total gross floor area of approximately 2,887.30 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** / **Gross Floor Area (sq.m.)** Production 1,340.17 Office 1,247.13 Ancillary facilities 300.00 **Total: 2,887.30** The structures mainly include boundary fence, road and soil retaining.	The properties are currently occupied by the Group for production, office and ancillary facilities purposes.	5,924,000 100% interest attributable to the Group: RMB5,924,000

Notes:

1. Tieling Longyuan Wind Power Generation Co., Ltd. ("Tieling Longyuan,"鐵嶺龍源風力發電有限公司) is a wholly owned subsidiary of the Company.
2. Among two parcels of land of the properties,
   a. the land use rights of a parcel of land with a site area of approximately 71,638 sq.m. have been allocated to Tieling Longyuan for industrial use with a LURC and have been approved by the relevant government authority to continue using as allocated land (the "allocated land"); and
   b. we have not been provided with any title certificate for the remaining parcel of land with a site area of approximately 97,147 sq.m.
3. Among three buildings or unit of the properties,
   a. Tieling Longyuan has obtained a BOC for an office unit with a gross floor area of approximately 1,247.13 sq.m.; and
   b. Tieling Longyuan has obtained two BOCs for two buildings with a total gross floor area of approximately 1,640.17 sq.m., which are erected on the allocated land.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC;
   b. for the unit with BOC, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of it;
   c. for the buildings with BOCs erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid; and
   d. for the remaining one parcel of land without valid a LURC, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.

6. In valuing the properties, we have attributed no commercial value to the two parcels of land of the properties, the two buildings (refer to note 3b) with a total gross floor area of approximately 1,640.17 sq.m. and three structures erected thereon. However, for reference purpose, we are of the opinion that the depreciated replacement cost of buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB6,547,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
20.	Various properties held by Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. in Liaoning Province The PRC	The properties comprise a unit, a parcel of land with a site area of approximately 41,232 sq.m. for industrial use, three buildings and two structures erected thereon, which were completed in 2007 and 2008. The buildings and the unit have a total gross floor area of approximately 2,175.87 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,039.24 Office — 1,136.63 **Total: — 2,175.87** The structures are boundary fences and virescence.	The properties are currently occupied by the Group for production and office purposes.	No commercial value

Notes:

1. Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. ("Shenyang Longyuan Hero Asia," 瀋陽龍源雄亞風力發電有限公司) is a wholly owned subsidiary of the Company.

2. The land use rights of a parcel of land with a site area of approximately 41,232 sq.m. have been allocated to Shenyang Longyuan Hero Asia for industrial use with LURC and have been approved by the relevant government authority to continue using as allocated land (the "allocated land").

3. We have not been provided with any title certificates for three buildings and a unit with a total gross floor area of approximately 2,175.87 sq.m.

4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to assist the Group in applying for BOCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC;

   b. for the three buildings and a unit without valid BOCs, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.

6. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) and the capital value of the unit as at the date of valuation would be in the sum of RMB13,122,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
21.	Various properties held by Longyuan (Bayannur) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise a unit, seven parcels of land with a total site area of approximately 425,218 sq.m. for industrial use, five buildings and two structures erected thereon, which were completed in June 2007. The buildings and the unit have a total gross floor area of approximately 6,396.95 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** / **Gross Floor Area (sq.m.)** Production 780.88 Office 1,438.03 Ancillary facilities 678.04 Other 3,500 **Total: 6,396.95** The structures are boundary fence and a well. The properties also include a building which was still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2009. The gross floor area of the CIP upon completion will be approximately 1,267.5 sq.m. The total construction cost of the CIP is estimated to be RMB4,820,000, of which approximately RMB381,605 had been paid up to the date of valuation.	The properties are currently occupied by the Group for production, office and ancillary facilities purposes.	No commercial value

Notes:

1. Longyuan (Bayannur) Wind Power Generation Co., Ltd. ("Longyuan Bayannur," 龍源(巴彥淖爾)風力發電有限公司) is a wholly owned subsidiary of the Company.

2. Among seven parcels of the properties,

   a. the land use rights of four parcels of land with a total site area of approximately 343,049 sq.m. have been allocated to Longyuan Bayannur for industrial use and have been approved by the relevant government authority to continue using as allocated land (the "allocated land"); and

   b. we have not been provided with any title certificates for the remaining three parcels of land with a total site area of approximately 82,169 sq.m.

3. Among six buildings and unit of the properties,

   a. Longyuan Bayannur has obtained a BOC for five buildings with a total gross floor area of approximately 2,896.95 sq.m., which are erected on the allocated land; and

   b. we have not been provided with any title certificate for the remaining one unit with a gross floor area of approximately 3,500 sq.m.

4. For the CIP of the properties, we have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,267.5 sq.m. issued by the relevant local authority.

5. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for BOCs and LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;

   b. for the buildings with BOC erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid; and

   c. for the unit without valid BOC, China Guodian Group Corporation has made undertaking stated in note 5. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.

   d. for the CIP of the properties erected on the land without LURCs,

      i) the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and

      ii) as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current constructions, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.

7. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures and the capital value of the CIP (excluding the land element) together with the unit as at the date of valuation would be in the sum of RMB25,027,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
22.	Various properties held by Longyuan (Baotou) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise nine units with a total gross floor area of approximately 1,060.95 sq.m. for office and residential uses.	The properties are currently occupied by the Group for office and residential purposes.	7,288,000 100% interest attributable to the Group: RMB7,288,000

Notes:

1. Longyuan (Baotou) Wind Power Generation Co., Ltd. ("Longyuan Baotou," 龍園(包頭)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. Longyuan Baotou has obtained valid BOCs for nine office and residential units with a total gross floor area of approximately 1,060.95 sq.m.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the units with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
23.	A property held by Longyuan (Siziwang) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 32,540 sq.m. for industrial use, a building and a structure erected thereon, which were completed in November 2008. The building has a gross floor area of approximately 936.72 sq.m.	The property is currently occupied by the Group for production and office purposes.	3,986,000 100% interest attributable to the Group: RMB3,986,000

Notes:

1. Longyuan (Siziwang) Wind Power Generation Co., Ltd. ("Longyuan Siziwang," 龍源(四子王)風力發電優先公司) is a wholly owned subsidiary of the Company.
2. The land use rights of a parcel of land with a site area of approximately 32,540 sq.m. have been granted to Longyuan Siziwang for industrial use with a LURC for a term expiring in 2059 (the "granted land").
3. Longyuan Siziwang has obtained a BOC for the building with a gross floor area of approximately 936.72 sq.m.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
    a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURC; and
    b. for the building with BOC, the Group has the rights to occupy, use, donate, transfer, lease, mortgage of otherwise dispose of it.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
24.	Various properties held by Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd. in Zhejiang Province The PRC	The properties comprise two parcels of land with a total site area of approximately 16,200 sq.m. for industrial use and a building erected thereon, which were completed in March 2009. The building has a gross floor area of approximately 2,052 sq.m. and is used for production purpose.	The properties are currently occupied by the Group for production purpose	No commercial value

Notes:

1. Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd. ("Wenling Donghaitang," 浙江溫嶺東海塘風力發電有限公司) is a 76.29% interest owned subsidiary of the Company.
2. The land use rights of two parcels of land with a total site area of approximately 16,200 sq.m. without proper LURCs are intended to be acquired by Wenling Donghaitang.
3. We have not been provided with any title certificate for the building with a gross floor area of approximately 2,052 sq.m.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for BOCs and LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for two parcels of land and a building without valid LURCs and a BOC, China Guodian Group Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.
6. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB4,625,000 assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
25.	A property held by Longyuan Donghai Biomass Power Plant in Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 50,000 sq.m. for composite use, 15 buildings and 16 structures erected thereon, which were completed in April 2008. The buildings have a total gross floor area of approximately 21,616.92 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** / **Gross Floor Area (sq.m.)** Production: 5,856.03 Office: 5,379.53 Ancillary facilities: 10,346.10 Others: 35.26 **Total: 21,616.92** The structures mainly include pools chimney and boundary fence.	The property is currently occupied by the Group for production, office, ancillary facilities and other purposes.	75,430,000 95% interest attributable to the Group: RMB71,659,000

Notes:

1. Longyuan Donghai Biomass Power Plant ("Donghai Biomass," 東海龍源生物質發電有限公司) is a 95% interest owned subsidiary of the Company.
2. The land use rights of a parcel of land with a site area of approximately 50,000 sq.m. have been granted to Donghai Biomass for composite use with a LURC for a term expiring on December 14, 2056.
3. Donghai Biomass has obtained a valid BOC for the 15 buildings with a total gross floor area of approximately 21,616.92 sq.m.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the property, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURC; and
   b. for the buildings of the property with BOC, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
26.	Various properties held by Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd. in Fujian Province The PRC	The properties comprise 12 parcels of land with a total site area of approximately 4,042.5 sq.m. for industrial use, three buildings and four structures erected thereon, which were completed in 2000. The buildings have a total gross floor area of approximately 919.69 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 664.69 Ancillary facilities — 255.00 **Total: — 919.69** The structures include fire protection facilities and a well.	The properties are currently occupied by the Group for production and ancillary facilities purposes.	No commercial value

Notes:

1. Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd. ("Pingtan Changjiang'ao," 福建省平潭長江澳風電開發有限公司) is a 60% interest owned subsidiary of the Company.
2. The land use rights of 12 parcels of land with a total site area of approximately 4,042.5 sq.m. have been allocated to Pingtan Changjiang'ao for industrial use with LURCs and have been approved by the relevant government authority to continue using as allocated land (the "allocated land")
3. Pingtan Changjiang'ao has obtained a BOC for three buildings with a total gross floor area of approximately 919.69 sq.m., which are erected on the two parcels of allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
   b. for the buildings with BOC erected on the allocated land, the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid.
5. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be in the sum of RMB1,580,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
27.	Various properties held by Fujian Putian Nanri Wind Power Generation Co., Ltd. in Fujian Province The PRC	The properties comprise 13 parcels of land with a total site area of approximately 6,699.31 sq.m. for industrial use, three buildings and three structures erected thereon, which were completed in 2005 and 2006. The buildings have a total gross floor area of approximately 703.55 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 605.66 Ancillary facilities — 64.03 Others — 33.86 **Total: — 703.55** The structures mainly include a well boundary fences and gate.	The properties are currently occupied by the Group for production, ancillary facilities and other purposes.	2,820,000 41.56% interest attributable to the Group: RMB1,172,000

Notes:

1. Fujian Putian Nanri Wind Power Generation Co., Ltd. ("Putian Nanri," 福建省莆田南日風電有限公司) is a 41.56% interest owned subsidiary of the Company.

2. Among 13 parcels of land of the properties,

   a. the land use rights of 12 parcels of land with a total site area of approximately 4,651.31 sq.m. have been granted to Putian Nanri for industrial use with LURCs for a term expiring on October 8, 2055 (the "granted land"); and

   b. we have not been provided with any title certificate for the remaining parcel of land with a site area of approximately 2,048 sq.m.

3. Putian Nanri has obtained valid BOCs for three buildings with a total gross floor area of approximately 703.55 sq.m., which are erected on the granted land.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs;

   b. the remaining parcel of land with a site area of approximately 2,048 sq.m. has been contracted to be granted to Putian Nanri which has fully paid the land premium. There is no any impediment for obtaining relevant LURC. The Group will be entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights after such LURC is obtained; and

   c. for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

5. In valuing the property, we have attributed no commercial value to the land mentioned in note 2b as proper LURC has not been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
28.	Various properties held by Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. in Hebei Province The PRC	The properties comprise a unit, three parcels of land with a total site area of approximately 84,474 sq.m. for industrial use, three buildings and a boundary fence erected thereon, which were completed in 2008. The buildings and unit have a total gross floor area of approximately 3,594.45 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 1,406.10 Office — 2,010.60 Ancillary facilities — 177.75 **Total:** — **3,594.45** The properties also include a building and a road which were still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2009. The gross floor area of the building upon completion will be approximately 2,288.64 sq.m. The total construction cost of the CIP is estimated to be approximately RMB8,520,000, of which approximately RMB6,736,590.40 had been paid up to the date of valuation.	The properties are currently occupied by the Group for production, office, ancillary facilities purposes.	7,900,000 100% interest attributable to the Group: RMB7,900,000

Notes:

1. Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. ("Longyuan Zhangjiakou," 龍源(張家口)風力發電有限公司) is a wholly owned subsidiary of the Company.

2. Among three parcels of land of the properties,

   a. the land use rights of a parcel of land with a site area of approximately 20,924 sq.m. have been granted to Longyuan Zhangjiakou for industrial use with a LURC for a term expiring on October 28, 2058 (the "granted land").

   b. we have not been provided any title certificates for the remaining two parcels of land with a total site area of approximately 63,550 sq.m.

3. Longyuan Zhangjiakou has obtained BOCs for three buildings which are erected on the granted land and a unit together having a total gross floor area of approximately 3,594.45 sq.m.

4. The CIP of the properties is erected on the land without LURCs. We have been provided with Construction Land Planning Permit Construction Work Planning Permit and Construction Work Commencement Permit regarding a planned gross floor area of approximately 2,288.64 sq.m. issued by the relevant local authority.

5. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying for LURCs and BOCs indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of a parcel of granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in LURC;
   b. for the buildings with BOCs erected on the granted land and a unit of the properties, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them;
   c. for a parcel of land with a site area of 57,600 sq.m., the Group has obtained the relevant permit for use as construction land and the Group is entitled to use the parcel of land; and
   d. for a parcel of land with a site area of 5,950 sq.m.,
      i) the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance of PRC Law. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to a parcel of land used for project construction;
      ii) as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project; and there will no legal impediment to obtain the LURCs and BOC after the CIP has passed the completion and acceptance inspection and fulfilling the relevant process of granted or allocated permit approved by the relevant government, complied with note 5.
7. In valuing the properties, we have attributed no commercial value to two parcels of land without LURCs and the CIP of the properties erected thereon. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB6,737,000 assuming all the relevant certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
29.	A property held by China Fulin Wind Power Construction Co., Ltd. in Guangdong Province The PRC	The property comprises three office units which were completed in December 1993. The property has a total gross floor area of approximately 335.29 sq.m.	The property is currently occupied by the Group for office purpose.	2,072,000 100% interest attributable to the Group: RMB2,072,000

Notes:

1. China Fulin Wind Power Construction Co., Ltd. ("China Fulin," 中國福霖風能工程有限公司) is a wholly owned subsidiary of the Company.
2. China Fulin has obtained valid RETCs for three office units with a total gross floor area of approximately 335.29 sq.m.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the units with RETCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
30.	Various properties held by Zhejiang Linhai Wind Power Generation Co., Ltd. in Zhejiang Province The PRC	The properties comprise 20 parcels of land with a total site area of approximately 2,042.72 sq.m. for infrastructure use and five units which were completed in 1997 and 1998. The units have a total gross floor area of approximately 329.58 sq.m. Details of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Office — 200.12 Others — 129.46 **Total:** — **329.58**	The properties are currently occupied by the Group for office and other purposes.	1,496,000 90% interest attributable to the Group: RMB1,346,000

Notes:

1. Zhejiang Linhai Wind Power Generation Co., Ltd. ("Zhejiang Linhai," 浙江臨海風力發電有限公司) is a 90% interest owned subsidiary of the Company.
2. The land use rights of 20 parcels of land with a total site area of approximately 2,042.72 sq.m. have been allocated to Zhejiang Linhai for infrastructure use with LURCs and have been approved by relevant government authorities to continue using as allocated land (the "allocated land").
3. Zhejiang Linhai has obtained BOCs for five units with a total gross floor area of approximately 329.58 sq.m.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of prescribed use stated in the LURCs; and
   b. for the units with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.
5. In valuing the property, we have attributed no commercial value to the allocated land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
31.	Various properties held by Zhejiang Cangnan Wind Power Generation Co., Ltd. located in Zhejiang Province The PRC	The properties comprise seven parcels of land with a total site area of approximately 94,448 sq.m. for industrial use and two structures erected thereon, which were completed in 2005 and 2006. The structures are a warehouse and boundary fence.	The properties are currently occupied by the Group for ancillary facilities purposes.	No commercial value

Notes:

1. Zhejiang Cangnan Wind Power Generation Co., Ltd. ("Zhejiang Cangnan," 浙江蒼南風力發電有限公司) is a 90% interest owned subsidiary of the Company.

2. Among seven parcels of land of the properties,

   a. the land use rights of six parcels of land with a total site area of approximately 3,570 sq.m. have been allocated to Zhejiang Cangnan for industrial use with LURCs and have been approved by relevant government authorities to continue using as allocated land (the "allocated land"); and

   b. we have not been provided any title certificate for the remaining one parcel of land with a site area of approximately 90,878 sq.m.

3. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to assist the Group in applying for LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:

   a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use right in terms of the prescribed use stated in the LURC; and

   b. for the remaining parcel of land without a LURC, the Group has obtained relevant Woodland Use Supervision Permit (使用林地審核同意書). China Guodian Group Corporation has made undertaking stated in note 3. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group.

5. In valuing the properties, we have attributed no commercial value to the properties without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the structures erected on the allocated land (excluding the land element) as at the date of valuation would be RMB189,000.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
32.	Various properties held by Gansu Xin'an Wind Power Generation Co., Ltd. in Gansu Province The PRC	The properties comprise four units and a garage completed in 2008. The units and the garage have a total gross floor area of approximately 456.02 sq.m.	The properties are currently occupied by the Group for dormitory purpose.	638,000 35% interest attributable to the Group: RMB223,000

Notes:

1. Gansu Xin'an Wind Power Generation Co., Ltd. ("Gansu Xin'an," 甘肅新安風力發電有限公司) is a 35% interest owned subsidiary of the Company.
2. Gansu Xin'an has obtained valid BOCs for four units and a garage with a total gross floor area of approximately 456.02 sq.m.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the units with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
33.	Various properties held by Longyuan (Xing'anmeng) Wind Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 37 parcels of land with a total site area of approximately 101,501.70 sq.m., four buildings and 11 structures erected thereon, which were completed in 2008 and 2009. The buildings have a total gross floor area of approximately 2,882.39 sq.m. Detail of uses and gross floor areas of them are set out as follows: **Use** — **Gross Floor Area (sq.m.)** Production — 2,673.10 Ancillary facilities — 134.39 Others — 74.90 **Total:** — **2,882.39** The structure mainly include pool and parterre. The property also include a road which was still under construction as at the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2009. The total construction cost of the CIP is estimated to be RMB3,233,000, of which RMB2,586,231 had been paid up to the date of valuation.	The properties are currently occupied by the Group for production and ancillary facilities purposes.	10,873,000 100% interest attributable to the Group: RMB10,873,000

Notes:

1. Longyuan (Xing'anmeng) Wind Power Co., Ltd. ("Longyuan Xing'anmeng," 龍源(興安盟)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. The land use rights of 36 parcels of land with a total site area of approximately 73,397.70 sq.m. have been granted to Longyuan Xing'anmeng for industrial use with LURCs for a term expiring on July 16, 2036 (the "granted land").
3. We have not been provided with any title certificate for the remaining parcel of land with a site area of approximately 28,104 sq.m.
4. Longyuan Xing'anmeng has obtained valid BOC for four buildings with a total gross floor area of approximately 2,882.39 sq.m. which are erected on the granted land.
5. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group in applying LURCs and indemnity against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.
6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the land use rights of the granted land are legally owned by the Group and the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs;

b. for the land use rights with a site area of approximately 28,104 sq.m. without any LURC, the Group has obtained a Construction Land Permit (建設用地批準書) and the Group is entitled to use the land; and

c. for the four buildings with a BOC erected on the granted land, the Group has rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.

7. In valuing the properties, we have attributed no commercial value to the parcel of land without LURCs and the CIP erected thereon. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB2,586,000 assuming all relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

Group II — Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
34.	Various properties held by Chifeng Longyuan Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 77 parcels of land with a total site area of approximately 315,423.26 sq.m. and an office building which was being constructed on one of the 77 parcels of land as at the date of valuation (the "CIP"). As advised by the Group, the office building is scheduled to be completed in December 2009. Upon completion, the office building will have a gross floor area of approximately 10,000 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB30,610,000, of which RMB26,122,000 had been paid up to the date of valuation.	The properties are currently under construction.	35,901,000 97.01% interest attributable to the Group: RMB34,828,000

Notes:

1. Chifeng Longyuan Wind Power Generation Co., Ltd. ("Chifeng Longyuan," 赤峰龍源風力發電有限公司) is a 97.01% interest owned subsidiary of the Company.
2. Among 77 parcels of land of the properties,
   a. the land use rights of a parcel of land with a site area of approximately 9,348.8 sq.m. have been granted to Chifeng Longyuan for commercial use with a LURC for a term expiring on December 23, 2046 (the "granted land"); and
   b. the land use rights of 76 parcels of land with a total site area of approximately 306,074.46 sq.m. have been allocated to Chifeng Longyuan for industrial use with LURCs and have been approved by relevant government authorities to continue using as allocated land (the "allocated land").
3. We have been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding an office building with a total planned gross floor area of approximately 10,000 sq.m. issued by the relevant local authority, which was being constructed on the granted land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights under the valid terms stipulated in the LURC;
   b. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
   c. there will be no legal impediment to obtain relevant BOCs after the CIP has passed the completion and acceptance inspection.
5. In valuing the property, we have attributed no commercial value to the allocated land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
35.	A property held by Hailin Longyuan Wind Power Co., Ltd. in Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 26,200 sq.m. and two buildings which were being constructed as at the date of valuation (the "CIP"). As advised by the Group, the buildings are scheduled to be completed in December 2009. Upon completion, the buildings will have a total gross floor area of approximately 806.2 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB6,000,000, of which RMB5,920,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Hailin Longyuan Wind Power Co., Ltd. ("Hailin Longyuan," 海林龍源風力發電有限公司) is a 51% interest owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 26,200 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 806.2 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for BOCs after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB5,920,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
36.	Various properties held by Yichun Longyuan Hero Asia Wind Power Co., Ltd. in Heilongjiang Province The PRC	The properties comprise two parcels of land with a total site area of approximately 40,800 sq.m. and two buildings which were being constructed as at the date of valuation (the "CIP"). As advised by the Group, the buildings are scheduled to be completed in December 2009. Upon completion, the buildings will have a total gross floor area of approximately 1,444.41 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB9,762,300, of which RMB6,894,350 had been paid up to the date of valuation.	The properties are currently under construction.	No commercial value

Notes:

1. Yichun Longyuan Hero Asia Wind Power Co., Ltd. ("Yichun Longyuan Hero Asia," 伊春龍源雄亞風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For two parcels of land with a total site area of approximately 40,800 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,444.41 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for BOCs after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the properties, we have attributed no commercial value to the two parcels of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB6,894,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
37.	A property held by Hainan Longyuan Wind Power Generation Co., Ltd. in Hainan Province The PRC	The property comprises a parcel of land with a site area of approximately 20,200 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in February 2010. Upon completion, the building will have a gross floor area of approximately 1,752.30 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB4,417,000, of which RMB3,048,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Hainan Longyuan Wind Power Generation Co., Ltd. ("Hainan Longyuan," 海南龍源風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 20,200 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,752.30 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to endeavor to assist applying the Group in a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
7. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB3,048,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
38.	Various properties held by Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd. in Hebei Province The PRC	The properties comprise three parcels of land with a total site area of approximately 97,000 sq.m. and two buildings which were being constructed as at the date of valuation (the "CIP"). As advised by the Group, the buildings are scheduled to be completed in December 2009. Upon completion, the buildings will have a gross floor area of approximately 2,627 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB29,000,000, of which RMB24,556,000 had been paid up to the date of valuation.	The properties are currently under construction.	25,302,000 50% interest attributable to the Group: RMB12,651,000

Notes:

1. Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd. ("HWLCI," 河北圍場龍源建投風力發電有限公司) is a 50% interest owned subsidiary of the Company.
2. The land use rights of three parcels of land with a total site area of approximately 97,000 sq.m. have been granted to HWLCI for industrial use with LURCs for a term expiring on September 10, 2058.
3. We have been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 2,627 sq.m. issued by the relevant local authority.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the properties, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in terms of the prescribed use stated in the LURCs; and
   b. there will be no legal impediment to obtain BOCs after the CIP has passed the completion and acceptance inspection.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
39	A property held by Longyuan Kangping Wind Power Generation Co., Ltd. in Liaoning Province The PRC	The property comprises two parcels of land with total site area of approximately 26,600 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 1,807 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB5,040,000, of which RMB4,048,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan Kangping Wind Power Generation Co., Ltd. ("Longyuan Kangping," 龍源康平風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For two parcels of land with a total site area of approximately 26,600 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,807 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for a parcel of land with a site area of 10,616 sq.m., the Group has obtained the Woodland Use Supervision Permit (使用林地審核同意書) and the Group is entitled to use the land.
   b. for a parcel of land with a site area of 15,984 sq.m.,
      i) the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
      ii) as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to the two parcels of land without LURCs and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB4,048,000 assuming all the relevant certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
40.	A property held by Longyuan (Tongyu) Wind Power Generation Co., Ltd. in Jilin Province The PRC	The property comprises a parcel of land with a site area of approximately 13,681.40 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 848 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB4,189,000, of which RMB3,770,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan (Tongyu) Wind Power Generation Co., Ltd. ("Longyuan Tongyu," 龍源(通榆)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 13,681.40 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 848 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights without LURCs, the Group has obtained the Construction Land Permits (建設用地批準書) and the Group is entitled to use the land; and
   b. there will be no legal impediment to obtain LURC after the relevant procedures for land use rights requisition and granting or allocating are approved by the relevant government.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element), as at the date of valuation would be RMB3,770,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
41.	A property held by Longyuan (Changling) Wind Power Generation Co., Ltd. in Jilin Province The PRC	The property comprises a parcel of land with a site area of approximately 116,319 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 1,665 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB4,995,000, of which RMB4,163,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan (Changling) Wind Power Generation Co., Ltd. ("Longyuan Changling," 龍源(長嶺)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 116,319 sq.m., we have not been provided with any title certificates.
3. We have been provided with Construction Work Planning Permit and Construction Work Commencement Permit regarding a building with a planned gross floor area of approximately 1,665 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights without LURCs, the Group has obtained the Grassland Confiscation and Use Supervision Permit (草原徵用使用審核同意書) and the Group is entitled to use the land; and
   b. there will be no legal impediment to obtain the LURC and BOC after the building has passed the completion and acceptance inspection and the relevant procedures for land use rights requisition, granting or allocating are approved by the relevant government.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP erected thereon. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB4,163,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
42.	A property held by Longyuan (Naiman) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The property comprises three parcels of land with a total site area of approximately 27,762.22 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, building will have a gross floor area of approximately 1,528.32 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB5,884,000, of which RMB4,794,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan (Naiman) Wind Power Generation Co., Ltd. ("Longyuan Naiman," 龍源(奈曼)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For three parcels of land with a total site area of approximately 27,762.22 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,528.32 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance of PRC Law. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to the three parcels of land without LURCs and the CIP of the property which has not obtained construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB4,794,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
43.	A property held by Longyuan (Tongliao) Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The property comprises two parcels of land with a total site area of approximately 22,261 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 1,528.32 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB3,973,000, of which RMB2,383,620 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan (Tongliao) Wind Power Generation Co., Ltd. ("Longyuan Tongliao," 龍源(通遼)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For two parcel of land with a total site area of approximately 22,261 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,528.32 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to two parcels of land without LURCs and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB2,384,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
44.	A property held by Hegang Longyuan Wind Power Generation Co., Ltd in Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 24,500 sq.m. and three buildings which were being constructed as at the date of valuation (the "CIP"). As advised by the Group, the buildings are scheduled to be completed in December 2009. Upon completion, the buildings will have a total gross floor area of approximately 1,277.9 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB6,414,000, of which RMB3,941,400 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Hegang Longyuan Wind Power Generation Co., Ltd) ("Hegang Longyuan," 鶴崗龍源風力發電有限公司) is a 95% interest owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 24,500 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,277.9 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for BOCs after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB3,941,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
45.	A property held by Shuangyashan Longyuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 27,000 sq.m. and three buildings which were being constructed as at the date of valuation (the "CIP"). As advised by the Group, the buildings are scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 1,536.9 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB7,183,000, of which RMB5,028,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Shuangyashan Longyuan Wind Power Generation Co., Ltd) ("Shuangyashan Longyuan," 雙鴨山龍源風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 27,000 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,536.9 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinions for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmations from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmations for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction projects.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB5,028,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
46.	Various properties held by Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd. in Hebei Province The PRC	The properties comprise two parcels of land with a total site area of approximately 43,400 sq.m. Foundations of wind turbines are currently under construction.	The properties are currently under construction.	4,404,000 55% interest attributable to the Group: RMB2,422,000

Notes:

1. Longyuan Jiantou (Chengde Weichang)Wind Power Generation Co., Ltd) ("Longyuan Jiantou Chengde Weichang," 龍源建投(承德圍場)風力發電有限公司) is a 55% interest owned subsidiary of the Company.
2. The land use rights of two parcels of land with a total site area of approximately 43,400 sq.m. have been granted to Longyuan Jiantou Chengde Weichang for industrial use with LURCs for a term expiring on August 1, 2059.
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the two parcels of land of the properties the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights in term of the prescribed use stated in the LURCs.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
47.	A property held by Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd. in Hebei Province The PRC	The property comprises a parcel of land with a site area of approximately 36,000 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building ("CIP") is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 1,433.6 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB4,014,000, of which RMB3,613,000 had been paid up to the date of valuation.	The property is currently under construction.	7,105,000 55% interest attributable to the Group: RMB3,908,000

Notes:

1. Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd) ("Longyuan Jiantou Chengde," 龍源建投(承德)風力發電有限公司) is a 55% interest owned subsidiary of the Company.
2. The land use rights of a parcel of land with a site area of approximately 36,000 sq.m. have been granted to Longyuan Jiantou Chengde for industrial use with LURC for a term expiring on August 1, 2059.
3. We have been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,433.6 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for the land use rights of the property, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use stated in the LURC; and
   b. there will be no legal impediment to obtain the BOC after the CIP has passed the completion and acceptance inspection.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
48.	A property held by Yunnan Longyuan Wind Power Generation Co., Ltd. in Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 19,400 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 2,338.65 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB6,603,000, of which RMB5,613,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Yunnan Longyuan Wind Power Generation Co., Ltd) ("Yunnan Longyuan," 雲南龍源風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 19,400 sq.m., we have not been provided with any title certificates.
3. We have been provided with Construction Land Planning Permit and without Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 2,338.65 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the Group has obtained the Woodland Use Supervision Permit (使用林地審核同意書) and the Group is entitled to use the land; and
   b. there will be no legal impediment to obtain the LURC and BOC after the building has passed the completion and acceptance inspection and the relevant procedures for land use rights requisition, granting or allocating are approved by the relevant government.

6 In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained proper construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB5,613,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
49.	A property held by Gansu Longyuan Wind Power Generation Co., Ltd. in Gansu Province The PRC	The property comprises a parcel of land with a site area of approximately 100,000 sq.m. Foundations of wind turbines are currently under construction.	The property is currently under construction.	No commercial value

Notes:

1. Gansu Longyuan Wind Power Generation Co., Ltd ("Gansu Longyuan," 甘肅龍源風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 100,000 sq.m., we have not been provided with any title certificates.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
50.	A property held by Longyuan (Jiuquan) Wind Power Generation Co., Ltd. in Gansu Province The PRC	The property comprises two parcels of land with a total site area of approximately 68,332 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a total gross floor area of approximately 1,800 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB8,400,000, of which RMB7,560,000 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan (Jiuquan)Wind Power Generation Co., Ltd) ("Longyuan Jiuquan," 龍源(酒泉)風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 68,332 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,800 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for BOCs after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmations for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB7,560,000 assuming all the relevant title certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
51.	A property held by Longyuan Shenyang Wind Power Generation Co., Ltd. in Liaoning province The PRC	The property comprises a parcel of land with a site area of approximately 46,202 sq.m. and a building which was being constructed as at the date of valuation (the "CIP"). As advised by the Group, the building is scheduled to be completed in December 2009. Upon completion, the building will have a gross floor area of approximately 1,346.31 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB5,660,000, of which RMB2,314,616.4 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Longyuan Shenyang Wind Power Generation Co., Ltd. ("Longyuan Shenyang," 龍源瀋陽風力發電有限公司) is a wholly owned subsidiary of the Company.
2. For a parcel of land with a site area of approximately 46,202 sq.m., we have not been provided with any title certificates.
3. We have not been provided with Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding a total planned gross floor area of approximately 1,346.31 sq.m. issued by the relevant local authority.
4. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團有限公司, a shareholder of the Company), has undertaken to endeavor to assist the Group in applying for a BOC after the CIP has passed the completion and acceptance inspection.
5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal counsels, which contains, *inter alia*, the following:
   a. the "Pre-review Opinion for Construction Project Land" obtained by the Group is in compliance with the PRC Laws. Moreover, the Group has also obtained written confirmation from local land administration authority on county level with regard to the land used for project construction; and
   b. as per the written confirmation for project construction issued by the local government on county level, the Group will not be subject to any penalty or sanction for current construction, including any order to stop construction, while fulfilling the relevant process of obtaining permits for the construction project.
6. In valuing the property, we have attributed no commercial value to the parcel of land without LURC and the CIP of the property which has not obtained any construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB2,315,000 assuming all the relevant certificates have been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

Group III — Property interest held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
52.	Various properties held by the Company in Beijing and Shanghai the PRC	The properties comprise property A, property B and property C which were completed between 1996 and 2004. Property A is an office unit on Level 12 of a 23-storey office building with a gross floor area of approximately 1,327.69 sq.m. Property B comprises various office units on Level -2, Levels 1 to 4, Levels 6 to 16 of a 20-storey office building with a total gross floor area of approximately 15,583.15 sq.m. Property C comprises various office units on Level 6 of a 20-storey office building with a total gross floor area of approximately 1,078.32 sq.m.	Portions of the properties are currently rented to various tenants (refer to note 4) whilst the remaining portions are currently vacant or as common areas.	375,628,000 100% interest attributable to the Group: RMB375,628,000

Notes:

1. For property A,
   a. pursuant to a BOC, property A is owned by Beijing Institute of Technology, an independent third party, for office use; and
   b. pursuant to a Purchase Contract dated in 1996, 50-year use right of property A with a gross floor area of approximately 1,327.69 sq.m. was contracted to be purchased by the Company.
2. For property B,
   a. the Company has obtained BOCs for the office units of property B with a total gross floor area of approximately 15,583.15 sq.m.; and
   b. according to a LURC, the land use rights of property B with a total apportioned area of approximately 3,891.85 sq.m. have been granted to the Company for a term expiring on September 19, 2051 for composite use.
3. For property C,
   a. the Company has obtained a RETC for the office units of property C with a total gross floor area of approximately 1,078.32 sq.m., which are erected on the land in granted nature.
4. Pursuant to 17 Tenancy Agreements, portions of the properties with a total gross floor area of approximately 13,109.07 sq.m. were rented to 13 tenants for various terms with the latest expiry date on July 24, 2014 at a total annual rent of RMB23,670,169.62, exclusive of management fees, water, air-condition and electricity charges.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for property A without a BOC under the name of the Group, the Group has the legal rights to occupy and use property A; and
   b. for property B and property C with a BOC or a RETC erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them.
6. In valuing the properties, we have attributed no commercial value to property A (refer to note 1) with a total gross floor area of approximately 1,327.9 sq.m., which has not obtained any proper title certificates. However, for reference purpose, we are of the opinion that the capital value of property A as at the date of valuation would be RMB17,619,000 assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

Group IV — Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 RMB
53.	Properties rented by the Group in the PRC	The properties comprise four parcels of land with a total site area of approximately 59,773.83 sq.m. and 68 buildings or units with a total gross floor area of approximately 18,690 sq.m. which were mainly completed in various stages between 1985 and 2009. The properties are rented to the Group from various parties for various terms at a total annual rental of RMB3,512,886.	The properties are currently occupied by the Group for office, residential, production, commercial and ancillary facilities purposes.	No commercial value

Notes:

1. Pursuant to various Tenancy Agreements entered into between the Group and various independent third parties, four parcels of land with a total site area of approximately 59,773.83 sq.m. (refer to property no. 12 note 3) and 64 buildings or units with a total gross floor area of approximately 17,386 sq.m. are rented to the Group from various independent third parties for various terms at a total annual rent of RMB3,006,286 for office, residential, production, commercial and ancillary uses.
2. Pursuant to various Tenancy Agreements entered into between the Group and associated companies, four buildings or units with a total gross floor area of approximately 1,304.14 sq.m. are rented to the Group for various term at a total annual rental of RMB506,600 for office and other uses.
3. For 4 parcels of rented land with a total site area of approximately 59,773.83 sq.m., the Group has not been provided with the relevant title certificates.
4. For 37 of the 68 rented properties with a total gross floor area of approximately 8,766 sq.m., the respective lessors have provided the Group with the relevant BOCs on such properties.
5. For the remaining 31 properties with a total gross floor area of approximately 9,924.4 sq.m., the Group has not been provided with the relevant title certificates or property owner's consent to sublease.
6. Pursuant to the Reorganization Agreement, China Guodian Group Corporation (中國國電集團公司, a shareholder of the Company) has undertaken to assist the Group to obtain the lessor's guarantee for the exclusive use rights on the leased properties without any dispute and indemnify against any losses arising from the aforesaid disputes.
7. We have been provided with a legal opinion on the legality of the Tenancy Agreements to the properties issued by the Company's PRC legal counsels, which contains, *inter alia*, the following:
   a. for properties with the relevant BOCs (refer to note 4), relevant Tenancy Agreements are legal and can be protected by the PRC laws; and
   b. for properties without relevant title certificates (refer to note 3 and note 5), China Guodian Group Corporation (a shareholder of the Company), has made undertaking stated in note 5. There is no significant dispute over ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Company.

VALUATION CERTIFICATE

Group V — Property interest rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2009 HK$
54.	Office No. 1 39 Floor Hong Kong Plaza No. 188 Connaught Road West Hong Kong	The property comprises an office unit on the 39 floor of a 43-storey office building completed in about 1983. The unit has a lettable area of approximately 840 sq.ft. (or 78 sq.m.). The property is rented by Hero Asia Investment Limited from Shin Yee Chem-Medi Company Limited (an independent third party) for a term of one year expiring on January 30, 2010, at a monthly rent of HK$14,000, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Hero Asia Investment Limited ("Hero Asia," 雄亞投資有限公司) is a wholly owned subsidiary of the Company.
2. The registered owner of the property is Shin Yee Chem-Medi Company Limited vide Memorial No. UB9087768 dated 22 November 2003.
3. The Tenancy Agreement of the property has not been stamped with the Stamp Duty Office.
4. Pursuant to a Tenancy Agreement entered into between Hero Asia and Shin Yee Chem-Medi Company Limited, the property with a lettable area of approximately 840 sq.ft. (or 78 sq.m.) is rented to Hero Asia from an independent third party for a term expiring on January 30, 2010 at a monthly rent of HK$14,000 for office use.

This Appendix V sets out certain information in respect of our wind power, other renewable energy and coal power projects.

The table below sets forth the details of (i) wind power projects operated by our direct and indirect subsidiaries, (ii) wind power projects operated by our associated companies, and (iii) wind power projects operated by other companies in which we have minority interests, as of September 30, 2009:

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
PROJECTS OPERATED BY OUR SUBSIDIARIES										
The Three Northeast Provinces										
吉林龍源風力發電有限公司 (Jilin Longyuan Wind Power Generation Co., Ltd.)	66.23%	Tongyu County, Jilin Province	Phase I Jilin Tongyu Wind Concession Project[7]	Operational	12/2006	100.30[9]		100.30	66.43	0.5523
			Phase II Jilin Tongyu Wind Farm Concession Project[7]	Operational	12/2007	100.30		100.30	66.43	0.5523
龍源(通榆)風力發電有限公司 (Longyuan (Tongyu) Wind Power Generation Co., Ltd.)	100.00%	Tongyu County, Jilin Province	Phase III of Jilin Tongyu Tuanjie Wind Power Project	Operational	06/2009	49.30		49.30	49.30	TBD[8]
龍源(長嶺)風力發電有限公司(擬建) (Longyuan (Changling) Wind Power Generation Co., Ltd.)	100.00%	Changling County, Jilin Province	Phase I of Jilin Changling Shuanglong Wind Provincial Concession Project	Under construction	10/2009		49.50	49.50	49.50	TBD[8]
丹東海洋紅風力發電有限責任公司 (Dandong Haiyanghong Wind Power Generation Co., Ltd.)	67.14%	Dandong City, Liaoning Province	Dandong Haiyanghong Wind Power Project	Operational	03/2000	21.00		21.00	14.10	0.8200
鐵嶺龍源風力發電有限公司 (Tieling Longyuan Wind Power Generation Co., Ltd.)	100.00%	Tieling City, Liaoning Province	Liaoning Changtu Quantou Wind Power Project	Operational	12/2007	49.30		49.30	49.30	0.6100
			Liaoning Changtu Shihu Wind Power Project	Operational	10/2008	49.30		49.30	49.30	TBD[8]
瀋陽龍源雄亞風力發電有限公司 (Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.)	100.00%	Shenyang City, Liaoning Province	Liaoning Kangping Furaoshan Wind Power Project	Operational	12/2007	49.50		49.50	49.50	0.6100
龍源康平風力發電有限公司 (Longyuan Kangping Wind Power Generation Co., Ltd.)	100.00%	Kangping City, Liaoning Province	Liaoning Kangping Zhangqiang Wind Power Project	Under construction	12/2009		49.50	49.50	49.50	TBD[8]

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
瀋陽龍源風力發電有限公司 (Shenyang Longyuan Wind Power Generation Co., Ltd.)	98.60%	Shenyang City, Liaoning Province	Liaoning Faku Wanghaisi Wind Power Project	Operational	08/2007	20.40[10]		20.40	20.11	0.6100
			Liaoning Faku Wanghaisi East Wind Power Project	Operational	12/2007	22.10		22.10	21.79	0.6100
			Liaoning Faku Heping Wind Power Project	Operational	08/2008	49.30		49.30	48.61	TBD[8]
			Liaoning Faku Baijiagou Wind Power Project	Operational	12/2008	49.50		49.50	48.81	TBD[8]
			Liaoning Faku Ciensi Wind Power Project	Under construction	12/2009		49.30	49.30	48.61	TBD[8]
伊春興安嶺風力發電有限公司 (Yichun Xing'anling Wind Power Generation Co., Ltd.)	55.00%	Yichun City, Heilongjiang Province	Heilongjiang Yichun Dajingshan Wind Power Project	Operational	11/2005	16.15		16.15	8.88	0.7200
			Heilongjiang Yichun Shimao Dingzi Wind Power Project	Operational	11/2006	30.60		30.60	16.83	0.7200
			Heilongjiang Yichun Erduoyan Wind Power Project	Operational	05/2007	28.05		28.05	15.43	0.7200
伊春龍源風力發電有限公司 (Yichun Longyuan Wind Power Generation Co., Ltd.)	40.00%	Yichun City, Heilongjiang Province	Heilongjiang Yichun Xiaochengshan Wind Power Project	Operational	12/2007	49.30		49.30	19.72	0.6100
樺南龍源風力發電有限公司 (Huanan Longyuan Wind Power Generation Co., Ltd.)	40.00%	Huanan County, Heilongjiang Province	Phase I of Heilongjiang Huanan Jiamusi Hengdaishan Wind Power Project (West Wind Site)	Operational	12/2008	45.05		45.05	18.02	0.6100
			Phase II of Heilongjiang Huanan Hengdaishan Wind Power Project (East Wind Site)	Operational	12/2008	24.65		24.65	9.86	0.6100

Project companies	Aggregate ownership directly and indirectly held by the Group[(1)]	Location	Wind power project[(2)]	Status[(3)]	Actual/Est. in-service date[(4)]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[(5)] (in MW)	Attributable installed/ capacity under construction[(6)] (in MW)	On-grid tariff (RMB/kWh, including VAT)
			Phase III of Heilongjiang Jiamusi Huanan Hengdaishan Wind Power Project (Second East Wind Site)	Operational	12/2008	20.40		20.40	8.16	0.6100
			Heilongjiang Jiamusi Huanan Yimashan Wind Power Project	Under construction	11/2009		49.50	49.50	19.80	TBD[(8)]
依蘭龍源匯能風力發電有限公司 (Yilan Longyuan Huineng Wind Power Generation Co., Ltd.)	57.00%	Yilan County, Heilongjiang Province	Heilongjiang Yilan Yuling Wind Power Project	Operational	12/2008	49.30		49.30	28.10	TBD[(8)]
撫遠龍源風力發電有限公司 (Fuyuan Longyuan Wind Power Generation Co., Ltd.)	100.00%	Fuyuan County, Heilongjiang Province	Jiamusi Fuyuan Dafengshan Wind Power Project	Operational	03/2009	31.50		31.50	31.50	0.6100
伊春龍源雄亞風力發電有限公司 (Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.)	100.00%	Yichun City, Heilongjiang Province	Heilongjiang Yichun Dabaishan Wind Power Project	Operational	06/2009	49.50		49.50	49.50	0.6100
			Heilongjiang Yichun Shaobaishan Wind Power Project	Operational	06/2009	49.50		49.50	49.50	0.6100
海林龍源風力發電有限公司 (Hailin Longyuan Wind Power Co., Ltd.)	51.00%	Hailin County, Heilongjiang Province	Heilongjiang Mudanjiang Xiaoguokui Wind Power Project	Operational	05/2009	20.40		20.40	10.40	0.6100
鶴崗龍源風力發電有限公司 (Hegang Longyuan Wind Power Generation Co., Ltd)	95.00%	Hegang City, Heilongjiang Province	Heilongjiang Wangyunfeng Wind Power Project	Under construction	12/2009		49.30	49.30	46.84	TBD[(8)]
雙鴨山龍源風力發電有限公司 (Shuangyashan Longyuan Wind Power Generation Co., Ltd.)	100.00%	Shuangyashan City, Heilongjiang Province	Heilongjiang Bianfushan Wind Power Project	Under construction	12/2009		49.50	49.50	49.50	TBD[(8)]

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
Inner Mongolia										
龍源(巴彥淖爾)風力發電有限公司 (Longyuan (Bayannur) Wind Power Generation Co., Ltd.)	100.00%	Bayannur City, Inner Mongolia	Phase I of Inner Mongolia Bayannur Chuanjing Wind Power Project	Operational	12/2007	49.30[11]		49.30	49.30	0.5100
			Phase II of Inner Mongolia Bayannur Chuanjing Wind Power Project	Operational	07/2008	49.30		49.30	49.30	0.5100
			Phase III of Inner Mongolia Bayannur Chuanjing Wind Power Project	Operational	12/2007	49.50		49.50	49.50	0.5100
			Phase IV of Inner Mongolia Bayannur Chuanjing Wind Power Project	Operational	12/2008	49.30		49.30	49.30	TBD[8]
			Phase V of Inner Mongolia Bayannur Chuanjing Wind Power Project	Under construction	11/2009		49.50	49.50	49.50	TBD[8]
			Phase I of Wula Tehouqi Saiwusu Wind Power Project	Operational	09/2009		49.50	49.50	49.50	0.5100
			Phase II of Wula Tehouqi Saiwusu Wind Power Project	Under construction	12/2009		49.50	49.50	49.50	TBD[8]
赤峰新勝風力發電有限公司 (Chifeng Xinsheng Wind Power Generation Co., Ltd.)	34.00%	Chifeng City, Inner Mongolia	Phase I of Chifeng Wengniute Wudaogou Wind Power Project	Operational	12/2006	50.25[12]		50.25	17.09	0.5400
			Phase I of Chifeng Wengniute Sunjiaying Wind Power Project	Operational	12/2006	50.25[13]		50.25	17.09	0.5400
			Phase II of Chifeng Wengniute Sunjiaying Wind Power Project	Operational	11/2007	49.50		49.50	16.83	0.5400

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
龍源(包頭)風力發電有限責任公司 (Longyuan (Baotou) Wind Power Generation Co., Ltd.)	100.00%	Baotou City, Inner Mongolia	Inner Mongolia Bayin National Wind Concession Project[1]	Operational	04/2009	201.00		201.00	201.00	0.4656
龍源 (四子王)風力發電有限責任公司 (Longyuan (Siziwang) Wind Power Generation Co., Ltd.)	100.00%	Wulanchabu City, Inner Mongolia	Inner Mongolia Sizi Wangqi Wind Power Project	Operational	11/2008	49.50		49.50	49.50	0.5100
赤峰龍源風力發電有限 公司 (Chifeng Longyuan Wind Power Generation Co., Ltd.)	97.01%	Chifeng City, Inner Mongolia	Phase I of Chifeng Gaofeng Wind Power Project	Operational	11/2008	50.00[14]		50.00	48.51	0.5400
			Phase II of Chifeng Mengniute Wudaogou Wind Power Project	Operational	12/2008	50.00		50.00	48.51	0.5400
			Phase III of Chifeng Mengniute Wudaogou Wind Power Project	Operational	12/2008	48.00		48.00	46.56	TBD[8]
龍源(興安盟)風力發電有限公司 (Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd.)	100.00%	Xing'anmeng City, Inner Mongolia	Phase I of Xing'anmeng Mangniuhai Wind Power Project	Operational	12/2008	49.50[15]		49.50	49.50	0.5400
			Phase II of Xing'anmeng Mangniuhai Wind Power Project	Under construction	11/2009		49.50	49.50	49.50	TBD[8]
龍源(奈曼)風力發電有限公司 (Longyuan (Naiman) Wind Power Generation Co., Ltd.)	100.00%	Naiman City, Inner Mongolia	Inner Mongolia Naimanqi Baxiantong Haritang Wind Power Project	Under construction	11/2009		49.50	49.50	49.50	TBD[8]
龍源(通遼)風力發電有限公司 (Longyuan (Tongliao) Wind Power Generation Co., Ltd.)	100.00%	Tongliao City, Inner Mongolia	Inner Mongolia Kezuozhongqi Dailiji Aorimu	Under construction	11/2009		49.50	49.50	49.50	TBD[8]

Project companies	Aggregate ownership directly and indirectly held by the Group[(1)]	Location	Wind power project[(2)]	Status[(3)]	Actual/Est. in-service date[(4)]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[(5)] (in MW)	Attributable installed/ capacity under construction[(6)] (in MW)	On-grid tariff (RMB/kWh, including VAT)
Southeast Coastal Provinces										
龍源平潭風力發電有限公司 (Longyuan Pingtan Wind Power Generation Co., Ltd.)	89.50%	Pingtan City, Fujian Province	Fujian Pingtan World Bank Wind Power Project	Operational	11/2007	100.00		100.00	89.50	0.5850
福建省東山澳仔山風電開發有限公司 (Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd.)	91.15%	Dongshan County, Fujian Province	Phase I of Fujian Dongshan Wind Power Project	Operational	10/2000	6.00[(16)]		6.00	5.47	0.7500
			Technology Improvement Project of Fujian Dongshan Wind Power Project	Operational	09/2006	30.00		30.0	27.35	0.5850
			Expansion Project of Phase II of Dongshang Provincial Wind Concession Project	Operational	09/2009		49.50	49.50	45.12	TBD[(8)]
福建省莆田南日風電有限公司 (Fujian Putian Nanri Wind Power Generation Co., Ltd.)	41.56%	Putian City, Fujian Province	Phase I of Fujian Nanri Wind Power Project	Operational	08/2005	9.35		9.35	3.89	0.5800
			Phase II of Fujian Nanri Wind Power Project	Operational	11/2005	6.80		6.80	2.83	0.5800
龍源(莆田)風力發電有限責任公司 (Longyuan (Putian) Wind Power Generation Co., Ltd.)	100.00%	Putian City, Fujian Province	Phase III of Fujian Nanri Wind Power Project	Under construction	11/2009		48.45	48.45	48.45	0.5990
福建省平潭長江澳風電開發有限公司 (Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd.)	60.00%	Pingtan City, Fujian Province	Fujian Pingtan Changjiang'ao Wind Power Project	Operational	11/2000	6.00[(17)]		6.00	3.60	0.7500
龍源雄亞(福清)風力發電有限公司 (Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.)	97.50%	Fuqing City, Fujian Province	Phase I of Fujian Fuqing Gaoshan Provincial Wind Concession Project	Operational	08/2009		20.00	20.00	19.50	TBD[(8)]

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
龍源啟東風力發電有限公司 (Longyuan Qidong Wind Power Generation Co., Ltd.)	69.37%	Qidong County, Jiangsu Province	Jiangsu Qidong Dongyuan Wind Power Project	Operational	04/2008	100.50		100.50	69.72	0.4877
江蘇龍源風力發電有限公司 (Jiangsu Longyuan Wind Power Generation Co., Ltd.)	57.99%	Rudong County, Jiangsu Province	Phase II of Jiangsu Rudong Wind Concession Project [7]	Operational	12/2006	100.50		100.50	58.28	0.5630
			Phase II of Jiangsu Rudong Wind Concession Expansion Project[7]	Operational	12/2007	49.50		49.50	28.71	0.5630
龍源(如東)風力發電有限公司 (Longyuan (Rudong) Wind Power Generation Co., Ltd.)	82.99%	Rudong County, Jiangsu Province	The Expansion Project of Phase II of Jiangsu Rudong Wind Concession Project[18]	Operational	06/2009	49.50		49.50	41.08	0.5630
				Operational	08/2009	51.00		51.00	43.32	
江蘇龍源海上風電籌建處 (Jiangsu Longyuan Off-shore Wind Power Project Preparatory Office)	100.00%	Rudong County, Jiangsu Province	Phase I of Jiangsu Rudong Tidal-flat Wind Trial Project	Under construction	12/2009		30.00	30.00	30.00	TBD[8]
浙江風力發電發展有限責任公司 (Zhejiang Wind Power Generation and Development Co., Ltd.)	100.00%	Cangnan County, Zhejiang Province	Phase I of Zhejiang Cangnan Wind Power Project (15V42)	Operational	12/1998	9.00[16]		7.80	7.80	1.4040
			Restoration Project of Cangnan Wind Power Project（4×v52）	Operational	07/2007	3.40		3.40	3.40	1.4040

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
浙江蒼南風力發電有限公司 (Zhejiang Cangnan Wind Power Generation Co., Ltd.)	90.00%	Cangnan County, Zhejiang Province	Phase I of Zhejiang Cangnan Wind Power Project (6×D46-600)	Operational	12/2004	2.40[19]		2.40	2.16	1.4040
			Restoration Project of Cangnan Wind Farm Project (2×v52)	Operational	08/2007	1.70		1.70	1.53	1.4040
			Zhejiang Cangnan Huangdi Pingfeng Wind Power Project	Under construction	04/2010		16.00	16.00	14.40	TBD[8]
浙江臨海風力發電有限公司 (Zhejiang Linhai Wind Power Generation Co., Ltd.)	90.00%	Linhai County, Zhejiang Province	Linhai Wind Power Project (33×NM600)	Operational	06/1998	19.80		19.80	17.82	1.4040
			Technology Improvement project of Zhejiang Linhai Wind Farm (2×WD750)	Operational	07/2006	1.50		1.50	1.35	1.4040
浙江溫嶺東海塘風力發電有限公司 (Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd.)	76.29%	Wenling County, Zhejiang Province	Zhejiang Wenling Donghaitang Wind Power Project	Operational	12/2008	40.00		40.00	30.52	0.6660
海南龍源風力發電有限公司 (Hainan Longyuan Wind Power Generation Co., Ltd.)	100.00%	Zhanzhou City, Hainan Province	Phase I of Hainan Zhanzhou E'man Provincial Wind Power Project	Under construction	08/2009		49.50	49.50	49.50	0.6499

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
Gansu Province										
甘肅潔源風電有限責任公司 (Gansu Jieyuan Wind Power Generation Co., Ltd.)	61.00%	Jiuquan City, Gansu Province	Phase I of Yumen Wind Farm Experimental Project (4×nortank300)	Operational	05/1997	1.20[20]		1.20	0.73	0.5850
			Phase I of Yumen Wind Power Project (12×G42)	Operational	03/2001	7.20		7.20	4.39	0. 5850
			Phase II of Gansu Yumen Technology Improvement Project	Operational	08/2003	6.00		6.00	6.00	0. 5850
			Phase III of Gansu Yumen Technology Improvement Project	Operational	08/2003	6.00		6.00	6.00	0. 5850
			Expansion Project of Phase II and III of Gansu Yumen Wind Farm Technology Improvement Project (22×S43)	Operational	08/2003	1.20		1.20	0.73	0.5850
			Gansu Yumen Wind Farm Key Technology Improvement Project (36×G58)	Operational	09/2004	30.60		30.60	18.67	0.5850
			Phase II of Gansu Yumen Wind Power Project (14×G52)	Operational	11/2006	11.90[21]		11.90	7.26	0.5400
			Phase III of Gansu Yumen Wind Power Project (54×G58)	Operational	12/2006	45.90		45.90	28.00	0.5400
			Phase I of Gansu Diwopu Provincial Concession Project[7]	Operational	05/2008	49.30		49.30	30.07	0.5599

Project companies	Aggregate ownership directly and indirectly held by the Group(1)	Location	Wind power project(2)	Status(3)	Actual/Est. in-service date(4)	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction(5) (in MW)	Attributable installed/ capacity under construction(6) (in MW)	On-grid tariff (RMB/kWh, including VAT)
			Phase II of Gansu Diwopu Provincial Wind Concession Project(7)	Operational	06/2009	49.50		49.50	30.20	TBD(8)
甘肅龍源風力發電有限公司 (Gansu Longyuan Wind Power Generation Co., Ltd.)	100.00%	Jiuquan City, Gansu Province	Gansu Guazhou Localization and Demonstration Project	Under construction	11/2011		300.00	300.00	300.00	TBD(8)
甘肅新安風力發電有限公司* Gansu Xin'an Wind Power Generation Co., Ltd.)*	35.00%	Xiangyang County, Gansu Province	Gansu Xiangyang Provincial Concession Project(7)	Operational	01/2008	49.50		49.50	17.33	0.5060
			Phase II of Guazhou Xiangyang Wind Power Project	Operational	06/2009	49.50		49.50	17.33	TBD(8)
龍源(酒泉)風力發電有限公司(擬建) (Longyuan (Jiuquan) Wind Power Generation Co., Ltd.) (To be incorporated)	100.00%	Jiuquan City, Gansu Province	Gansu Jiuquan Ten-million kW Base Guazhou Beidaqiao No. 3 Wind Power Project	Under construction	09/2011		201.00	201.00	201.00	0.5206

Project companies	Aggregate ownership directly and indirectly held by the Group(1)	Location	Wind power project(2)	Status(3)	Actual/Est. in-service date(4)	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/capacity under construction(5) (in MW)	Attributable installed/capacity under construction(6) (in MW)	On-grid tariff (RMB/kWh, including VAT)
Xinjiang										
新疆天風發電股份有限公司 (Xinjiang Tianfeng Power Generation Joint Stock Company)	59.47%	Urumqi City, Xinjiang	Old Project 1 (25×nortank300)	Operational	07/1995	7.50		7.50	4.46	0.5330
			Old Project 2 (4×bouns300)	Operational	12/1992	1.20		1.20	0.71	0.5330
			Old Project 3 (4×bouns450)	Operational	05/1994	1.80		1.80	1.07	0.5330
			Old Project 4 (12×bouns600)	Operational	05/1997	7.20		7.20	4.28	0.5330
			Old Project 5 (10×V42)	Operational	05/1998	6.00		6.00	3.57	0.5330
			Old Project 6 (10×NM750)	Operational	03/2003	7.50		7.50	4.46	0.5330
			Old Project 7 (56×V42)	Operational	04/2004	33.60		33.60	19.98	0.5330
	59.47%		Phase I of Dabancheng No. 3 Wind Power Project	Operational	12/2005	30.00		30.00	17.84	0.4700
			Phase II of Dabancheng No. 3 Wind Power Project	Operational	12/2006	30.00		30.00	17.84	0.5100
			Phase III of Dabancheng No. 3 Wind Power Project	Operational	12/2007	49.50		49.50	29.44	0.5100
			Phase IV of Dabancheng No. 3 Wind Power Project	Operational	11/2008	49.50		49.50	29.44	TBD(8)
			Xinjiang Dabancheng Technology improvement Project	Under construction	12/2009		25.50	25.50	15.16	0.5330

Project companies	Aggregate ownership directly and indirectly held by the Group[1]	Location	Wind power project[2]	Status[3]	Actual/Est. in-service date[4]	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction[5] (in MW)	Attributable installed/ capacity under construction[6] (in MW)	On-grid tariff (RMB/kWh, including VAT)
Hebei Province										
龍源(張家口)風力發電有限公司 (Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.)	100.00%	Shangyi County, Hebei Province	Phase I of Hebei Shangyi Shiren Wind Power Project	Operational	06/2008	49.50		49.50	49.50	0.5400
			The Expansion Project of Phase I of Hebei Shangyi Shiren Wind Power Project	Under construction	09/2009		25.50	25.50	25.50	TBD[8]
			Hebei Shangyi Qilinshan Wind Power Project	Under construction	10/2010		150.00	150.00	150.00	0.5006
河北圍場龍源建投風力發電有限公司 (Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd.)	50.00%	Weichang County, Hebei Province	Hebei Weichang Zhangjiawan Wind Power Project	Under construction	11/2009		49.50	49.50	24.75	0.5400
			Hebei Weichang Shanwanzi Concession Wind Power Project	Under construction	11/2009		49.50	49.50	24.75	0.5400
龍源建投(承德圍場)風力發電有限公司 (Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd.)	55.00%	Weichang County, Hebei Province	Hebei Weichang Guangfayong Wind Power Project	Under construction	11/2009		49.50	49.50	27.23	0.5400
龍源建投(承德)風力發電有限公司 (Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd.)	55.00%	Weichang County, Hebei Province	Hebei Weichang Zhuzixia Wind Power Project	Under construction	11/2009		49.50	49.50	27.23	TBD
龍源 (張北) 風力發電有限公司 (Longyuan (Zhangbei) Wind Power Generation Co., Ltd)	100.00%	Zhangbei County, Hebei Province	Phase I of Hebei Baimiaotan Localization and Demonstration Wind Power Project	Under construction	06/2011		49.50	49.50	49.50	TBD
Other Areas										
Yunnan Province										
雲南龍源風力發電有限公司 (Yunnan Longyuan Wind Power Generation Co., Ltd.)	100.00%	Qujing City, Yunnan Province	Yunnan Qujing Luliangshan Wind Power Project	Under construction	10/2009		49.50	49.50	49.50	TBD

Project companies	Aggregate ownership directly and indirectly held by the Group(1)	Location	Wind power project(2)	Status(3)	Actual/Est. in-service date(4)	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction(5) (in MW)	Attributable installed/ capacity under construction(6) (in MW)	On-grid tariff (RMB/kWh, including VAT)
PROJECTS OPERATED BY OUR ASSOCIATED COMPANIES										
The Three Northeast Provinces										
依蘭龍源風力發電有限公司 (Yilan Longyuan Wind Power Generation Co., Ltd.)	40.00%	Yilan County, Heilongjiang Province	Yilan (Ma'an Shan) Wind Power Project	Operational	12/2007	49.30			19.72	0.6100
			Yilan (Hezuo Linchang) Wind Power Project	Operational	12/2007	24.65			9.86	0.6100
			Phase II of Yilan (Hezuo Linchang) Wind Power Project	Operational	12/2008	24.65			9.86	0.6100
航天龍源(本溪)風力發電有限公司 (Hangtian Longyuan (Benxi) Wind Power Generation Co., Ltd.)	45.00%	Benxi City, Liaoning Province	Liaoning Huanren Niumao Dashan Wind Power Project	Operational	12/2006	24.65			11.09	0.6100
Inner Mongolia										
內蒙古新錦風力發電有限公司 (Inner Mongolia Xinjin Wind Power Generation Co., Ltd)	30.00%	Inner Mongolia	Inner Mongolia Ordos Hangjingqiyi Hewusu Wind Power Project	Operational	12/2007	49.50			14.85	0.5100
			Phase II of Inner Mongolia Ordos Hangjingqi Yihewusu Wind Project, Phase I of Wujier Wind Power Project	Under construction	08/2009	49.5	49.5		29.70	TBD(8)
Southeast Coastal Provinces										
汕頭福澳風力發電公司 (Shantou Fu'ao Wind Power Generation Co., Ltd.)	50.00%	Shantou City, Guangdong Province	Guangdong Shantou Fuao Wind Power Project	Operational	01/1995	3.00			1.50	0.6890
汕頭南方風能開發公司 (Shantou Nanfang Wind Power Development Company)	33.33%	Shantou City, Guangdong Province	Guangdong Shantou Guolaoshan Niutouling Wind Power Project	Operational	01/1999	5.50			1.83	0.6390

Project companies	Aggregate ownership directly and indirectly held by the Group(1)	Location	Wind power project(2)	Status(3)	Actual/Est. in-service date(4)	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under construction(5) (in MW)	Attributable installed/ capacity under construction(6) (in MW)	On-grid tariff (RMB/kWh, including VAT)
上海風力發電有限公司 (Shanghai Wind Power Generation Co., Ltd.)	33.00%	Shanghai City	Shanghai Chongming Nanhui Shihang Wind Power Project	Operational	08/2005	21.00			6.93	0.8140
			Phase II of Shanghai Chongming Wind Power Project	Operational	05/2008	15.00			4.95	TBD(8)
Hebei Province										
河北建投龍源崇禮風能有限公司 (Hebei Jiantou Longyuan Chongli Wind Energy Co., Ltd.)	50.00%	Chongli County, Hebei Province	Hebei Chongli Qingsanying Wind Power Project	Operational	08/2008	49.30			24.65	0.5400
Other Areas										
湖北九宮山風力發電有限公司 (Hubei Jiugongshan Wind Power Generation Co., Ltd)	48.00%	Hubei Province	Hubei Jiugongshan Wind Power Project	Operational	09/2007	13.60			6.53	0.8000
PROJECTS OPERATED BY OTHER COMPANIES IN WHICH WE HAVE MINORITY INTEREST										
張家口市長城風電有限責任公司 (Zhangjiakou Changcheng Wind Power Generation Co., Ltd)	13.33%	Zhangjiakou City, Hebei Province	Zhangjiakou Zhangbei Wind Power Project	Operational	01/1998	7.50			1.00	0.6500
溫州匯業風力發電有限公司 (Wenzhou Huiye Wind Power Generation Co., Ltd.)	25.00%	Wenzhou City, Zhejiang Province	Wenzhou Huiye Wind Power Project	Operational	01/1996	1.75			0.44	1.4040

Notes:

(1) Aggregate ownership is calculated by including 100% of the shareholding directly owned by the Company and a portion of the shareholding indirectly owned by the Company's subsidiaries proportionate to our direct percentage ownership in such subsidiaries.

(2) A wind farm sometimes includes several phases or is expanded by additional technology improvement projects. As each phase or technology improvement project of a wind farm is subject to separate government approvals, it is deemed as a separate project.

(3) The status of a wind power project refers to an operating project or a project under construction (as the case may be) as defined in "Glossary of Technical Terms."

(4) Based on the actual or estimated in-service date of the first wind turbine installed.

(5) With respect to operating projects that are fully operational, the data provided refers to consolidated installed capacity and attributable installed capacity of such projects. With respect to operating projects that are partly operational and partly under construction, the data provided refers to the aggregate amount of consolidated installed capacity and consolidated capacity under construction of such projects, as well as the aggregate amount of attributable installed capacity and attributable capacity under construction of such projects. With respect to projects fully under construction, the data provided refers to the consolidated capacity under construction and attributable capacity under construction of such projects.

(6) Refers to the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. This is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interests, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership.

(7) Concession wind power projects awarded by the NDRC or provincial DRC.

(8) The on-grid tariff of the relevant project has not been approved, although the project has obtained project approval of the NDRC or provincial DRC.

(9) The approved capacity of this wind power project is 100.00 MW.

(10) The approved capacity of this wind power project is 19.55 MW.

(11) The approved capacity of this wind power project is 49.50 MW.

(12) The approved capacity of this wind power project is 49.50 MW.

(13) The approved capacity of this wind power project is 49.50 MW.

(14) The approved capacity of this wind power project is 49.30 MW.

(15) The approved capacity of this wind power project is 49.20 MW.

(16) The approved capacity of this wind power project is 4.80 MW.

(17) The approved capacity of this wind power project is 4.80 MW.

(18) This is an expansion project, but not a concession project.

(19) The approved capacity of this wind power project is 3.60 MW.

(20) The approved capacity of this wind power project is 1.0 MW.

(21) The approved capacity of this wind power project is 12.0 MW.

The table below sets forth the details of our other renewable energy projects as of September 30, 2009:

Project companies/entities	Aggregate ownership directly and indirectly by the Company	Location	Other renewable energy project	Status	Actual/Est. in-service date	Installed capacity (in MW)	Capacity under construction (in MW)	Consolidated installed/ capacity under including (in MW)	Attributable installed/ capacity under construction (in MW)	On-grid tariff (RMB/kWh, including VAT)
浙江溫嶺江廈潮汐試驗電站 (Zhejiang Wenling Jiangxia Experimental Tidal Power Station)(1)	100.00%	Taizhou City, Zhejiang Province	Experimental Tidal Power Project	Operational	10/2007(2)	3.90		3.90	3.90	2.3800
東海龍源生物質發電有限公司 (Donghai Longyuan Biomass Power Generation Co., Ltd)	95.00%	Lianyungang City, Jiangsu Province	Biomass Power Project	Operational	01/2008	24.00		24.00	22.80	0.636
龍源西藏新能源有限公司 (Longyuan Tibet New Energy Co., Ltd.)	100.00%	Lhasa, Tibet	Pilot Geothermal Power Project	Operational	04/2009	1.00		1.00	1.00	TBD

Note:

(1) Zhejiang Wenling Jiangxia Pilot Tidal Power Station Project is not an independent legal entity and is wholly controlled and operated by us an internal accounting unit.

(2) Zhejiang Wenling Jiangxia Pilot Tidal Power Station had an installed capacity of 3.20 MW from May 1980 to October 2007 and its installed capacity has increased to 3.90 since October 2007.

The table below sets forth the details of our coal power plants operated by our subsidiaries as of September 30, 2009:

Project companies	Aggregate ownership directly and indirectly by the Company	Location	Coal power project	Status	Actual/Est. in-service date	Installed capacity (in MW)	Consolidated installed/ capacity under construction (in MW)	Attributable installed/ capacity under construction (in MW)	On-grid tariff (RMB/kWh, including VAT)
江陰蘇龍發電有限公司 (JSPG)	27.00%	Jiangyin City, Jiangsu Province	Jiangyin Xiagang Power Plant 2×137.5MW Project	Operational	02/2003[1]	275.00	275.00	74.25	0.4378
			Jiangyin Xiagang Power Plant 2×140MW Project	Operational	02/2003	280.00	280.00	75.60	0.4378
			Jiangyin Xiagang Power Plant 2×330MW Project	Operational	12/2004	660.00	660.00	178.20	0.4378
南通天生港發電有限公司 (NTPG)	31.94%	Nantong City, Jiangsu Province	Tianshenggang Power Plant Old Units	Suspended [2]	12/1979	0	0	0	0.4358
			Tianshenggang Power Plant 2×137.5MW Project	Suspended [2]	12/1995	0	0	0	0.4358
			Tianshenggang Power Plant 2×330MW Project	Operational	04/2005	660.00	660.00	210.80	0.4358

Notes:

(1) The two 137.5 MW generation units were installed in 1995 each with an installed capacity of 125 MW and then upgraded to 137.5 MW in 2002.

(2) The four 275.0 MW generation units of Tianshenggang Power Plants have suspended operations in 2008 and therefore the installed capacity of those four units was zero as of June 30, 2009.

China Longyuan Power Group Corporation Limited

Global Offering Technical Assessment

Final Report

November 2009

Mott MacDonald Limited
Victory House
Trafalgar Place Brighton, BN1 4FY
United Kingdom
Tel: 44 (0)1273 365000
Fax: 44 (0)1273 365100

China Longyuan Electric Power Group Corporation

Global Offering

Technical Assessment

Issue and Revision Record

Rev	Date	Originator	Checker	Approver	Description
1	July 2009	V Madden; A Hart; D Mudie; J Yang; J Lu; X Zhang; F Mariani; R Speht	R Wilson C Pacot	A J Wang	Draft
2	July 2009	J Yang; J Lu	D Broom	A J Wang	Draft Final
3	August 2009	J Yang	D Broom	Peter Black	Final
4	November 2009	J Yang	D Broom	A J Wang	Final Final

List of Contents

Figures and Tables

Glossary

ASL	Above Sea Level
CAMS	Chinese Academy of Meteorological Science
CDM	Clean Development Mechanism
CERs	Certified Emission Reductions
CFXS	Chifeng Xinsheng Wind Power Generation Co., Ltd
CHP	Combined Heat and Power
COD	Commercial Operation Date
DCS	Distributed Control Systems
FD	Forced Draft
FGD	Flue-gas Desulphurisation
FRP	Fiberglass Reinforced Plastic
GB/T	Guobiao/Tuijian, Chinese National Standard, Recommended
GE	the General Electric Company, Energy
GGH	Gas-Gas Heater
GIS	Gas Insulated Switchgear
GL	Germanischer Lloyd
GSJY	Gansu Jieyuan Wind Power Generation Co., Ltd.
ID	Induced Draft
IEC	International Electrotechnical Commission
IPE	Implementation in Production and Erection
JLLY	Jilin Longyuan Wind Power Generation Co., Ltd
JSLY	Jiangsu Longyuan Wind Power Generation Co., Ltd
LYZ	Longyuan Zhangjiakou Wind Power Generation Co., Ltd.
LYB	Longyuan Baotou Wind Power Generation Co., Ltd.
LYP	Longyuan Pingtan Wind Power Generation Co., Ltd.
MCP	Measure Correlate Predict
MM	Mott MacDonald Group Limited
NCAR	National Centre for Atmospheric Research
NOx	Nitrogen Oxide
O&M	Operation and Maintenance
PDRC	Provincial Development and Reform Commission
PI	Point Inspection

SCADA	System Control and Data Acquisition
SCR	Selective Catalytic Reduction
SLY	Shenyang Longyuan Wind Power Generation Co. Ltd
SO_2	Sulfur Dioxide
TC	Technical Consultant
XJTF	Xingjiang Tianfeng Power Generation Joint Stock Company
WAsP	Wind Atlas Analysis and Application Program
WTG	Wind Turbine Generator
Units	
g	gram (mass)
GJ	Gigajoule (energy)
GWh	Giga Watt hour (electric generation)
kA	kilo Ampere (power)
kg/m^3	kilogram per cubic metre (density)
kJ	kilojoule (energy)
kV	kilo voltage (electric)
kVA	kilo Volt Ampere (apparent power)
m	metre (length)
m^2	square metre (area)
m/s	metre per second (velocity)
mg/Nm^3	milligrams per normal cubic meter (particular emission density)
MJ	Megajoule (energy)
MPa	Mega Pascal (pressure)
MW	Mega Watt (electric)
MVA	Mega Volt Ampere (apparent power)
MVar	Mega Volt-ampere reactance (reactive power)
V	Voltage (electric)
W/m^2	Watt per square metre (power density)
%	percent
°C	Degree Centigrade (temperature)

Executive Summary

Introduction

Mott MacDonald Limited (MM) has been appointed by China Longyuan Power Group Corporation Limited (Longyuan) to act as Technical Consultant on the Longyuan Global Offering Project.

Mott MacDonald has carried out an independent technical appraisal of Longyuan's assets. The review of wind farms includes wind resource assessment, power generation, availability, and operational and maintenance arrangements, wind turbine technologies, and grid connection arrangements as well as compliance with grid codes. The review of a coal power plant focuses on generation and load factor, efficiency, availability, operating regime, investment requirement, and equipment and environmental limitations. The assessment is only for the representative power plants.

The main base of information from which the report was compiled comprises documents provided by Longyuan, and discussions and meetings with relevant staff of the Company and main wind turbine manufacturers. MM's professional judgement was exercised with regards to the validity and use of all information submitted from external sources. MM's knowledge of the Chinese power sector has been utilised throughout the assessment process.

A large number of power plants are involved in the asset portfolio spread across a wide area in China. These plants were designed by various local design institutes based on the same Chinese standard and the turbines were supplied by a small number of domestic and international manufacturers. For these reasons it was agreed that the report would be compiled with specific reference to representative power plants. These plants were selected to best encapsulate and represent the diversity of all power plants controlled by Longyuan. Particular attention was paid to the following factors when selecting the representative power plants:

- **Wind resources and geographic coverage** — Representative wind farms selected are located in the wind abundant areas of Southeast China coast, Northeast China, Inner Mongolia, Gansu and Xinjiang.
- **Turbine types** — Representative wind farms selected include turbines produced by both domestic and foreign manufacturers.
- **Installed capacity and company share** — Representative wind farms selected are those in which Longyuan is the majority share-holder. The consolidated installed generation of the projects selected represents approximately 50% of the consolidated installed capacity of Longyuan at the end of December 2008.

The process of technical appraisal was carried out in China, the UK and the US through a variety of procedures including, but not limited to: site visits, data collection, discussion, analysis, and report production.

Wind resource assessments for each of the representative power plants were reviewed and the Chinese standards of methodology, reporting, and data collection were compared to equivalent international standards. It was concluded that there was a consistent approach to the assessments largely adhering to standard international practice; however the Chinese standards lacked some on the detail found in their international counterparts. In particular Chinese assessments omitted uncertainty analysis; however conservative estimation of project efficiency were deemed to compensate for this omission.

Turbine Technologies

Longyuan uses many different models of wind turbine, supplied by both well-established international and domestic manufacturers. The wind turbine selection process is crucial for maximisation of electricity generation; hence an assessment of each of the key wind turbine manufacturers with installations on the representative sites was completed. The assessments detailed the market share, utilisation of specific technologies, and historic track records of each manufacturer, in addition to focusing on the anti-corrosion features of the turbines and their suitability to harsh environmental conditions. All manufacturers assessed were found to present adequate operational experience and operate in compliance with international industrial standards, a summary of each of the manufacturers is provided below:

- **GE Energy (GE)** — GE is one of the world's largest wind turbine suppliers and is well established in the Chinese market. The wind turbines installed on the representative site employ a technology that provides exceptional durability. Since initial production, GE has provided significant investment into improving the reliability and performance of the wind turbine. The product has an impressive track record and there are no concerns over quality.

- **Vestas** — Vestas is the world's leading supplier of wind turbines and leading foreign supplier in China. The Vestas V80 turbines used in Pingtan are based on proven technology. There are more than 5000 2MW Vestas turbines installed worldwide. Hence we consider Vestas to be a high quality and low risk supplier.

- **Gamesa** — Gamesa was ranked the world's third largest wind turbine supplier in terms of sales in 2008 and total installation at the end of 2008 and has a good share of the Chinese market. The specific turbine used on the representative sites is based on an early technology; however it has undergone constant redevelopment. The turbine is considered to be both a mature and proven technology.

- **Acciona WindPower** — Acciona uses in-house technology to assemble wind turbines. The specific turbine used on the representative sites employs a system allowing for prompt maintenance and reduced downtime. No specific issues have been reported during operation of the turbine, it is regarded to be a reliable product and the Acciona technology is regarded to be in line with industrial standards.

- **Goldwind** — Goldwind is the oldest, largest, and most experienced manufacturer in China. The wind turbines installed on the representative sites employ a direct drive system providing higher reliability and lower maintenance times, compared with doubly fed induction generators.

- **Sinovel** — Sinovel is one of the world's top ten suppliers of wind turbines and has specific experience in manufacturing built-to-resist wind turbines. Sinovel is regarded as having a good track record in China, and the design and manufacturing process is considered to be in keeping with general industry trends.

Energy Yield, Wind Farm Operation and Maintenance

Individual wind farms were assessed on their generation and availability, and their internal connection and substations. Each assessment contains information regarding the condition of both the geographical terrain and the equipment, also identified are site specific data discrepancies, and any general concerns that the reviewing teams raised. One important point raised following the completion of all assessments was that the meteorological mast heights in several feasibility studies were reported to be shorter than the wind turbine hub heights, indicating a degree of non-compliance with the Chinese standards. All sites were regarded as having adequate operation and maintenance arrangements in place. It should be noted that the majority of the wind farms assessed were found to have higher staffing levels than the international norm. A summary of the findings for each site visited by Mott MacDonald is included below:

Phase II of Jiangsu Rudong Wind Concession Projects, 150MW

Situated in a rural landscape on the coast. Facilities and buildings on the three sites are well maintained and of a high standard. Availability is above the guaranteed value as per the data presented by Jiangsu Longyuan Wind Power Generation Co., Ltd, however there is a concern that the actual availability figures of the wind farms could be slightly lower due to outages of other components. Incidents and outages experienced during the operation of the wind farm are considered to be in line with expectation. All electrical equipment is of a high quality and is housed in appropriate buildings with no signs of environmental corrosion. All switchgear and transformers are appropriately rated and maintained.

Fujian Pingtan World Bank Wind Power Project, 100MW

Availability is above the guaranteed value. Few major repairs to the yaw system were highlighted and generic issues experienced during the early stage of operation of the turbines is regarded to be a part of the routine lifecycle and in line with current industry norms. Staff are regarded as being trained and familiar with monitoring activities. The switchgear and transformers are regarded to be appropriately rated for the site and are kept in excellent condition.

Jilin Tongyu Wind Concession Projects, 200.6MW

Situated on flat scrub/desert with no adverse wind conditions, however sand storms are common and the climate is very cold which could result in blade contamination and icing. Buildings and facilities are of a high standard and appear well maintained. Technical issues have been identified on site, however these do not present concerns regarding the long term integrity of the fleet. Low availability was experienced during the early part of 2008 due to slip-ring replacement. Availability was up after the problem being fixed. The switchgear and transformers are regarded to be appropriately rated for the site.

Liaoning Faku Baijiagou Wind Power Project, 49.5MW

Situated on farmland with no concerns regarding adverse weather conditions, crop cycles will influence the wind conditions on the site but is not thought to affect wind farm operation. The buildings and facilities are of a high standard and appear well maintained. Shenyang Longyuan are regarded as having a good understanding and experience of wind farm operation, and targets seem realistic when compared to general industry expectations. The wind farm has only recently been commissioned and therefore insufficient data was available to give valuable comment on wind farm performance. The switchgear and transformers are regarded to be appropriately rated for the site.

Xinjiang Dabancheng No. 3 Wind Power Projects, (Phase II, III and IV) 129 MW

Situated in a half-desert environment with no agricultural activity. Availability is above the guaranteed value with the turbines producing more power than was expected. None of the wind farms have an on-site substation and at present the capacity of the transformers in the local substations is sufficient to deliver the available power to the grid, an additional transformer is planned for further expansion.

Gansu Yumen Wind Power Projects, (Yumen II and III, and Diwopu I) 107.1MW

Situated on flat terrain with low levels of extreme wind speed. Dust storms common on the site could cause turbine outages. In addition, extreme low temperature may cause further turbine outages. Power generation in the early part of 2008 was lower than expected; this was attributed to poor weather. Phase II & III feature a 10 kV secondary side which typically results in higher than average transmission line losses. The switchgear and transformers are regarded to be appropriately rated for the site.

Hebei Shangyi Shiren Wind Power Project, 49.5MW

Situated on high ground with a particularly low average temperature which can be expected to affect blade operation. The site appears well equipped and maintained. Availability is in line with the guaranteed value. Following the completion of the expansion project, installed equipment will be appropriately rated.

Inner Mongolia Bayin National Wind Concession Project, 201MW

Still under commission at time of site visit, however, with regard to the turbines already commissioned availability figures were high and the equipment was in good condition. It was noted that no Accident Record book was kept on site; it was recommended that this should be rectified in the future. The electrical layout of the substation is thought to provide an advantageous degree of flexibility and all switchgear and transformers are appropriately rated for the site.

Inner Mongolia Chifeng Wind Power Projects (Sunjiaying I and II, Wudaogou I), 150MW

Due to poor weather and icy road conditions at the time, a site visit was not carried out. Availability figures are high, all exceeding the guaranteed value. The rating of transformers indicates that future expansion is likely.

Grid Connection

A grid connection assessment was completed for each wind farm based on network topologies supplied to Mott MacDonald by Longyuan and its subsidiaries. It should be noted that Mott MacDonald did not undertake any independent simulation or calculation to validate the results of the studies conducted by Chinese Design Institutes. Each wind farm was assessed to grid connection point and voltage level, main transformer capacity, conductor size, power system studies and reactive power compliance were reviewed.

All step-up transformers and overhead lines associated with each of the wind farms, with the exception of Huangang transformer, are appropriately sized and have sufficient capacity to export maximum power under normal operation scenarios. The Huangang exception has been resolved through an expansion.

All grid connection substations have sufficient transformer capacity to accommodate power generated from the wind farms under normal system operation with two exceptions being that the transmission lines at both Pingtan and Dabancheng could be overloaded. In both cases this is anticipated to be resolved by future network enhancement.

All wind farms were able to maintain the power factors required by the current Chinese grid code at the grid connection points. This was achieved through a combination of reactive power compensation equipment installed on site and by installation of wind turbines with controllable power factors.

It is understood that the voltage profile at Faku Baijiagou wind farm will be improved through the installation of capacitive equipment. All wind farms have appropriate switchgear installed to withstand fault current at both step-up and grid connection substations.

Most local networks have the sufficient capability to accommodate the wind power generated by Longyuan. The exceptions encountered were at Yumen Phase II and Dabancheng wind farms. At these sites, wind farm generation is limited due to network transmission restrictions. This situation will be resolved in the long term by future network reinforcement.

Coal Power Plant

A single thermal plant was assessed alongside the wind farms; a detailed description of the operation of the plant is included. It is concluded that the majority of significant equipment at the station is comparable with that installed in the US, and that the equipment appears to be well maintained. Station personnel had a good understanding of the operation and maintenance procedures and documentation was found to be complete. Solid waste is sold and utilised. It was noted that both SCRs and a cooling system could represent a major future expenditure. The power station appears to have been designed with significant margin and high reliability; this is present in the fuel handling, storage, and preparation systems, in addition to individual margins on each of the major components. These margins allow each unit to operate above half load should it be required upon failure of other equipment. The operational and emissions data indicates that the station is performing satisfactorily.

Conclusions and Recommendations

All wind farms we visited had the equipment supplied by well-known international or domestic manufacturers who employ proven technologies and have track records in the market. Mott MacDonald holds the view that the turbine technologies are in line with current industrial standards, some of the sites were built to a high standard, exceeding our expectations.

We are able to confirm that the availability of the wind farms reviewed was higher than the manufacturers' guarantee of 95% and the actual electricity generation was also in line with the forecast made in feasibility studies. All plants are well operated and maintained.

Most of the wind farms we reviewed had their own dedicated substations with adequate electrical equipment installed to export electricity via overhead circuits to the power grids. The substation equipment is appropriately sized to withstand system faults and reactive compensation is installed in many wind farms to meet technical requirements of the power grid.

The coal power plant was well operated and maintained. The majority of key equipment was comparable to those in the US. The operational and emissions data of all plants is also satisfactory. Solid waste is sold and utilised.

We found during our site visits that most of the wind farms employed more staff than we have seen in the Europe and the US. We believe this is an area which the Company could make further improvements by reducing the number of staff on site, although Longyuan said more staff was also for future expansion.

Longyuan has a very ambitious expansion plan to develop more wind power projects in China. We believe that the Company, with its strong technical capability, has sufficient capacity to develop, operate, maintain and manage wind farms in China and overseas.

1 Introduction

1.1 Independence of Mott MacDonald

This independent technical assessment report has been prepared by qualified staff in Mott Macdonald Limited (MM), the Technical Consultant appointed by China Longyuan Power Group Corporation Limited (Longyuan, the Company) to provide technical assistance in connection with the Global Offering of the Company.

Mott Macdonald will be compensated with professional fees for the services and technical advice provided. However, none of the Mott Macdonald directors and staff who contributed to the report has any interest in:

- the Company;
- the asset portfolio that was subject to the technical assessment; or
- the outcome of the Global Offering.

Prior to issuing a final report, the Company and its advisers were provided with the draft of a technical report only for the purpose of confirming the accuracy of data used and factual material.

1.2 Mott MacDonald Limited Qualification and Track Records

Mott MacDonald Limited is a world leading multi-disciplinary consultancy engaged in development, touching many aspects of everyday life from energy, transport, water and the environment to building, industry, communications health and education.

We are a wholly independent international company, headquartered in the UK, with turnover in excess of $1.4 billion, over 14,500 staff and global experience spanning 120 countries. Our success in winning the Queen's Award for Export Achievement three times in 1996 and 1998, 2004 reflects the scale of our international business, which accounts for two thirds of our total earnings.

Mott MacDonald operates from offices in centres throughout the UK and in countries across Europe, Asia and the Pacific, the Middle East, Africa and the America. This wide geographical network means we can bring our skills and resources closer to our clients wherever they or their projects are based.

Mott MacDonald is committed to Quality Assurance and is accredited to ISO 9001 and ISO 14001.

Our experience in the energy sector is second to none amongst the world's major engineering consultants. We have played a leading role in the electricity sector restructuring in Hong Kong, Ukraine, Malaysia, Indonesia, Thailand, Philippines, Pakistan, Northern Ireland, Ireland, Singapore, Iran and Qatar where we advised the respective governments on the financial/technical options best suited to the country in question, as well as regulatory, efficiency and contractual issues. We have been involved in regulatory reviews of electricity utilities, which have been corporatised or privatised and have advised various major investors on prospective power plant and distribution company acquisitions. Additionally we are involved with the development of privately funded power projects throughout the world as independent advisers to both owners and lenders.

Mott MacDonald is experienced in all types of power generation and transmission technologies and works in partnership with its clients, ensuring through total commitment that MM adds maximum value to every project. We have engineered over 200 GW of power plants world-wide. Our strength lies in a rich diversity of expertise which covers the complete spectrum of disciplines and skills. We have extensive experience with the technical and power network aspects of wind power (both onshore and offshore). Roles have included providing consultancy services to financiers, potential investors, project developers, owners and contractors as well as governments, local authorities and regulatory bodies. We have undertaken a wide range of roles in project development, appraisal and implementation and are able to bring the full range of resources to our assignments in both the onshore and offshore sectors.

We have undertaken over seventy projects in China totalling over 32 GW including wind, hydro, biomass, waste-to-energy, gas and coal power plants. Selected projects are provided below.

- Baicheng Wind farm, HSBC — as the technical adviser to the lender, who assessed a 49.5MW wind farm in respect of wind resources, wind turbine technology and civil works, grid connection, contracts, CDM, financial models and environment protection.
- Portfolio of Wind farms, Dragon Power/Citi Bank — as the technical adviser who assessed a number of wind farms with an aggregate consolidated installed capacity of 357MW in the PRC, in order to provide a basis for decision.
- Dafengba Wind farm, Hong Kong Electric International — Acted as technical adviser to conduct a due diligence for this 47.6 MW wind farm located in Yunnan Province.
- Rudong Wind farm, ABN AMRO Bank — Mott MacDonald has been engaged as the technical adviser on the deal by its client ABN AMRO Bank for the purpose of its government's procurement of certified emission reductions (CERs) under clean development mechanism(CDM). Our due diligence includes wind resources assessment, access system of power plant and institutional ability
- Inner Mongolia Wind farms, Honiton Energy Group — our mission comprises all of the technical support tasks in the development of three wind power plants located in Bailingmiao, Xiwi and Xi Chang.
- Project Taishan IPO, JP Morgan/Dragon Power — Mott MacDonald has been engaged as the technical consultant on the deal for the due diligence on the PRC client's listing in Hong Kong. Our tasks includes fuel market review, straw burning boiler technology assessment and a comparison of the construction and operation of power plants in the PRC with international experience.
- Suhrak Due Diligence, KEPCO — Asset Appraisal — as the technical adviser who provides market analysis, contract review and asset appraisal. The Suhrak asset portfolio includes 11 current power plants, 3 power plants under construction and 9 planned power plants, as well as 9 coal mine.

1.3 Core Team Members

Mott Macdonald has selected a core team of specialists to complete the technical appraisal for the Longyuan's generation assets. The core team members and their roles are presented below.

Dr. Aijuan Wang: Team Leader

Dr Wang holds BSc, MSc and PhD qualifications and is a Chartered Engineer with over twenty years of technical and commercial experience in the energy sector. Aijuan has extensive work experience in China in the areas of project development, commercial contract negotiation, generation and transmission asset expansion and strategy. Aijuan Wang worked in Ministry of Energy of PRC and China Longyuan in the 1990s.

Since joining Mott MacDonald in 1998, Aijuan has undertaken, managed and directed a number of due diligence assignments for banks and investors/developers and is familiar with the business environment and regulations in China. In addition, Aijuan has extensive experience in working with financial institutions and merchant banks to provide technical and commercial advice on transactions of M&A, project finance and IPO.

Other experience includes power sector restructuring and privatisation, implementation of competitive electricity market, project business case justification and market study, corporate development strategies, and technical performance audit for utilities, regulators and governmental organisations. Aijuan is of Chinese origin and speaks Mandarin Chinese.

Senior Consultants:

In conducting this independent technical assessment, Mott Macdonald assembled a team of qualified consultants and engineers who have been involved in providing advisory services for transactions of this type and have experience gained in Chinese projects and elsewhere in the world. These core team members are presented below:

Table 1.1: Core Team Members

Roles and Responsibility	Staff Name
Senior Mechanical Engineer	Valentine Madden
Electrical Engineer	Adam Hart
Wind Energy Yield	David Mudie
Grid Connection Specialist	Roddy Wilson
Wind Turbine Design	Fulvio Mariani
Wind Farm Operation	Cyril Pacot
Wind Power Project Development	Robert Speht
Power System Analysis	Dr Xuecheng Zhang
Network Planning	Jingwei Lu
Power System Operation	Zoran Nesovanovic
Project Coordination	Jinyu Yang

2 Methodologies

2.1 Objectives of Technical Appraisal

Established in January 1993, China Longyuan Power Group Corporation Limited is a dedicated power generation developer engaged in renewable energy. With wind power as its core business, the Company is focused on investment, construction, operation and management of wind farms and other forms of renewable energy such as biomass, tidal, geo-thermal and solar plants. Besides renewable energy projects, the Company also has technical expertise and advantage from the inherited conventional coal power stations.

MM's role is to assess the asset conditions and confirm adequacy of the technologies used, plant performance and comment on capacity of the power transmission and distribution systems.

— Wind farms

- Wind resource assessment
- Generation, availability and maintenance
- Wind turbine technology
- Grid connection and grid code compliance

— Coal power plants

- Generation and load factor
- Heat rate and plant efficiency
- Availability
- Operating regime
- Planned investment requirements
- Issues that could potentially limit equipment life
- Environmental limitations

This report has been compiled based upon:

- Documents provided by Longyuan, discussions and meetings with relevant staff of the Company and manufacturers.
- Site visits to the selected representative power plants.
- Relevant data and information from the public domain, together with our knowledge in this field and the Chinese power sector.

During the course of producing this report, we have predominantly relied on the information made available to us, including the response to our questionnaire, though we have used our professional judgement in analysing the data. Our analysis and report production were undertaken in our UK and the US offices.

In the following sections of this report, we will address the key issues identified above, present our findings obtained during this technical due diligence exercise, and make our recommendations and conclusions.

2.2 Asset Overview

At the end of December 2008, Longyuan had in total 67 wind power projects operated by its subsidiaries mainly located in six geographical areas across China. The consolidated wind power installation reached 2,502.8 MW. Two coal power plants with a total consolidated installed capacity of 1,875 MW in Jiangsu Province are also included in the asset portfolio.

We have summarised the wind capacity in Table 2.1, projects listed include those that the Company solely owns, or holds controllable. Table 2.1 shows Longyuan's wind power projects are mainly distributed in Xinjiang Uyghur Autonomous Region, Gansu Province, Inner Mongolia Autonomous Region, Hebei Province, three Northeast provinces and Southeast coastal provinces which are regarded as the wind resources abundant regions as per the official survey produced by Chinese Academy of Meteorological Science (CAMS).

Wind turbine technologies adopted in the portfolio are from recognised international suppliers; for example GE, Vestas, Gamesa and Acciona and Chinese turbine manufacturers such as Goldwind and Sinovel. Size of single machine varies from several hundred kW to 2 MW.

Subsequent to the issue of the draft report, we were informed by the Company that the total wind consolidated installed capacity had increased to 2,886.0 MW.

Table 2.1: Summary of Consolidated Wind Power in Longyuan

	At the End of December 2008	
	No. of projects	Consolidated Installed Capacity (MW)
Xinjiang	11	223.8
Gansu	8	208.8
Inner Mongolia	13	760.9
Hebei	1	49.5
Three Northeast Provinces	18	774.5
Southeast Coastal Provinces	16	485.3
Total	67	2,502.8

2.3 Selection of the Representative Power Plants

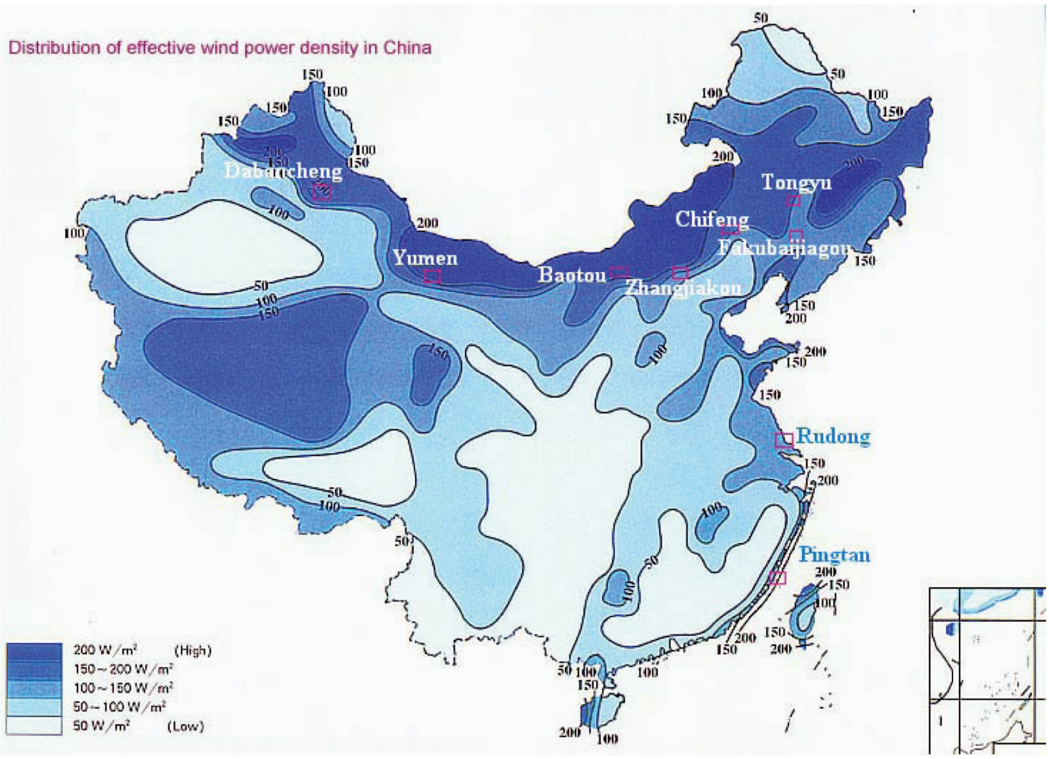
Due to the large number of projects involved in the asset portfolio and relatively short time-scale of the technical due diligence, it was not possible to visit and review all power plants owned by Longyuan. Hence, the MM team agreed with the Company to select representative power plants.

When selecting the representative wind farms the following factors were considered:

- wind resources and geographic coverage

China has enormous wind resources, with exploitable onshore wind resources being estimated at approximate 253 GW by CAMS. According to a survey undertaken by CAMS as shown in Figure 2.1 , the wind resources are distributed in the Northern parts of China such as Inner Mongolia, Xinjiang, Gansu Hexi Corridor, some areas of Qinghai-Tibetan Plateau, Northeast China, Hebei, and along the East China coast region from Jiangsu to Fujian Provinces. The colour tone in Figure 2.1 represents wind density.

Figure 2.1: Wind Resources Distribution in China and Representative Projects' Location



Source: Chinese Academy of Meteorological Sciences

As indicated in the pink square in Figure 2.1, we have selected representative projects located in the wind abundant areas of Rudong, Pingtan, Tongyu, Faku, Zhangjiakou, Chifeng, Baotou, Yumen and Dabancheng. Table 2.2 gives more detailed information on the representative wind farms.

Table 2.2: Representative Wind Farms

Ref	Area	Project Company	Project Name	Consolidated Installed Capacity (MW)	Manufacturer of WTG	Rated Power (MW)	WTG No.
1	Southeast Coastline Provinces	Jiangsu Longyuan Wind Power Generation Co., Ltd.	Phase II of Jiangsu Rudong Wind Concession Project - Huangang	58.5	GE	1.5	39
2	Southeast Coastline Provinces	Jiangsu Longyuan Wind Power Generation Co., Ltd.	Phase II of Jiangsu Rudong Wind Concession Project - Dongling	42	GE	1.5	28
3	Southeast Coastline Provinces	Jiangsu Longyuan Wind Power Generation Co., Ltd.	The Expansion Project of Phase II of Jiangsu Rudong Wind Concession Project - Lingyang	49.5	GE	1.5	33
4	Three Northeast Provinces	Longyuan (Pingtan) Wind Power Generation Co., Ltd.	Fujian Pingtan World Bank Project	100	Vestas	2	50
5	Three Northeast Provinces	Jilin Longyuan Wind Power Generation Co., Ltd.	Phase I Jilin Tongyu Wind Concession Project	100.3	Gamesa	0.85	118
6	Three Northeast Provinces	Jilin Longyuan Wind Power Generation Co., Ltd.	Phase II Jilin Tongyu Wind Farm Concession Project	100.3	Gamesa	0.85	118
7	Three Northeast Provinces	Shenyang Longyuan Wind Power Generation Co., Ltd.	Liaoning Faku Baijiagou Wind Power Project	49.5	Sinovel	1.5	33
8	Xinjiang	Xinjiang Tianfeng Power Generation Joint Stock Company	Phase II of Dabancheng No. 3 Wind Power Project	30	Goldwind	0.75 1.5	30 5
9	Xinjiang	Xinjiang Tianfeng Power Generation Joint Stock Company	Phase III of Dabancheng No. 3 Wind Power Project	49.5	Goldwind	1.5	33
10	Xinjiang	Xinjiang Tianfeng Power Generation Joint Stock Company	Phase IV of Dabancheng No. 3 Wind Power Project	49.5	Goldwind	1.5	33

Ref	Area	Project Company	Project Name	Consolidated Installed Capacity (MW)	Manufacturer of WTG	Rated Power (MW)	WTG No.
11	Gansu	Gansu Jieyuan Wind Power Generation Co., Ltd.	Phase II of Gansu Yumen Wind Power Project	11.9	Gamesa	0.85	14
12	Gansu	Gansu Jieyuan Wind Power Generation Co., Ltd.	Phase III of Gansu Yumen Wind Power Project	45.9	Gamesa	0.85	54
13	Gansu	Gansu Jieyuan Wind Power Generation Co., Ltd.	Phase I of Gansu Diwopu Provincial Concession Project	49.3	Gamesa	0.85	58
14	Hebei	Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	Phase I of Hebei Shangyi Shiren Wind Power Project	49.5	Acciona	1.5	33
15	Inner Mongolia	Longyuan (Baotou) Wind Power Generation Co. Ltd.	Inner Mongolia Bayin National Wind Concession Project	124.5	Goldwind	1.5	83
				31.5		1.5	21
				45		1.5	30
16	Inner Mongolia	Chifeng Xinsheng Wind Power Generation Co., Ltd.	Phase I of Inner Mongolia Wengniute Wudaogou Wind Power Project	50.25	Goldwind	0.75	67
17	Inner Mongolia	Chifeng Xinsheng Wind Power Generation Co., Ltd.	Phase I of Chifeng Wengniute Sunjiaying Wind Power Project	50.25	Goldwind	0.75	67
18	Inner Mongolia	Chifeng Xinsheng Wind Power Generation Co., Ltd.	Phase II of Chifeng Wengniute Sunjiaying Wind Power Project	49.5	Goldwind	0.75	66
		Total		**1,136.7**			

Table 2.3: Representative Coal Power Plant

Project Company	Project Name	Location	Capacity (MW)	COD	Manufacturer	Size of Generator (MW)	No. of generator
Jiangyin Sulong Power Generation Go., Ltd.	Jiangyin Xiagang Power Plant Project	Jiangyin, Jiangsu	275	Jun-95	Shanghai Boiler Company	137.5	2
			280	Feb-03		140.0	2
			660	Dec-04		330.0	2
Total			**1,215**				

- Turbine types

  The second key factor considered in selecting projects was the turbine types in the asset portfolio. As mentioned earlier in this report, the Company has installed several types of turbines both from international brands and from domestically manufacturers. We consider the turbine models in the projects indicated in Figure 2.1 to be representative of the predominant technologies adopted by the Company. The turbine manufacturers and ratings are detailed in Table 2.2.

- Installed capacity and the Company share

  The third key factor in the selection was the project size, both as a whole and also the size of Longyuan's share in the project. In other words, our focus is on the both the comparatively large wind farms, and in which that the Company owns a majority of shares. As shown in Table 2.2, the consolidated installed generation capacity of the eighteen representative projects makes up approximately 50% of the total consolidated installed capacity of Longyuan's wind asset portfolio at the end of 2008.

Table 2.2 and Table 2.3 summarises the eighteen representative wind farms and one coal power plant that were reviewed in this report.

2.4 Process of the Technical Due Diligence

Following selection of the eighteen representative wind farms and one thermal plant, our appraisal started with issuing the Company and its relevant subsidiaries with a detailed questionnaire addressing all issues relating to the scope of the technical assessment. Issues addressed included wind energy yield, wind turbine type, operational records, maintenance arrangements, turbine supply agreement and grid connection.

During March 2009 engineers from the UK and US offices conducted a document review in China. Three days were spent in a data room set up in the Company's headquarter in Beijing to initially review feasibility studies and grid connection study reports in addition to discussing technical details with Production and Engineering Divisions of the Company and the main wind turbine manufacturers.

Site visits were carried out in March and April 2009. Geographically the representative wind farms were widely spread across China, consequently our engineers, consisting of wind resource, turbine and power network specialists, were divided into four groups. These groups were then sent to Northwest, Northeast, Inner Mongolia and Hebei, and Southeast coastline. An additional team was assembled for visiting the coal power plant in Jiangsu Province. Each group was accompanied on the site visits by a representative of Longyuan. The site visits allowed MM to witness the assets and to meet with the site operational and maintenance staff to discuss technical issues in more detail.

We undertook an analysis of the data collected and information obtained. Where gaps were identified upon return from site visits our engineers had further communication with Longyuan. Our report was produced in our UK and US offices.

The key process of the technical due diligence is summarised below.

Table 2.4: Process of Technical Appraisal

Procedure	Location
Questionnaires preparation	UK, US
Data room review	China
Site visit, data collection and discussions	China
Analysis of data	UK, US
Report production	UK, US

3 Technical Appraisal of Wind Farms

3.1 *Wind Resource Assessment*

This section contains the findings from our review of the wind resource and energy yield assessments contained within the feasibility studies for each project. Our review focuses on the adopted methodology and assumptions and does not include remodelling or recalculation of the energy yields. In addition we have reviewed the applicable Chinese standards, which set out recommended practice in order to comment on the approach compared to wider international practice.

The wind resource assessments form a key component of the feasibility reports produced during the development stage of the wind farms, and can provide a useful insight in to the expected generation from the wind farms, particularly where limited production data is available.

Although the wind resource assessments in the representative wind farms have been carried out by a number of different Chinese design institutes, the methodology and reporting of results is common to all studies and is based on the Chinese standards, GB/T 18709-2002; entitled 'Methodology of Wind Energy Resource Measurement for Wind Farm' and GB/T 18710-2002; entitled 'Methodology of Wind Resource Assessment for Wind Farm'. The former standard covers data collection and reporting, while the latter outlines the procedures for long-term correction, data screening, data processing and reporting.

With regard to data collection, GB/T 18709-2002 is largely consistent with international convention and includes guidance on measurement parameters, calibration and mast specification and set-up. Although the standard covers key principles, it lacks some of the detail that can be found in other international equivalents such as IEC 61400-12-1. For example, the Chinese standard provides guidance on met mast configuration and sensor placement; however it does not specify details on sensor alignment and mitigating influence from tower shading.

There is limited information on the mast set up within the reviewed feasibility studies and no installation reports have been made available in order to check that the data used in the wind resource assessments has been collected in compliance with the Chinese standards. It is noted that in several of the feasibility studies, the mast height is reported to be shorter than the wind turbine hub heights. This deviates from GB/T 18709-2002, which states that the mast height should be no lower than the proposed hub height. This does not present us with concern as this is commonplace throughout the industry and is acceptable in simple terrain environments; however it demonstrates a degree of non-compliance with standards. It should also be noted that in some of the projects it is known that the anemometry masts were installed by the project commissioners (local government etc) and not by Longyuan, and data was supplied to prospective contractors during the bidding process.

GB/T 18710-2002 is the Chinese standard for wind resource assessment and outlines the methodology for processing the wind data and reporting results. The standard covers reference data requirements and long-term correction as well as data screening, formulae for extracting relevant parameters (wind shear, turbulence intensity) and reporting of results. GB/T 18710-2002 references a number of documents including NREL/SR-440-22223; 'Wind Resource Assessment Handbook'. This is an American publication by the 'National Renewable Energy Laboratory' of the U.S. Department of Energy and provides a good overview of the well established measurement based wind resource assessment method or MCP (Measure Correlate Predict). Much of the Chinese standard is derived directly from this document and hence the approach to wind resource assessment in China is largely consistent with international practice.

The MCP method requires that at least twelve months of quality wind speed and direction data is collected from the proposed site. This is then correlated with data from a nearby reference meteorological station with a reliable historical record. A relationship between the site and reference data is then established and the long term wind conditions at the site can then be calculated by extrapolating over the historical record. GB/T 18710-2002 provides some good advice on implementing this method, including how to select and assess the integrity of reference meteorological data, however lacks detail on methods of correlation. It is often unclear in the feasibility studies whether the correlations are based on hourly, daily or weekly averages which affect the interpretation of the results. In several of the feasibility studies reviewed, where doubts in the integrity of the reference data was encountered and the MCP process resulted in an increase in long term wind speed, then the MCP process was abandoned and the 12 months site data was used as the basis for the energy calculations. This shows evidence of diligence and conservatism in approach.

The culmination of GB/T 18710-2002, in terms of energy yield, is the reporting of average annual wind speed, wind direction and power density (W/m^2), and diurnal and seasonal profiling. In order to calculate the energy yield from a proposed wind farm it is necessary to calculate the wind speed distributions at each wind turbine location and to integrate these over the power curve for the chosen wind turbine. The wake losses must then be modelled, and other losses, such as electrical efficiency and availability, must be considered in order to arrive at a Net Energy Yield.

In the feasibility studies reviewed, the wind speed distributions at each wind turbine have been modelled by WAsP, which is a software developed by Danish wind institution RISO. WAsP is an industry standard tool for evaluating variation in wind flow from topographic and ground cover variation in non-complex environments. From our review of the sites visited, this method is appropriate. It is common for some modifications to the wind farm layout to be required between the production of the wind resource assessment and construction. We are able to confirm, with the exception of Pingtan and Chifeng, that the as-built layouts are consistent with the layouts in the feasibility studies except for some minor repositioning. The turbines used in Pingtan, Chifeng Sunjiaying I and Wudaogou I wind farms were changed after the feasibility studies, see later sections for detail.

The power curves used in the feasibility studies are often not listed numerically and the origins are not stated. To appreciate the accuracy of a wind resource assessment it is necessary to understand whether the power curve is theoretical or derived from measurement, and whether it is guaranteed by the manufacturer. By way of conservatism, the energy yield predictions in the feasibility studies have been reduced by 5% to account for any shortfall from the power curve, which provides some comfort and compensation for the lack of clarity on origin of the power curves. Adjustments have also been made to compensate for site air density relative to standard test conditions, in line with expected practice.

Wake modelling has been carried out using WAsP software, which is an acceptable method. The wake model parameters have not been provided in the feasibility studies, however the results appear in line with our expectations. In many of the sites visited, the wind farms have been developed in stages, or have wind farms constructed adjacent to the site. It is understood that the influence of neighbouring wind farms and subsequent phases have not always been captured in the feasibility study wind resource assessments.

Estimated losses have been factored to account for electrical efficiency, availability, and grid downtime etc. The feasibility studies provide little in the way of substantiation for the chosen figures, and they appear to be based largely on assumption. The losses applied to each project vary significantly, this can be attributed to regional climate variations, in addition to the nature of the studies; each study was conducted by a different institute. The losses evaluations are generous, resulting in project efficiencies (excluding wake effect) of 73% in average (in Europe a figure of 90% is typical). This suggests a good deal of conservatism in the energy yield prediction and this is backed up by the limited performance data.

The Chinese standards do not prescribe any evaluation of uncertainty in the measurement of wind speed and direction. Consequently, no uncertainty analyses are provided in the feasibility studies and only central estimates are presented. Uncertainty analyses are important for making commercial decisions about wind farm performance as they describe the confidence, and hence degree of risk associated with a prediction. Adherence to published industry standards does not alleviate an energy yield assessment from uncertainty as sources of error are endemic in the process and are not from consistent site to site. The lack of requirement for uncertainty analysis is, in our opinion, an omission in the Chinese approach. Likewise inter-annual variability has not been considered in the feasibility studies. Inter-annual variability accounts for the fact that wind speed varies year on year, however the variation reduces as the averaging period increases. It is therefore easier to predict the annual production, averaged over 10 years than it is to predict the production during a particular year. We are able to confirm a long term prediction was carried out in the feasibility studies, although some of the wind farms were lack of long-term correlated or reliable reference data or the on-site mast data were measured in low wind speed years, in which cases conservative estimations were made in the long term prediction.

From the pool of studies reviewed we can conclude that there is a consistent approach to wind resource assessment and the adopted methodology is largely consistent with standard international practice. The Chinese standards have been derived from well known Western publications; however they do not contain the same level of detail as other international equivalents. The most notable omission from the Chinese approach is the lack of uncertainty analysis. This said there is evidence of conservatism in the process and assumptions. In particular the losses applied to calculate the net yields are, in general, extremely generous compared to those typically included in other areas of the world. This results in conservative estimations of project efficiency, and it is expected that this conservatism compensates for the lack of uncertainty analysis and other more minor ambiguities such as wake effects from subsequent phases.

A summary of the key findings of the wind resource assessments reviewed is presented in Table 3.1.

Table 3.1: Energy Yield Summary

Wind farm	Long term average wind speed	Wake loss factor	Other loss factor	Net Yield (GWh)	Capacity Factor	Comments
Phase II of Jiangsu Rudong Wind Concession Project (100.5 MW)	6.96 m/s at 70m	94.27%	79.7%	228.44	26.0%	Energy yield calculated using 12 months of data from 70m mast on site, installed in 2003. Long term record considered unreliable and 2003, found to be representative year, compared to 1997-2003.
The Expansion Project of Phase II of Jiangsu Rudong Wind Concession Project (49.5 MW)	6.70 m/s at 80m	91.30%	85.0%	106.7	24.6%	Energy yield calculated using 12 months of data from 40m mast from 1999 only. 80m wind speeds extrapolated from 30m anemometer as 40m considered poor. No MCP conducted as long term data record unreliable and 1999 found to be representative based on 1995-2004. Result is expected to be conservative as predicted long term average wind speed is lower than that calculated for Phase 1, which is considered more reliable. Note also that this study was conducted after 70m data was available, however this was not used in the prediction.

Wind farm	Long term average wind speed	Wake loss factor	Other loss factor	Net Yield (GWh)	Capacity Factor	Comments
Fujian Pingtan World Bank Project (100 MW)	8.21m/s at 70m	89.55%	82.1%	259.58	29.5%	Both site and reference wind data show unusually high wind speed variation and the reported 2002 correlation between the 70m mast and reference station seems unfeasibly high for hourly resolution data. The MCP results in an 18% increase in average wind speed which is very high. The reported year-on-year wind speed variation is much higher than observed in other regions and without further substantiation to verify that this is a natural phenomena, as opposed to a data issue, we advise that the reported wind speed is viewed cautiously.
Phase I Jilin Tongyu Wind Concession Project (100.3 MW)	7.43 m/s at 65m	89.23%	81%	231.59	26.4%	Wind speed is derived from 40m mast installed by local government for tendering process. The results agree reasonably well with those reported from Phase II, which is based on better quality data, providing confidence in the results. Applied losses are high and it is known that wake losses from neighbouring wind farm and subsequent phases have not been included. On balance the predicted yield seems reliable and perhaps conservative, as evidenced by production data for 2008.
Phase II Jilin Tongyu Wind Concession (100.3 MW)	7.23 m/s at 65m	93.7%	66.2%	227.2	25.9%	Energy yield calculated using 12 months data at 70m from 2005 as poor correlation was achieved with reference station. Long term local records indicate that 2005 was a low wind speed year, therefore result is expected to be conservative. Loss allowances are very high. Actual project efficiency is expected to be higher.
Liaoning Faku Baijiagou Wind Power Project (49.5 MW)	6.81m/s at 65m	93.2%	79.7%	108.5	25.0%	Wind resource assessment is of good quality. There are some omissions from the report nevertheless there is evidence of a prudent approach, conservatism and good practice.

Wind farm	Long term average wind speed	Wake loss factor	Other loss factor	Net Yield (GWh)	Capacity Factor	Comments
Phase II of Dabancheng No. 3 Wind Power Project (30 MW)	8.79 m/s at 50m	95%	74.4%	79.8	30.4%	Energy yield calculated using 2004/2005 data of 1# met mast at 50 m, wind data from operational wind farm (Plant 2) and reference station used to correct site data to long term. Correlation is mixed, most likely because of wind farm influence on Plant 2 data. Plant 3 prediction benefits from 13 years of production data from Plant 2, therefore assessment is expected to be reliable.
Phase III of Dabancheng No. 3 Wind Power Project (49.5 MW)	8.58m/s at 50m	94.60%	78.30%	136.61	31.5%	Wind speeds are high, reflecting high altitude of site. Extreme wind speed is reported to be very close to IEC class 1 design limit. Wind data from operational wind farm (Plant 2) and reference station used to correct site data to long term resulting in 5% increase in average wind speed. Correlation is mixed, most likely because of wind farm influence on Plant 2 data Therefore assessment is expected to be reliable.
Phase IV of Dabancheng No.3 Wind Power Project (49.5 MW)	9.63 m/s at 65m	91%	76.5%	142.7	32.9%	High wind speed, production calculated using 2005 meteorological mast data, correlated by relevant reference station data. . Long term local records indicate that 2005 was a low wind speed year, therefore result is expected to be conservative.
Phase III of Gansu Yumen Wind Power Project (45.9 MW)	7.19 m/s at 50m	90%	73.9%	94.7	26.5%	Wind data recorded from seven different masts over two years. No MCP was carried out as reference stations were corrupted by thick shelterbelts. Energy yield calculations are based solely on data from 2003/2004, which medium term records indicate to be representative of average conditions.
Phase I of Gansu Diwopu Provincial Concession Project (49.3MW)	7.61 m/s at 60m	—	67%	107.9	25%	Energy yield calculated by data from a met mast. Wind speed reported is IEC class III. Long term data from reference station is hired for correlation. Loss figure is high. Actual production is expected to be higher.

Wind farm	Long term average wind speed	Wake loss factor	Other loss factor	Net Yield (GWh)	Capacity Factor	Comments
Phase I of Hebei Shangyi Shiren Wind Power Project (49.5 MW)	7.42 m/s at 40m	96.15%	66%	113.91	26.3%	Wind resource analysis seems reasonable, although at 40m the meteorological mast is shorter than preferred. Generous loss assumptions suggest that prediction may be conservative.
Inner Mongolia Bayin National Wind Concession Project (201 MW)	7.87 m/s at 70m	93.46%	78.3%	465.92	26.5%	Production calculation is based on 2004/2005 data from two nearby met masts, correlated by long term reference station data.
Phase I of Chifeng Wengniute Wudaogou Wind Power Project (50.25 MW)	8.6m/s at 50m	95.90%	62.8%	124.66	28.8%	High wind speed site, reflecting high altitude. Poor correlation achieved with reference data, however the long term correction results in reduction of wind speed, which reduces concern. High loss assumptions applied. Air density correction is high due to effects of altitude. Predicted capacity factor is low given the predicted wind speed, therefore results seem conservative.
Phase I of Chifeng Wengniute Sunjiaying Wind Power Project (50.25 MW)	8.56m/s at 65m	97.4%	57.2%	120.9	27.9%	Energy yield calculation based on 2004/2005 data of a met mast 10 km away, however, long term reference data is hired to correlation, which reduces concern. Due to very high loss assumptions, predicted production seems conservative.
Phase II of Chifeng Wengniute Sunjiaying Wind Power Project (49.5 MW)	8.6m/s at 70m	94.10%	61.64%	118.93	27.5%	High wind speeds predicted. No long term correction carried out and energy calculations based on measured wind speeds from 2005/2006.

3.2 *Key Wind Turbines Involved*

Longyuan uses many different wind turbine models supplied by international and domestic manufacturers in its wind farms. The wind turbine selection process is crucial for maximisation of the electricity generation considering a number of factors such as suitability to site conditions, energy yield, market availability, price, and technology. We were informed that the Company manages all the procurement and engineering activities centrally, from its Headquarters in Beijing, providing ready-to-be-built projects to its regional subsidiaries.

The representative wind farms include wind turbines produced both by domestic and foreign well-established manufacturers. All the wind turbine models reviewed have a modern design in line with current technology standards with a rated power range of 750 to 2000 kW. All installed wind turbine models have been selected according to the specific site conditions; designed to sustain extreme wind speed and temperature which could be very low in the northern regions of China and hot and humid in the south-east. Therefore, extra care has been taken in the analysis of low temperature and anticorrosion features for the wind turbines located in harsh environments such as shore areas or cold steep regions.

In our high level review we have analysed the various wind turbine models in order to identify potential technology risks which could prevent the wind turbines from operating in accordance with the developer's expectations. Whilst operational experience reduces the possibility of failure, independent analysis and certification of the design can give additional confidence. However the key safeguard is the manufacturers' warranty with liquidated damages for under performance.

The Chinese wind turbine supply chain is in constant growth, producing an output that meets 90% of the demand for 600 kW and 750 kW turbines and about 70% for bigger wind turbines[1]. However the domestic market for high precision and high technology components such as gearboxes, bearings, and control systems is still not independent and relies on foreign imports.

We consider that in assessing wind turbine generator (WTG) technologies, it is essential to review a type certification for the mitigation of design-related risks. The type certificate is issued to the wind turbine manufacturer following a thorough design review with respect to the relevant codes and standards. The testing of the prototype wind turbine and the evaluation of the implementation of design-related requirements in Implementation in Production and Erection (IPE) forms an integral part of the certification process, which is carried out through inspections at the manufacturer or respective sub-supplier.

The quality of wind turbine technology is a key element for the performance of a wind farm, for the maximisation of the electricity production, and for other aspects such as the electrical system and equipment, and the Operational and Maintenance (O&M) arrangements in place. Power generation and maintenance plans are also reviewed in this report. We are generally satisfied with the selection of the wind turbines and the contractual arrangements in place for O&M, warranty and liquidated damages which are in line with the current market.

Table 3.2: Wind Turbines installed in Representative Wind Farms

Ref	Wind farm	Capacity (MW)	COD	Manufacturer	WTG Model	Rated Power (kW)	WTG No.
1	Phase II of Jiangsu Rudong Concession Project - Huangang	58.5	May-07	GE	GE77	1,500	39
2	Phase II of Jiangsu Rudong Concession Project - Dongling	42	Dec-07	GE	GE77	1,500	28
3	Phase II of Jiangsu Rudong Concession Project - Lingyang	49.5	Jan-08	GE	GE77	1,500	33
4	Fujian Pingtan World Bank Project	100	Nov-07	Vestas	V80	2,000	50
5	Phase I Jilin Tongyu Wind Concession Project	100.3	Oct-07	Gamesa	G58	850	118
6	Phase II Jilin Tongyu Wind Farm Concession Project	100.3	Oct-08	Gamesa	G58	850	118
7	Liaoning Faku Baijiagou Wind Power Project	49.5	Dec-08	Sinovel	SL 1500/77	1,500	33
8	Phase II of Dabancheng No. 3 Wind Power Project	30	May-07	Goldwind	S48	750	30
			Sep-08	Goldwind	GW77	1,500	5
9	Phase III of Dabancheng No. 3 Wind Power Project	49.5	Feb-08	Goldwind	GW77	1,500	33
10	Phase IV of Dabancheng No. 3 Wind Power Project	49.5	Nov-08	Goldwind	GW77	1,500	33
11	Phase II of Gansu Yumen Wind Power Project	11.9	Nov-06	Gamesa	G58	850	14

1 BTM Consult ApS - March 2008

Ref	Wind farm	Capacity (MW)	COD	Manufacturer	WTG Model	Rated Power (kW)	WTG No.
12	Phase III of Gansu Yumen Wind Power Project	45.9	Dec-06	Gamesa	G58	850	54
13	Phase I of Gansu Diwopu Provincial Concession Project	49.3	May-08	Gamesa	G58	850	58
14	Phase I of Hebei Shangyi Shiren Wind Power Project	49.5	Jun-08	Acciona	IT1500CII	1,500	33
15	Inner Mongolia Bayin National Wind Concession Project	201	Apr-09	Goldwind	GW77	1,500	134
16	Phase I of Inner Mongolia Wengniute Wudaogou Wind Power Project	50.25	Dec-06	Goldwind	S48	750	67
17	Phase I of Chifeng Wengniute Sunjiaying Wind Power Project	50.25	Dec-06	Goldwind	S48	750	67
18	Phase II of Chifeng Wengniute Sunjiaying Wind Power Project	49.5	Nov-07	Goldwind	S48	750	66

3.2.1 *GE*

GE Energy (GE) is part of General Electric group; the world's biggest power equipment manufacturer[2]. GE is one of the world's largest wind turbine suppliers with over 10,000 worldwide wind turbine installations comprising more than 15,000 MW of power capacity, their knowledge and expertise spanning more than two decades. GE is well-established in the Chinese market, having manufacturing and assembly facilities located in Shenyang, a research centre in Shanghai, and several O&M centres spread across the country. GE's 1.5 MW wind turbine has an impressive track record with over 8,500 units in operation worldwide.

The GE77 wind turbines installed in the Rudong wind farms have an active yaw and pitch regulated with power/torque control capability and an asynchronous generator. They use a bedplate drive train design where all nacelle components are joined on a common structure, providing exceptional durability. The generator and gearbox are supported by elastomeric elements to minimize noise emissions and the slip coupling is designed to reduce gearbox load.

Since starting production of 1.5 MW wind turbines in 2002, GE has invested $750 million in improving reliability and performance of this wind turbine, and we have no concerns over the quality of this product.

Table 3.3: Technical Summary of GE77

Hub Height	70 m
Rotor Diameter	77 m
Rated Power	1,500 kW
IEC Classification	IA/IIA
Certification	Germanischer Lloyd IIa /DIBt II

2 BTM Consult ApS - March 2009

3 BTM Consult ApS - March 2009

Cut-in Wind Speed	3 m/s
Nominal Wind Speed	14 m/s
Cut-out Wind Speed	25 m/s
Generator	asynchronous, doubly fed induction
Gearbox	combined spur / planetary gear
Gearbox Ratio	1:78
Power regulation and control	variable via microprocessor, active blade pitch control

3.2.2 *Vestas*

With a 20 per cent market share, Vestas is currently the world's leading supplier of wind turbines[3] and has 38,000 wind turbines installed worldwide. Vestas entered into the Chinese market twenty years ago and has supplied more than 1,500 turbines in 13 Provinces in China for a total power capacity of over 1,350 MW. Vestas, currently the leading foreign supplier in China, now has a head office in Beijing, a procurement office in Shanghai, and factories in Tianjin, Xuzhou and Hohhot with more than 80% of components produced in China.

The Vestas V80 wind turbines installed in the Pingtan Wind Farm are pitch regulated, three-bladed, horizontal axis, variable speed upwind turbine for medium and high winds utilising Vestas' OptiSpeed control system. There are over 2700 V80 turbines installed worldwide and more than 5000 Vestas 2 MW wind turbines both onshore and offshore. The impressive operational experience and the excellent track record give confidence in the quality of the technology.

The OptiSpeed system employed in this wind turbine is a variable speed technology that allows the rotor speed to vary within a range of approximately 60 per cent in relation to nominal rpm, which allows the rotor speed to vary by as much as 30 per cent above and below synchronous speed, hence increasing productivity. The V80 is based on the same platform and principles as the V66 1.75 MW turbine which is the first Vestas machine to employ a nacelle mounted transformer.

Each turbine has a service crane that can lift up to 800 kg, used for lifting equipment and material needed to service the turbine. Additional sub-components can be lifted and fitted to the crane and support structures enabling the lifting capacity of the crane to increase to 6400 kg. This additional lifting capacity allows components up to the weight of a generator to be removed without having to employ an external crane.

Vestas encountered some problems with the V80 at the 160 MW Horns Rev offshore wind farm in the North Sea, 14 km west of Denmark in 2007. It was reported the problems were with regards to transformers, generators, and gearboxes and were linked to manufacturing quality rather than a design flaw or the marine environment. The turbine nacelles had to be removed and transported back to shore for repairs at an estimated cost to Vestas of € 12 to 13 million. Vestas also encountered problems with the generator and gearbox at Scroby Sands 60MW wind farm. However in both cases the manufacturer has overcome the problems and we believe that this shall not be considered as a risk for the Longyuan projects.

Overall, we consider Vestas to be a high quality, low risk supplier with which the market is now comfortable and the certification provided for the projects gives us considerable confidence in the quality of the Chinese supply chain.

Table 3.4: Technical Summary of Vestas V80

Hub Height	85 m
Rotor Diameter	80 m
Rated Power	2,000 kW
IEC Classification	IA/IIA
Certification	Germanischer Lloyd IIa /DIBt II
Cut-in Wind Speed	4 m/s
Nominal Wind Speed	15 m/s
Cut-out Wind Speed	25 m/s
Generator	Asynchronous with OptiSpeed
Gearbox	Planet/parallel axles
Gearbox Ratio	1:100
Power regulation and control	variable via microprocessor, active blade pitch control

3.2.3 *Gamesa*

Gamesa is a wind turbine manufacturer leader in Spain, as well as one of the key international suppliers. In 2008 it was ranked third largest wind turbine supplier in the world with more than 13,000 MW installed and a market share of more than 15.4%[4]. Gamesa has installed thousands of wind turbines in China to date with a total capacity of 1,600 MW and gained a good market share.

Gamesa has extensive capabilities in design of wind turbines, as well as the largest integral production capacity in China, comprising the manufacturing of blades, root joints, blade moulds, gearboxes, generators, converters, and towers, in addition to assembling the wind turbines. Gamesa's domestically manufacturing facilities are located in Tianjin. Chinese made components for G58 amount to more than 80%

The G58 wind turbine used in Yumen and Tongyu wind farms is a standard Gamesa product. Currently over 5,800 Gamesa G5X-850 kW wind turbines have been installed worldwide. We consider the G58 850kW as a well established and mature wind turbine developed based on a Vestas' licensed design. The design of the G58 is very similar to the Vestas V52 which is recognised as a robust product. This also reflects the common ties of the two companies. Gamesa's G58 technology incorporates features including a doubly fed induction asynchronous generator and variable speed generator as summarised in Table 3.5.

Table 3.5: Technical Summary of G58

Hub Height	55 m
Rotor Diameter	58 m
Rated Power	850 kW
IEC Classification	IIA
Certification	TÜV Nord IIIb
Cut-in Wind Speed	3 m/s

4 BTM Consult ApS - March 2009

Nominal Wind Speed	13 m/s
Cut-out Wind Speed	21 m/s
Generator	Doubly fed asynchronous, water cooling
Gearbox	1 planetary stage / 2 helical stages
Gearbox Ratio	1:61
Power regulation and control	Pitch and variable speed technology

The hydraulic pitch control system employed in the G58 wind turbine is collective and does not allow independent pitching of the blades. Although the G58 is based on an early technology it has been constantly updated benefiting from various developments Gamesa experienced in wind turbine manufacturing.

This wind turbine model is classified IEC IIIB and it has been certified by TÜV Nord. We have no concern on the quality of this wind turbine as it is a mature and proven technology.

3.2.4 *Acciona WindPower*

Acciona WindPower is a Spanish wind turbine manufacturer belonging to the Acciona Energy group, which works in the entire range of renewable energies sources where it has considerable assets.

Acciona WindPower uses an in-house technology and only assembles wind turbines as it is not vertically integrated. In 2008 it assembled 858 wind turbines (1,290 MW), which represented an annual increase of 47%[5] . Since the company started manufacturing wind turbines in 2004, it has assembled more than 2,000 units with a total capacity of 3027 MW. The domestically manufacturing facilities are located in Nantong with an annual production capacity of 400 units (600 MW). The product range of Acciona includes 1.5 MW wind turbines and the new AW-3000 with a rated power of 3 MW.

The AW77-1500 wind turbine installed in Shiren Phase I wind farm is a 1500 kW power-rated horizontal shaft wind turbine, with three blades, variable speed, 12 kV rated voltage, and is certified by Germanischer Lloyd (GL) for IEC class IIa sites. The AW77-1500 features hydraulic blade pitch regulation and a three phased doubly fed induction generator with wound rotor and excitation by collector rings, which generate power at medium voltage of 12 kV. We consider this system to be advantageous as it reduces losses and negates the need for a transformer. The wind turbine employs a condition monitoring system that helps to perform a predictive maintenance system through sensors installed in the gearbox and on the drive train that detect any malfunctioning and allow prompt maintenance and reducing downtime.

We are not aware of any specific issue experienced during operation with this wind turbine model.

Table 3.6: Technical Summary of AW77-1500

Hub Height	60 m
Rotor Diameter	77 m
Rated Power	1,500 kW
IEC Classification	IIA
Certification	Germanischer Lloyd IIa

5 BTM Consult ApS - March 2009

Cut-in Wind Speed	3,5 m/s
Nominal Wind Speed	11m/s
Cut-out Wind Speed	25 m/s
Generator	6 poles doubly fed, 12 kW
Gearbox	3 stages planetary/helical
Gearbox Ratio	1:65
Power regulation and control	Full span blade pitch

We consider the Acciona technology to be in line with the industry standards and the AW77-1500 wind turbine to be a reliable product.

3.2.5 *Goldwind*

Goldwind is the oldest, largest, and most experienced manufacturer in China. Founded in 1998, Goldwind started its business by procuring the know-how from German wind turbine manufacturers. It first licensed REpower's 48-kW to 750-kW turbine technology in 2002 and then acquired a license in 2003 from Vensys Energiesysteme GmbH for its Vensys 62-1.2-MW turbine, and subsequently for the low wind speed version 64m- 1.5 MW.

Goldwind has been enjoying an annual market share growth of 100% between 2000 and 2007, and it was reported that in 2008 they installed a total capacity of 1,132 MW[6]. It has become the second largest WTG supplier in China with a market share of 18% by the end of 2008 [7]. Goldwind currently offers WTG products ranging from 600 kW to 1500 kW. Further to the acquisition of 70% of the stakes of Vensys, Goldwind started to develop 2.5 MW and 3 MW turbines. The manufacturer has built three factories in Hebei, Zhejiang, and Guangdong and two production bases in Beijing and Baotou, establishing a large production capacity.

GW77 has been developed on Vensys' design concept which is based on a gearless wind turbine system having a synchronous permanent magnet generator that operates with a direct drive system without gear box, intermediate shaft, and couplings, which are usually subject to failure and need intensive maintenance activity.

The use of permanent-magnet excitation eliminates the need for excitation coils, slip rings, and the generation of direct current for excitation purposes.

6 BTM Consult ApS - March 2009

7 Global and China Wind Power Industry Report, 2008-2009

Table 3.7: Technical Summary of S48 and GW77

	S48	GW77
Hub Height	50 m	65 m
Rotor Diameter	48 m	77.4 m
Rated Power	750 kW	1,500 kW
IEC Classification	Ia	IIa
Certification	Germanischer Lloyd Ia	China General Certification Centre IIa
Cut-in Wind Speed	4 m/s	3 m/s
Nominal Wind Speed	14 m/s	11.8 m/s
Cut-out Wind Speed	25 m/s	22 m/s
Generator	Asynchronous generator	Permanent Magnet Synchronous Generator
Gearbox	3 stages with 1 planetary gear and 2 cylindrical gears	Gearless direct drive
Gearbox Ratio	4:67	n/a
Power regulation and control	Stall regulation system, no speed control	Electromechanical blade pitch

Compared with doubly fed induction generators, direct drive systems are generally, theoretically more reliable and need less maintenance. The permanent magnet generator reduces rotating losses as excitation is not required. The use of wear-free toothed belts in the pitch system leads to further savings, as lubrication and seals become unnecessary. The airflow that powers the turbine rotor is guided directly over hot generator parts such as the stator with the aid of specially shaped cooling ducts. The direct-drive generator system has some disadvantages such as large size and heavy mass, which result in high cost when compared to the geared generator system. Some additional disadvantages attributed to permanent magnet generators are the loss of the field current strength control variable, a more complex assembly and disassembly process, and the high cost of the (NdFeB) magnetic material. Vensys' wind turbine technology looks very promising. We were not provided relevant information about the track records of WTGs used in other wind farms.

The early Goldwind model S48 is based on REpower's standards doubly fed induction generator system. Licensed by the German manufacturer, this technology has been gradually replaced by bigger, MW-sized wind turbines in the European market. Although the technology is relatively old, as stall blades do not allow the speed control and thus power control, we consider that the technology is mature and proven and this model to be reliable.

3.2.6 *Sinovel*

Sinovel is a major Chinese wind turbine manufacturer and one of the world's top ten suppliers, with an installed wind turbine capacity of 1,403 MW in 2008[8]. It has become the largest WTG supplier in China with a market share of 22% by the end of 2008[9]. Sinovel has currently a factory in Dalian and is establishing its manufacturing facilities in Baotou (Inner Mongolia), Yancheng (Jiangsu Province) and Jiuquan (Gansu Province) which are believed to reach their full production ability in the first half of 2009.

Sinovel SL1500/77 installed in the Faku Baojiagou wind farm in Northeast China is a turbine product developed jointly with German manufacturer Führlander which owns independent intellectual property rights.

8 BTM Consult ApS - March 2009

9 Global and China Wind Power Industry Report, 2008-2009

Table 3.8: Technical Summary of SL1500/77

Hub Height	60 m
Rotor Diameter	77.4 m
Rated Power	1,500 kW
IEC Classification	IIA
Certification	Germanischer Lloyd IIa
Cut-in Wind Speed	3 m/s
Nominal Wind Speed	11 m/s
Cut-out Wind Speed	20 m/s
Generator	Doubly fed asynchronous, water cooling
Gearbox	Two planetary stages + One spur gear stage
Gearbox Ratio	1:104
Power regulation and control	Electromechanical blade pitch

The SL1500/77 is a three blade, horizontal shaft wind turbine with a doubly fed generator, active pitch, and active yaw system with variable speed. The applicable low temperature version of SL1500 has an operating temperature ranging from -30°C to +45°C and survival temperature is from -45°C to +45°C. Structural components, rotating equipment, electric components and control system, and heating and sealing parts are all designed to sustain in cold climate conditions. Due to the harsh environment of China's windiest regions Sinovel has gained experience in manufacturing built-to-resist wind turbines.

Sinovel manufacturing process and quality control has obtained GL, CGC, ISO 9001 and ISO 14000 certifications and has some independent quality inspections of the quality system.

It was reported that Sinovel experienced some problems in 2006 which brought to the replacement of 40 generators. These were not in Longyuan's wind farms. The detail of the problem has not been disclosed to us. Sinovel has achieved a fast growth in recent years in terms of wind turbine production in China.

As discussed above, Sinovel developed its turbine technology jointly the German manufacturer. We therefore expect the technology risk is limited. During our site visit, Shenyang Long Yuan informed us Sinovel was a well established wind turbine supplier with a good track record in China and showed confidence in the performance of the wind turbines. This gave us additional comfort. We consider the design and manufacturing process is in keeping with general industry trends.

3.3 *Plant Performance — Availability and Generation*

With the exception of Chifeng wind farms, Mott MacDonald has visited all representative wind farms and had discussions with the technical staff in the local Longyuan subsidiaries in order to inspect the assets, gain a better understanding of the operational practice used and the management organisation in place, as well as to collect operational data of the plants.

In this sub-section, we summarise our findings in relation to the performance of the wind farms such as the availability of the wind turbines and actual electricity generated arrangements. Our assessment and findings are presented below on an individual wind farm basis.

3.3.1 *Jiangsu Rudong Wind Concession Projects*

Phase II of Jiangsu Rudong Wind Power Project is a concession project which consists of three wind farms located along the Huanghai coast in Jiangsu Province, about 40 km northeast of Nantong City. The project was developed by Jiangsu Longyuan Wind Power Generation Co., Ltd.(JSLY), a subsidiary of Longyuan and has a consolidated installed capacity of 150 MW. Commissioned during May 2007 to January 2008, the three wind farms are now fully operational. The three wind farms of Lingyang, Huangang, and Dongling comprise 33, 39, and 28 GE 1.5 MW wind turbines.

(i) Generation and availability

The three sites are very similar as they are all located on the same coastal area. The landscape is rural and the wind farms are surrounded by fish cultivating pools. JSLY has a control building with permanent staff for the monitoring activities for each wind farm. The site facilities include WTGs (wind turbine generators), connector cables, substation equipment, an office building with a control room and meeting rooms and O&M contractor's office, and workers' accommodation.

In MM's view the facilities and building on the sites appear well maintained and are of a high standard, even above the standard compared with similar wind farms we have seen in Europe. To a certain extent, the overall facilities and the staff may be excessive for the actual need of the wind farms.

JSLY has installed a mast for each site to continue monitoring the wind resources at the sites during operational phase. We have been provided the wind resources data measured from the masts.

According to the data provided by JSLY, the wind farms show good average availabilities of 98.6%, 98.8%, and 98.9% for Dongling, Lingyang, and Huangang respectively since commissioning, all above the 95% guaranteed value. It is worth noting that the calculation of availability, as presented by JSLY, includes a few caveats such as wind turbines are considered as available when they are actually down due to scheduled maintenance, extreme weather conditions, or grid problems. This is in line with the practice used in European countries. Therefore, we consider the actual availability of the wind farms to be potentially lower than the above figures.

The electricity generation figures provided to us are net of the internal losses and measured at the substation. The average yearly generation of three wind farms in 2008 is presented in Table 3.9 Comparing the actual generation with the forecast made in the feasibility studies as presented earlier in this report, we are able to confirm that all three wind farms generate the electricity as expected.

Table 3.9: Rudong Wind Farms Annual Generation

	2008 Generation (GWh/annum)
Lingyang	104.12
Huangang	142.05
Dongling	95.37
Total	341.54

Limited information on the incidents and outages collected at the sites indicates that the wind farms did not experience major problems. JSLY provided us with a list of generic issues experienced during the operation of the wind turbines. We are of the view that these problems are part of the routine lifecycle of wind turbines in line with our expectation and international norm.

The O&M arrangements in place for the project look adequate at present given that all WTGs are still covered by manufacturer's warranty. GE has a service centre in the region and the local presence of the wind turbine manufacturer give additional comfort on the promptness of response in case of repair. We acknowledge that JSLY's staff currently assist the turbine supplier in the maintenance activities as part of the training to ensure a smooth handover of O&M activities to JSLY at the end of warranty period. It appears that the local staff we met are familiar with the operational and monitoring activities on the sites. We were also informed that the wind farm SCADA systems also send the operational data to the JSLY in Nantong and Longyuan's headquarter in Beijing.

(ii) Internal connection and substations

The three wind farms were designed by the same Chinese institute, following the same standard and procedure. All the electrical equipment is of high quality and housed in appropriate buildings. Although the coastal environment may be extremely aggressive there are no signs of corrosive damage or vermin infestations found.

The design criteria used to size the inter-array cables in the three wind farms is appropriate for the amount of power they need to carry. The evacuation system is closed delta. The evacuation system cables are three-core without concentric neutral or accompanying ground cable. A ground fault detection circuit is present on the collector bus. This is markedly different from American and most European designs, where the design would contain a grounding transformer. This design has more in common with Russian practice than American or Western European. The benefit of this design is two fold: cost effectiveness, and in the event of a ground fault, power is still able to be exported. The only drawback of this design is that it lends itself to stray ground currents.

The size of the main transformer in Lingyang is 63 MVA, which is appropriate, as the wind farm will produce 55 MVA assuming typical power factor of 0.90. In addition, the transformer is equipped with a 16 position Load tap changing device, which has the capability to raise or lower the voltage in ± 8 taps by 1.25% per tap. The result of the tap changer is that the transformer has MVA ranges of 108.9 kV through 133.1 kV. The unit's primary side is at 121 kV, to connect to the 110 kV grid. Similar techniques have been utilized in the United States to mitigate the voltage drop of the plant before it connects to the grid.

The switchgear is Hyundai Gas Insulated Switchgear (GIS) which is housed at the project site. The equipment is in excellent condition and is housed in an appropriate building. The station service transformer is a dry type 100 kVA, which is acceptable.

The size of the main transformer in Huangang is 50 MVA, which is smaller in capacity than the full output of the wind farm of 58 MW. This means the transformer has to operate under an over-load condition when the wind farm produces the full output. The Production Director of Jiangsu Longyuan showed us an expansion plan that will increase the output to 100 MW. We observed both the erection of new turbines, and an additional 50 MVA transformer being installed and waiting to be connected. When we issued the draft report, we were informed that the construction has been finished on July 2009.With two 50 MVA transformers sharing a common bus, the plant is then able to support its full rated output.

Equipped with a 16 position load tap changing device, the transformer has the capability to regulate voltage in the range of 108.9 kV through 133.1 kV. The unit's primary side is at 121 kV, to connect to the 110 kV grid. This technique is commonly used to mitigate the voltage drop of the plant before it connects to the grid.

Similar to Lingyang, the switchgear in Huangang is Hyundai GIS which is housed and maintained in excellent condition. The station service transformer is a dry type 200 kVA, which is acceptable.

The size of the main transformer is 50 MVA, which is adequate to send the full output of 42 MW in Dongling. Similar to the other two wind farms, the transformer is equipped with a 16 position load tap changing device, which can regulate the voltage ranges of 108.9 kV through 133.1 kV.

The in-housed Hyundai Gas Insulated Switchgear at the Dongling site is kept in excellent condition.

3.3.2 *Fujian Pingtan World Bank Wind Power Project*

Located in the southeast of Fujian Province, Pingtan is the fourth largest island in China. The wind farm, on the northeast coast of the island, was commissioned during September 2007 to January 2008 and is now fully operational. Developed by the local subsidiary Longyuan Pingtan Wind Power Generation Co.(LYP), the Pingtan Changjiang'ao Phase II project consists of fifty V80 WTGs supplied by Vestas with a consolidated installed capacity of 100 MW. The wind farm is the second phase of a smaller project sponsored by the World Bank with an installed capacity of 10 MW.

Pingtan wind farm employs the largest single size wind turbine in the Longyuan asset portfolio which were visited by Mott MacDonald.

(i) Generation and availability

We note that selection of the turbines in the Pingtan wind farm changed after the feasibility study. It was originally envisaged to build 67×1.5MW WTGs and an energy yield calculation was undertaken on this basis in the feasibility study. The discussion we had with the site staff indicates the reason for the change was to install larger size wind turbines and maximise the electricity production. No energy yield study has been undertaken using the turbine model V80. Although MM has no concerns over the suitability of the Vestas V80 wind turbines and its marinisation, as V80 is a model which could also be installed in offshore environment, it is international best practice to undertake a detailed study including micro-siting when a decision was made to change to 50 × 2 MW turbines.

A summary of monthly operational figures supplied by the LYP such as availability and actual power generation shows a consistency with the numbers in the feasibility study. The actual availability is greater than 97.5%, above the guaranteed value of 95%. Similar to other wind farms, the availability calculation, as presented by LYP, includes a few caveats such as regarding the wind turbines to be available when they are actually down due to scheduled maintenance, weather conditions, or grid problems. Therefore we would suggest using a comprehensive availability, a smaller number in the financial models. This is in line with the practice used in European countries.

The plant also achieved good power generation of 280 GWh and capacity factor of 32% in 2008. The electricity generation is measured at the substation, net of the internal losses. We note that the actual generation is higher than the projected number in the energy yield in the feasibility study. This is largely due to the change of the turbine model from 1.5 MW to 2 MW.

During the site visit, MM met the Vestas team in charge of the maintenance activities for the wind farm and discussed the maintenance and repair records. A few major repairs to the yaw system were highlighted. According to the information provided by Vestas these problems have been promptly fixed to minimise downtime and the wind turbines are now fully operational. LYP also provided us with a list of generic issues experienced during the early operation stage of the wind turbines; in MM's view these problems are part of the routine lifecycle of wind turbines and in line with current industry norm.

The O&M system in place for the project looks adequate as WTGs are still covered by manufacturer's warranty. Vestas has currently employed six people working in the Pingtan wind farm and we consider the presence of the WTG team provide additional confidence to O&M activities. As per Longyuan, O&M strategy used in all wind farms, LYP will take over the O&M and use its own staff to operate and maintain the wind farm after the warranty period.

We consider the local staff to be trained and familiar with monitoring activities through the experience gained in Phase I. We were informed that the SCADA system could send operational data to the LYP office in Pingtan and Longyuan's head office in Beijing.

(ii) Internal connection and substations

The design criteria used to size the inter-array cables is appropriate for the amount of power they need to carry. This windfarm uses small sections of underground cable, most less than 75 meters, to take power from the turbine, at which point is brought to a riser structure where it is linked to a 35 kV "trunk" line. The trunk line consists of ASCR cable. The evacuation cables are closed Delta. The evacuation system does not have either concentric neutral or accompanying neutral, however, each bus is equipped with a correctly sized grounding transformer, providing path to ground in case of fault or to monitor circulating ground current. This design is indicative of typical American and Western European installations.

The substation bus work is split into two 25 turbine collector busses. The busses have identical main auto-transformers, sized at 63 MVA. The size of these transformers will support the full output of the units, as each bus of 25 turbines will output at 55.6 MVA assuming a 0.9 power factor. Equipped with a 5 position tap, the auto-transformer has the capability to raise or lower the voltage in the range of 103.5 kV through 126.5 kV.

S & G Gas Insulated Switchgear is installed in the Pingtan wind farm and is kept in an excellent condition. The station service transformer is a dry type 100 kVA, which is acceptable.

3.3.3 *Jilin Tongyu Wind Concession Projects*

Tongyu wind farm is located in Jilin Provence in Northeast China, close to the town of Tongyu. The wind farm consists of two phases owned and operated by Jilin Longyuan Wind Power Generation Co. Ltd (JLLY) and a 49.3 MW wind farm owned by another operator. Of the phases owned by JLLY, phase I and II are each 100.3 MW and each comprise 118 Gamesa G58, 850 kW wind turbines. Phase I was commissioned in October 2007 and Phase II was commissioned in December 2008. Phase III is 49.3MW and consists of 58 Gamesa G58-850 kW wind turbines. In our scope of works, it has been agreed that we consider Phases I and II.

(i) Generation and Availability

The wind farm is constructed on relatively flat scrub/desert land which varies in altitude from 170 m to 200 m ASL. The terrain is simple and does not present any concerns regarding shading, channelling or excessive gradient which could cause adverse wind conditions. Sand storms are common in the area and the climate is very cold, resulting in long periods of subzero temperatures. These factors can be expected to influence performance in terms of blade contamination and icing. From consideration of wind farm operation, the site presents us with no concerns.

A control building is located in the centre of the wind farm; the substation is located 10 km from the site. The control building includes the control centre, offices, spare parts store, and other site facilities. JLLY employs 23 operations personnel, deployed in two teams on a rota basis. The building and facilities are of a high standard and appear well maintained.

Site roads are rough and could present access problems for heavy plant in snow and ice. JLLY inform us that this is common in China and are confident that heavy plant access can be achieved.

Gamesa is a Spanish wind turbine manufacturer previously partly-owned by Vestas, with manufacturing facilities in China. The G58 850kW wind turbine is a well established and mature wind turbine. The design of the G58 is very similar to the Vestas V52, reflecting the common ties of the two companies, and is recognised as a robust product.

Presently 236 G58s are being commissioned at Tongyu across both phases. Some technical maintenance issues were reported during our site visit: It is known that 60 wind turbines required the generator slip-rings to be replaced, resulting in reduced availability in the early part of 2008 across Phase I. The same problem was experienced in Phase II; however this was addressed prior to commissioning. During our site visit it was noticed that some turbines showed evidence of significant oil leakage from the nacelles. This was reported by JLLY to have been caused by a failure of an oil pipe at the radiator for the gearbox cooling system. The problem has occurred in eight wind turbines so far at approximately two months after the commissioning date. The problem has reportedly been rectified by Gamesa. The G58 design is well established, therefore it is likely that these problems are caused by lower quality components sourced by Gamesa from domestically manufacturers, and while further occurrences are likely, this does not present us with major concerns regarding the long term integrity of the fleet.

The wind farm is currently under a service and maintenance agreement with Gamesa, who has a permanent presence onsite. This agreement will last for two years from commissioning and includes an availability warranty of 95% (excluding scheduled maintenance and outage out with manufacturers control e.g. grid downtime) with liquidated damages payable for shortfall (calculated at end of two year duration). The liquidated damages are reported to be equivalent to the loss in revenue. After two years, servicing and maintenance will be carried out by Longyuan as described in Section 3.4. Training of JLLY personnel is included in the service agreement with Gamesa. Post service agreement maintenance work will be carried out by Longyuan's own maintenance division which was set up at the end of 2007, and currently has 30 personnel and serves two wind farms, including Tongyu (still under service agreement). Likewise, spare parts provision will be managed by Longyuan's central spare parts division. On our inspection of the spare parts only consumables and minor components, no major components, were present. Like Baijiagou wind farm, Tongyu will be set a target availability, which is anticipated to be above 95%.

Operational data including monthly production, availability, and downtime has been supplied for Phase I and II by JLLY for 2007 and 2008. This includes 14 months of post commissioning data for Phase I. We have therefore been able to compare actual production with predicted production. Since Phase II was only commissioned in December 2008, there is insufficient data available to give valuable comment on wind farm performance and our performance appraisal is primarily based on a review of the preconstruction feasibility study.

We have carried out a review of the wind resource assessments contained in the Tongyu feasibility studies for Phase I and II which follow procedures set out in Chinese recommended guidance for good practice; GB/T 18709-2002. For Phase I the study is based on 24 months data from 1996/1997 from two 40 m masts that were installed near the site by the local government and supplied to all parties bidding for construction of the wind farm. JLLY installed a 70 m mast on site during 2004 and used this as the basis for assessing the site conditions relevant to site classification and for the production estimate for Phase II. It is noted that the losses applied to calculate the project efficiency and net yield in each study are high and do not agree.

The average wind speed at hub height (65 m) calculated in the feasibility studies is 7.43 m/s at the location of the 40 m mast, at 206 m ASL (Phase I study), and 7.23 m/s at the location of the 70 m mast, 190 m ASL (Phase II study), which indicates a good wind resource. The good agreement between the studies provides confidence in the wind resource as they are based on independent data sets. The net capacity factor for Phase I is calculated to be 26.3% and the capacity factor for Phase II is 25.8%.which is slightly lower than expected given the reported wind speed, reflecting the high losses predicted in the feasibility studies.

We have analysed the Phase I monthly production records for 2008 and compared them to the preconstruction prediction. As mentioned previously, the wind farm experienced low availability during the early part of 2008 due to the slip-ring replacement, resulting in a total availability of 89.7% and a production of 217.9 GWh. If the production is adjusted to the guaranteed availability level of 95% then the production becomes 230.7 GWh, which is 0.4% below the predicted level of 231.6 GWh.

We have been issued with a summary of the wind data recorded at 65 m during 2008 which recorded an average wind speed of 6.47 m/s during 2008. It should be noted that the wind data will be influenced by the wake effects of the surrounding wind turbines and we are seeking some clarity on the source of this data; however if verified, this may indicate that the wind speeds experienced during 2008 were below the expected average and that production can be expected to be higher during an average year.

(ii) Internal connection and substation

Designed by the same Chinese institute group, the designs of the two wind farms are quite similar in methodology. Tongyu wind farms owned by Longyuan share a main substation with another holding company. Each Phase has its own 35 kV bus. The Phase I bus is its own separate entity, while the Phase II bus is connected via a normally-open tie breaker to another 35 kV bus owned by another holding company. The power of the two wind farms is combined at the 220 kV level, where it is synchronized and connected to the grid.

The evacuation system of each wind farm is a combination of underground and overhead construction. The underground cable is three-core, ungrounded, and direct buried. Each turbine has a short underground length, before being lashed to a riser structure, where it is joined via compression tap to the main overhead trunk line. This design is both a common, and economical, method of construction. All of the evacuation cables are sized correctly and will support the full load of all turbines. The evacuation system does not have either concentric neutral or accompanying neutral. Fibre-optic cable is buried in the same trench at a suitable distance from the power cable when underground, and when overhead is lashed to a messenger cable slung below the power cable.

Each phase has its own collector bus. Phase I's collector bus, with seven collector circuits connecting to it. After the seven circuits are collected on the 35 kV bus, they are stepped up to transmission and ultimately interconnection voltage. Phase II's collector bus is connected via a normally-open tie breaker with a collector bus from another holding company. Phase II's bus has seven collector circuits, identical in configuration to Phase I. After the seven circuits are collected on the 35 kV bus, they are stepped up to transmission and ultimately interconnection voltage.

The Phase I wind farm contains both capacitor banks and reactor banks. The total capacitive support is 10 MVar as is reactive support. Phase II wind farm also contains both capacitor banks and reactor banks. The total capacitive support for Phase II is 12 MVar, and the reactive support is 0.5 MVar. If the normally-open tie breaker is closed in, then Phase II has an additional 8 MVar of capacitance available.

There is one main transformer for Phase I. It is sized at 100 MVA. The size of this transformer supports the full output of its 118 units, as it was designed assuming a utilization factor of 90 percent. Our experience indicates that this utilization factor is appropriate. The transformer is equipped with a 16 position on-load tap changer, which has the capability to raise or lower the voltage in ± 8 taps by 1.25% per tap. As a result of the tap changer, the transformer has voltage ranges of 103.5 kV through 126.5 kV. The unit's primary side is at 115 kV, to connect to the 110 kV grid.

The main transformer at Phase II is identical to that at Phase I. Similarly, it is sized appropriately. We were told a 50 MVA transformer is for Phase III expansion.

3.3.4 *Liaoning Faku Baijiagou Wind Power Project*

Baijiagou wind farm is located in northeast China, approximately 85 km north of the city of Shenyang. The wind farm totals 49.5 MW, comprising 33 Sinovel 1,500 kW wind turbines and was commissioned in December 2008.

(i) Generation and Availability

The wind farm is constructed on undulating farmland which varies in altitude from 120 m to 240 m ASL (Above Sea Level). The terrain is relatively simple and does not present any concerns regarding shading, channelling or excessive gradient which could cause adverse wind conditions such as severe wind shears, inflow angles, or turbulence. Corn is grown on the wind farm and surroundings by the locals and the ground cover varies with the crop cycle from dense vegetation up to 3 m high, to open farmland. This will influence the wind conditions at the site; however, this cycle was present during the preconstruction measurement campaign, and therefore its influence will be captured in the energy prediction. With regards to wind farm operation, the site presents us with no concerns.

A control building and substation is located in the centre of the wind farm. This building includes the control centre, offices, spare parts store, switchgear housing, and other site facilities. Shenyang Longyuan Wind Power Generation Co., Ltd. (SLY) employ 12 operations personnel, deployed in two teams of six on a rota basis. The building and facilities are of a high standard and appear well maintained.

Site roads are rough and could present access problems for heavy plant in snow and ice. SLY inform us that this is the norm in China and are confident that heavy plant access can be achieved no problem.

Sinovel is a Chinese wind turbine manufacturer and are reported by SLY to be well established with a good track record in China. SLY have reported no significant technical issues since the wind farm was commissioned in December 2008.

The wind farm is currently under a service and maintenance agreement with Sinovel. This agreement will last for two years and includes an availability warranty of 95% (excluding scheduled maintenance and outage out with manufacturers control e.g. grid downtime) with liquidated damages payable for shortfall (calculated at end of two year duration). The liquidated damages are reported to be equivalent to the loss in revenue. After two years, servicing and maintenance will be carried out by Longyuan. It is also reported that the defects liability period for the wind turbines also expires after two years. Training of SLY personnel is included in the service agreement with Sinovel. Furthermore all operation and maintenance staff undergo a two year training program with Longyuan. Post service agreement maintenance work will be carried out by Baijiagou's own maintenance division based on site. SLY are confident of their personnel's ability to carry out major maintenance activities, stating that Longyuan personnel have already carried out major component overhauls on wind farms elsewhere in the portfolio. Spare parts provision will be managed by Longyuan's central spare parts division. On our inspection of the spare parts store only small components and consumables were present and no major components. After two years, Baijiagou wind farm will be set a target availability, which is anticipated to be above 95%. This target will be set by Longyuan based on the experience gained while under the agreement with Sinovel. Presently there are no wind farms in SLY's portfolio that are being operated and maintained out with a service agreement with the turbine manufacturer. Information gained during the site visits and subsequent discussions gives an overview of Longyuan's high level approach, however information of detailed specifics including, call-out times, staffing levels, and details of spare parts holdings and policy are unclear. Responses to questions posed by Mott MacDonald showed that SLY management have a good understanding and experience of wind farm operation and the indicated targets seem realistic when considered against general industry expectations.

Since the wind farm was only commissioned in December 2008, there was insufficient data available to give valuable comment on wind farm performance and our performance appraisal is primarily based on a review of the preconstruction feasibility study. SLY has supplied us with production, wind, and availability data for January and February for 2009 which shows a slight increase in targeted production.

The average wind speed at hub height (65 m) has been calculated to be 6.81 m/s and the net capacity factor for Phase II is calculated to be 25.0% which is typical for an onshore wind farm. Our overall impression is that the wind resource assessment is of good quality. Although there are some omissions from the report and no uncertainty analysis has been undertaken, there is evidence of a prudent approach, conservatism and good practice in the feasibility study and we have so far not encountered anything which causes alarm. Initial production figures are in line with the prediction and we have conducted some high level independent checking of the results using NCAR (National Centre for Atmospheric Research) wind data, which show good agreement with the results presented by Longyuan.

(ii) Internal Connection and substations

The Faku Baijiagou Wind Farm is comprised of 33 Sinovel 1.5 MW turbines. The evacuation system operates at 35 kV, where it is then raised to 66 kV for transmission purposes. After a 24 km transmission line, it is raised again to 220 kV where it is connected to the grid.

The evacuation system is a combination of underground and overhead construction. The underground cables are three-core, ungrounded, and direct buried. Each turbine has a short underground length, before being lashed to a riser structure, where it is joined via compression tap to the main overhead trunk line. This design is both a common, and economical, method of construction. All of the evacuation cables are sized correctly and will support the full load of all turbines. The evacuation system does not have either concentric neutral or accompanying neutral. Fibre-optic cable is buried in the same trench at a suitable distance from the power cable when underground, and when overhead is lashed to a messenger cable slung below the power cable.

The substation bus work contains four evacuation circuits. Bus and circuit breakers are sized correctly for the available short circuit current. After the circuits are collected on the common bus, they are stepped up to transmission voltage and the power is transmitted to the Wenhua substation.

The wind farm has capacitive support in the amount of 7 MVar.

The main transformer is sized at 63 MVA. The size of this transformer will support the full output of the units, which is 49.5 MW or 55 MVA. In addition, the transformer is equipped with an on-load tap changer. Specifications of this tap changer are not available.

3.3.5 *Xinjiang Dabancheng No. 3 Wind Power Projects*

Dabancheng No. 3 wind power projects are located approximately 45 km away from Urumqi City, Xinjiang Uygur Autonomous Region in Northwest China. Dabancheng area is known as one of the good wind energy exploring sites in China. As such, many developers have built wind farms in Dabancheng. The No. 3 project consists of five phases owned and operated by the Longyuan's local subsidiary Xingjiang Tianfeng Power Generation Joint Stock Company (XJTF).

The MM Northwest sub-team visited three representative projects in Dabancheng Plant 3: i.e., Phase II including 30×Goldwind S48-750 and 5×GW77-1500 WTGs with a total capacity of 30MW; Phase III containing 33×GW77-1500 WTGs with a total capacity of 49.5MW; and Phase IV consisting of 33×GW77-1500 WTGs with a total installation of 49.5 MW as summarised in Table 3.10. The three Phases were commissioned during December 2006 to February 2009. All turbines are fully operational.

Table 3.10: WTG Control Systems in Dabancheng Plant 3

Project	Installed (MW)	WTG Type	Number of WTGs	WTG Control Type
Phase II	30	S48-750kW	30	Stall, fixed Speed, Induction
		GW77-1500kW	5	Pitch, Variable Speed, Direct Drive Synchronous
Phase III	49.5	GW77-1500kW	33	Pitch, Variable Speed, Direct Drive Synchronous
Phase IV	49.5	GW77-1500kW	33	Pitch, Variable Speed, Direct Drive Synchronous
Total	129		101	

(i) Generation and Availability

Dabancheng is well known for its typical 'valley between two mountains' terrain. The two mountains, Bogeda Mountain and Qiersi Mountain, form the Valley, which is 80 km long and 15-30 km wide. The main wind direction is northwest and southeast, which is parallel to the Tianshan Mountains. There is a regular source of wind in the area. We observed that the land is in a half desert environment where there is no agriculture activity. We have no concerns regarding the wind resources.

There are two masts built in Dabancheng Plant 3. Both of them are 50 m high. The Feasibility Studies of Phases II, III, IV were based on the data of #1 mast. We have been provided the wind resources data measured from the mast.

According to the operational data provided by XJTF, the wind farms show a good average availability of Phase II 98.6%, Phase III 96.8% and Phase IV 97.9% since commissioning, all above the guaranteed value of 95%.

Table 3.11: Power Generation at Dabancheng Plant 3 Phase II

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2007												
Wind speed (m/s)	8.69	7.11	7.27	7.99	8.42	7.61	7.49	6.73	6.64	6.71	7.43	6.26
Generation (MWh)	5,770	4,370	5,350	5,710	6,570	5,400	5,210	4,610	5,020	5,700	7,140	5,210
2008												
Wind speed (m/s)	6.42	8.26	7.58	8.35	9	7.27	7.25	6.79	6.86	6.98	7.13	8.19
Generation (MWh)	4,460	8,410	7,730	7,650	6,490	4,900	4,610	5,300	5,570	5,610	6,320	6,990
2009												
Wind speed (m/s)	8.72	7.32	6.56									
Generation (MWh)	9,360	6,590	6,020									

Table 3.11 above gives the wind speed measured at the site and the actual power generation from January 2007 to March 2009 of Phase II. From the site staff, we understand that the thirty 750 kW Goldwind turbines were commissioned in December 2006, and were fully operational by March 2007. From the generation figures as shown in Table 3.11, we calculated the equivalent load factor of 29% to 34% between January and April 2007. This indicates that the turbines produced more power than expected.

As the five 1.5 MW units were commissioned from May 2007 to September 2008, we are unable to analyse the capacity factor of the whole wind farm without knowing how many units were in operation each month during this period. Assuming the thirty-three units were all in operation October 2007, the generation data during this period suggests the equivalent capacity factor is from 25% to 42%, average of 31%. Thus generation performance is as expected from the feasibility study.

Commissioning of Phase III, consisting of 33 units of GW77/1.5 MW, started in February / March and finished in November 2008. The plant passed the commissioning tests and was fully operational from December 2008. The average load factor between November 2007 and March 2009 is around 33% which is higher than the projection of 31.5% produced in the feasibility study. We consider this to be due to the operational data used, this was taken during the strong wind period, whereas the forecast is an annual average.

Phase IV has the same wind turbines as in Phase III. We were told by the site staff Phase IV has been fully operational since February 2009. The operational data from the first three months in 2009 indicates good power production from 13.96 GWh to 15.87 GWh, giving an equivalent power factor of 37% to 43%. We attribute this to the strong wind period in the winter.

On the Dabancheng site there is a control building with operational staff for monitoring activities for each wind farm.

The three wind farms are currently under a two-year service and maintenance agreement with Goldwind. The onsite operational staff were satisfied with the services provided by the manufacturer. Furthermore, as Goldwind's factory is located in Urumqi, it could respond to emergencies and offers spare parts promptly.

We were told that there are fifty-seven permanent staff on the site responsible for O&M activities and working together with the manufacturer's service team. This staffing level appears high compared to the staff number of similar wind farms we have seen elsewhere in the world. Given that labour costs are generally low in China, it is understandable that XJTF has manned a relatively large number of staff in order to ensure they are in a position to be responsible for the maintenance after the guarantee period.

(ii) Internal Connection and Substations

As mentioned earlier, the Phases II, III and IV wind farms in the Plant 3 feature Goldwind turbines. The three wind farms were also designed by the same Design Institute group and, as such, are similar in methodology.

We note that none of the wind farms has an on-site substation, instead each directly connects to the Dafeng grid substation via 35 kV connection systems. The grid substation is invested by Longyuan and operated by the local grid company.

The evacuation systems for all three phases are a combination of underground and overhead construction. The underground cables are three-core, ungrounded, and direct buried. Each turbine has a short underground length, before being lashed to a riser structure, where it is joined via compression tap to the main overhead trunk line. This design is both a common, and economical, method of construction. All of the evacuation cables are sized correctly and will support the full load of all turbines. The evacuation system does not have either concentric neutral or accompanying neutral. Fibre-optic cable is buried in the same trench at a suitable distance from the power cable when underground, and when overhead is lashed to a messenger cable slung below the power cable.

There are two main transformers in the Dafeng substation with the capacity of 120 MVA and 150 MVA respectively. The Phases II & III and Phase IV are connected to the No.1 and No.2 transformers respectively. We understand that Phase IV shares Transformer No.2 with a wind farm owned by another developer. At present, the transformers' capacity is sufficient to deliver the power to the grid. We were informed Transformer No.3 has been planned for Phase V expansion.

3.3.6 *Gansu Yumen Wind Power Projects*

The Yumen site is located approximately 12 km east of Yumen City, Gansu Province. The three wind farms were developed by Gansu Jieyuan Wind Power Generation Company Limited (GSJY), a subsidiary of Longyuan. MM team visited the three representative projects, i.e., Yumen II with 14 wind turbines installed, totalling 11.9 MW; Yumen III with 54 WTGs, totalling 45.9 MW; and Diwopu I with 58 WTGs, totalling 49.3 MW. The three projects use the same turbine model of Gamesa G58 850 kW which adopts the variable speed and doubly fed induction generator.

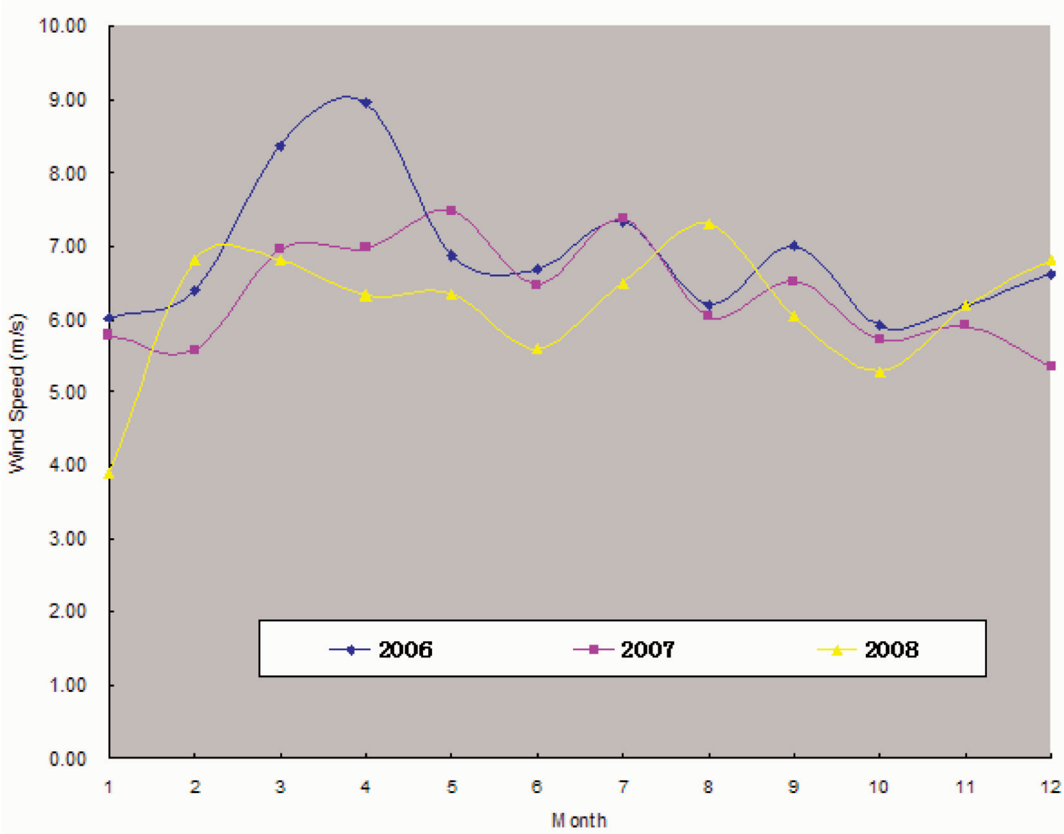
Yumen Phases II & III have been fully operational since December 2006 and April 2007 respectively, while Diwopu I was in the commissioning period when we visited the site. We were informed the commissioning of Phase IV is expected to be finished in July 2009.

Yumen is located in the well-known Hexi Corridor in Gansu Province. Situated between North Mountain and Qilian Mountain, the terrain of the wind farm site is flat. According to the on-site mast data, wind speed is stable and distributed in a reasonable range. Extreme wind speed (above wind turbine cut-out speed) is seldom found in the record. Wind direction is mainly West and East as stated in the feasibility study. This is beneficial to wind turbine operation. We also noted from the SCADA data that the actual turbulence between turbines are bigger than envisaged in the feasibility study. We consider these differences may be caused by the turbine layout.

In spring and autumn dust storms occasionally pass through the site which could bring dust and dirt to the blades. Extra care should be taken to prevent turbine outages. In addition, extreme low temperature weather occurring in winter may cause low-temperature warnings and outage of wind turbines.

According to the data supplied by the site staff, the measured annual average wind speed on site is 6.2m/s (2007), and 6.3 m/s (2008). Figure 3.1 is an example of wind speed variation of a meteorological mast installed in phase II from 2006 to 2008. The equivalent operating hours per annum is around 2100-2200 hours in average according to on-site statistics, slight lower than the forecast of 2321 hours in the Feasibility Study.

Figure 3.1: Wind Speed Curve in Yumen (2006-2008)



(i) Availability and Generation

Table 3.12: Operational Availability of Yumen Phases II, III and Diwopu I

	Phase II		Phase III		Diwopu I	
Year	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
January	99.04	99.38		97.28		
February	99.18	93.73		94.15		
March	98.20	98.11		97.22		
April	98.94	99.40	97.92	98.45		
May	99.49	98.54	98.34	96.87		
June	99.25	98.54	98.98	98.20		97.80
July	98.13	97.50	98.62	98.59		97.71
August	98.75	98.68	99.41	98.63		98.57
September	99.26	99.08	99.01	99.09		98.64
October	99.05	99.33	98.92	98.41		98.52
November	98.68	98.85	99.30	98.58		99.15
December	97.12	95.89	96.87	98.68		97.47
Annual	98.76	98.09	98.06	97.85		98.27

Similar to other manufacturers, the definition used by Gamesa to calculate WTG availability only considers events that have occurred inside the turbine generators. It does not consider the outages of any other components in the wind farm, a wind speed beyond the operating range, extreme weather condition such as icing, lighting or any Force Majeure events.

Table 3.12 presents the operational availability supplied by the site staff. The data shows that the monthly availability of Phases II and III is lower in February 2008 than the other months. This was caused by an unusually low temperature of -27°C. We note the turbines installed on this site are designed to operate in the temperature range between -20°C and 40°C. Most turbines on the site gave low temperature warnings and stopped generation. The bad weather lasted for a week.

The operational generation record supplied to us by the site staff indicates the power outputs in the winter, spring and autumn for all Phases were relatively higher than the summer season. This is in line with the wind speed pattern as discussed earlier and air density at this location.

We note that the power generation in the early part of 2008 was lower than expected. The site staff told us this was caused by poor weather conditions.

Yumen Phase III and Diwopu Phase I are currently under a service and maintenance agreement with Gamesa, which has allocated their services staff on the site. This agreement lasts for two years from commissioning and includes an availability warranty of 95% (excluding scheduled maintenance and outage out with manufacturers control e.g. grid downtime) with liquidated damages payable for shortfall (calculated at end of two year duration). A WTG of Yumen Phase III was recalled to the manufacturer in 2008 due to a fatal defect. The on-site operating record indicates that the fault was caused by a winding destroying the insulation in the generator.

The two-year maintenance period for Yumen Phase II has expired and the onsite staff of GSJY are therefore responsible for the maintenance work under the guidance of Point Inspection Mechanism, which is the maintenance practice established by headquarters and applies to all wind farms in Longyuan. Although the same type of WTG, Gamesa G58, is installed in the three wind farms, there were some technical modifications in different batches of orders. For example, we were told the WTG control system in G58 is renewed in later phases. We expect the newer technology would enhance operation of the wind farms.

(ii) Internal Connection and Substations

The three wind farms were designed by the same Design Institute group and, as such, are similar in methodology. As mentioned earlier, all three projects use Gamesa G58 turbines, with output at 850 kW. Phases II and III share a common bus while Phase IV has its own.

Phases II and III share a common bus and between them have ten evacuation circuits. Diwopu I uses 8 evacuation circuits on its own bus. We note that these wind farms feature a 10 kV secondary side, whereas the other wind farms in the portfolio were at or above 33 kV. It is not possible to calculate an exact line loss without a cable schedule, but typically a voltage this low results in higher than normal line loss.

The 35 kV bus is split into two sections, connected by a normally open bus tie breaker. The ratings of associated switchgear, instrumentation, and bus are appropriate for the load. Protection schemes in place indicate typical bus differential and evacuation circuit over current, which are appropriate.

The main step-up transformers are two identical 50 MVA units connected on a common 110 kV bus. This configuration could enhance reliability when one of the main transformers experiences an outage. A single 50 MVA unit will not be able to carry the output of all of the turbines, but it will be able to bear the burden of additional units so that an increased percentage of revenue can still be maintained despite one transformer outage. A 0.9 utilization factor was used in sizing these units. This is appropriate considering the quantity of turbines, cable in the ground, and secondary side voltage of 10 kV. The primary side of these units is rated at 121 kV. In addition, the transformers are equipped with a 16 position Load tap changing devices, which have the capability to raise or lower the voltage in ± 8 taps by 1.25% per tap. As a result of the tap changer, the transformer has MVA ranges of 108.9 kV through 133.1 kV. The unit's primary side is at 121 kV, to connect to the 110 kV grid.

3.3.7 *Hebei Shangyi Shiren Wind Power Project*

Longyuan Zhangjiakou Wind Power Generation Co., Ltd (LYZ), a subsidiary of Longyuan, owns Shangyi Shiren Phase I located in Shangyi County, approximately 116 km away from Zhangjiakou City, Hebei Province. The project consists of 33 Acciona AW-77/1500 1.5 MW wind turbines and has a consolidated installed capacity of 49.5 MW. It was commissioned during July to October 2008 and has been fully operational since then.

(i) Generation and Availability

The wind farm is constructed on highland which ranges in altitude from 1700 m to 1880 m ASL. The terrain is smooth and flat and does not present any concerns regarding shading, channelling, or excessive gradient which could cause adverse wind. The climate is very cold and windy, and the average yearly temperature is 0.87 ^{o}C. This factor can be expected to influence performance in terms of blade icing.

The site facilities include WTGs, connector cables, substation equipment, a control building, and workers' accommodation. The control building for the monitoring activities is located in the centre of the wind farm. The site appears well equipped and maintained, and the Acciona SCADA system was made available for our inspection, which was also of good quality and fully functional. Approximately 20 staff are employed permanently in the operation of the wind farm, which is higher than we have seen elsewhere. Site roads are rough and could present access problems for heavy plant in snow and ice.

The feasibility study is based on 12 months data from 2004/2005 from a 40 m mast that was installed near the site by LYZ and Shangyi Meteorological Station. It was reported in the feasibility study that the average wind speed at height 65 m was 8.2 m/s, the estimated annual production with 33 units of 1.5 MW WTGs was 114 GWh, and average utilisation hours were 2300 hour per unit. Our overall impression is that the wind resource assessment is of good quality. LYZ installed a 70 m mast on site in 2007 and used this as the basis for assessing the site conditions and production estimate.

Since Shiren Phase I was only commissioned in November 2008 our performance appraisal is primarily based on a review of the feasibility study. In addition, the proposed hub height in the feasibility study was 65 m which is different from the actual hub height in 60 m.

LYZ has supplied us with the production and wind speed data from July 2008 to March 2009 which shows the initial production figures are in line with the prediction and we have conducted some high level independent checking of the results using NCAR wind data, which agree with the results presented by LYZ.

The wind farm is currently under a service and maintenance agreement with Acciona. This agreement will last for two years and includes an availability warranty of 95% with liquidated damages payable for shortfall (calculated at end of two year duration). The availability data supplied by LYZ shows that the average availability from September to December 2008 is 95.4%, slightly higher than the warranty level. According to the agreement, the production losses caused by liquated damages will be paid and calculated based on the average production of WTGs. The defects liability period for the WTGs also expires after two years. LYZ has provided us monthly O&M reports, three month maintenance records, and 6 month maintenance reports which demonstrated an adequate maintenance management in place. We have also discussed O&M with the Acciona personnel on the site. We were informed that the wind farm adopted the every six month maintenance plan in accordance with the manufacturer's recommendation. Training of LYZ personnel (six people 14 days) is included in the agreement with Acciona. Post service agreement maintenance work will be carried out by LYZ's own maintenance division.

(ii) Internal Connection and Substations

The thirty-three Acciona turbines are divided into three groups, each with 11 WTGs connected by the seven evacuation circuits to a single 35 kV bus. Documentation indicates that the turbines have a short (<70 meters) underground run to the main overhead trunk line.

LGJ -150 overhead line circuits are used in the 35 kV energy collection system with the rated capacity of around 27 MVA which is greater than the maximum generation output of 16.5 MW from 11 WTG units. Thus, the size of the overhead line is sufficient for power collection from WTGs and exportation to the 35 kV bus-bar.

From the 35 kV bus, the voltage is stepped to 110 kV transformer equipped with an on-load tap changer. We were told the site has plans to expand to another 33 turbines. Current equipment installed is rated to handle a closed bus tie containing another 33 turbines. Upon completion of the expansion project, installed equipment will still be rated correctly.

The substation bus work is one 35 kV collector bus supporting seven evacuation circuits. Bus, switchgear, and instrumentation are rated correctly.

The main transformer is sized at 50 MVA. The size of this transformer supports the full output of the units. In addition, the transformer is equipped with a 16 position load tap changer, which has the capability to raise or lower the voltage in ± 8 taps by 1.25% per tap. As a result of the tap changer, the transformer has MVA ranges of 108.9 kV through 133.1 kV. The unit's primary side is at 121 kV, to connect to the 110 kV grid.

3.3.8 *Inner Mongolia Bayin National Wind Concession Project*

Baotou Bayin wind farm is a concession project located in Damao County, Northeast of Baotou City in Inner Mongolia Province. The project was developed by Longyuan Baotou Wind Power Generation Co., Ltd. (LYB), a subsidiary of Longyuan. It comprises 134 Goldwind GW77-1500 wind turbines and has a consolidated installed capacity of 201MW. At the date of inspection, 106 wind turbines had been commissioned, a process that began from the end of August 2008 and would be completed by the end of April 2009.

(i) Generation and Availability

Operational data was made available, however the wind farm is still in its commissioning Phase and the data is, at this time, of limited use. Production since commissioning is shown in Table 3.13 . It is noted that the commissioning period will take approximately eight months, which is longer than we would expect in other places. It appears the long commissioning period was not due to the extreme weather conditions as the fastest commissioning rate seems to have been during December and January when temperatures are as low as -35^{o}C. Indeed, February appears to have been the slowest month, and the reason given was the Chinese Spring holidays when most workers took a month off.

Table 3.13: Bayin Monthly Production since Commissioning

Date	Turbines of Commissioned (Unit)	Generation (GWh)
Sep 2008	14	0.91
Oct 2008	24	5.31
Nov 2008	28	8.06
Dec 2008	83	15.34
Jan 2009	99	20.92
Feb 2009	99	22.30
18th Mar 2009	106	22.57
Total		95.41

For the wind turbines that are commissioned, availability figures are high and the wind farm is in good physical condition. The wind farm control centre is well equipped and the SCADA system made available for inspection is also of good quality and fully functional. It was noted that no Accident Record book is kept on the wind farm site, and the wind farm manager said that no accidents had occurred during the installation of 134 wind turbines. We would suggest an Accident Record should have been set up as a good practice especially on the sites in remote locations with extreme weather conditions. Meteorological data for the site was readily provided.

The wind farm is currently under a service and maintenance agreement with Goldwind. This agreement will last for two years and includes an availability warranty of 95% with liquidated damages payable for shortfall (calculated at end of two year duration). Goldwind personnel were also questioned about the O&M. We were informed that the first scheduled maintenance taking place 500 hours after the commercial operation and thereafter one maintenance every six months.

(ii) Internal Connection and Substations

The 134 Goldwind 1.5 MW turbines, are divided into ten groups, each having 13~14 WTG units connected to the 35 kV cable circuit, feeding into a 35 kV bus-bar in the wind farm substation. 150mm^2 XLPE cable circuits are installed in the 35 kV energy collection system with rated capacity of around 22 MVA which is just above the maximum output of 13 or 14 WTG units. We consider the cable is appropriately sized to send the power to the on-site substation.

The windfarm contains both capacitor banks and reactor banks. Each section of 35 kV bus has identical capacitive and reactive support. The total capacitive support for each bus is 19.2 MVar, while the reactive support is 2.4 MVar.

The substation bus work is split into two 35 kV turbine collector busses. Each section of bus supports five evacuation circuits, one reactor, two capacitor banks, and appropriate switchgear. A normally open bus-tie breaker connects the two sections. The two 35 kV bus sections go to each of their respective transformers, at which point they are stepped up to 220 kV. The primary side shares a common 220 kV bus. Bus, switchgear, and instrumentation transformers are all rated appropriately.

The main transformers are two identical units. Each of them is 100 MVA, to support sixty-seven 1.5 MW turbines. These units appear to be autotransformers and as such do not have an on-load tap changer. This is to be expected as the transformer ties directly into the substation 220 kV side and no transmission line is present. Each section is then stepped up from 35 kV to 220 kV at the Wanghai substation.

We consider the electrical layout in the substation provides certain degree of flexibility. In the event that any of the two main transformers is out of service, or an associated circuit breaker in maintenance, the arrangement allows part of power produced to be sent through the other 220/35 kV transformer by closing the 35 kV bus-bar coupler.

3.3.9 *Chifeng Wind Power Projects*

Three wind farms make up the Chifeng Xinsheng Wind Power Generation Co. Ltd's (CFXS) portfolio — Sunjiaying Phase I with 67 Goldwind S48-750 wind turbines, totalling 50.25MW; Sunjiaying Phase II with 66 Goldwind S48-750 wind turbines, totalling 49.5MW; and Wudaogou Phase I with 67 Goldwind S48-750 wind turbines, totalling 50.25 MW.

Sunjiaying Phase I and Wudaogou Phase I were fully operational from December 2006 and Sunjiaying Phase II was fully operational from November 2007. The wind farms are co-located about 110 km away from Chifeng City, Inner Mongolia, China. Due to the poor weather conditions and icy road when the site visit was taking place, we were not able to visit the wind farm sites or the control centre, despite concerted effort. However, the CFXS's office in Chifeng City was fully accessible to the MM team.

(i) Generation and Availability

We note that selection of the WTGs in Sunjiaying Phase I and Wudaogou Phase I has been changed since the feasibility study. It was originally envisaged to import 33×1.5 MW WTGs and an energy yield calculation was undertaken on this basis in the feasibility study. A consent adjusting feasibility study about the selection of the WTGs for Sunjiaying Phase I and Wudaogou Phase I issued by Xingjiang Wind Power Design Institute indicates the reason for the change was to meet the requirement of using more than 70%

Chinese made equipment and support Chinese wind turbine industry. No energy yield study has been undertaken using the turbine model of S48-750. Although MM has no concerns over the suitability of the Goldwind S48-750 wind turbines, it is advisable, as per the international best practice, to undertake a detailed study including micro-siting when a decision was made to change to 67×750 kW turbines.

Operational data was tabulated and could be verified through visual inspection of the online SCADA system. The availability figures of Sunjiaying Phase I as shown in Table 3.14 are high, averaging around 96%, although it is noted that the O&M contract specifies a contractual availability for the first two years of 97% (provided by the manufacturers Goldwind). The deputy company manager stated the compensation would be resolved by the Headquarter after the end of the two year warranty period (agreed end of commissioning for contractual purpose is the end of April 2007). The other two wind farms show a good average availability of Sunjiaying Phase II 97.9% and Wudaogou Phase I 97.75% since commissioning, all above the 97% guaranteed value. The average yearly generation of three wind farms is presented in Table 3.14. Comparing the actual generation with the forecast made in the feasibility studies as presented earlier in this report, we are able to confirm that all three wind farms generate the electricity as expected.

Table 3.14: Chifeng Yearly Operational Data

	2007		2008	
	availability	production (GWh/annum)	availability	production (GWh/annum)
Sunjiaying I	96%	112.60	96.2%	133.35
Sunjiaying II	—	—	97.9%	134.19
Wudaogou I	97.7%	133.13	97.8%	160.90
Total		249.73		428.44

CFXS has installed two masts, one for Sunjiaying, and another for Wudaogou, to continue monitoring the wind resources at the sites during operational Phase. Meteorological data for the site was readily provided.

Although the MM team were unable to visually inspect the wind farm site, or interview the onsite personnel or Goldwind staff due to poor weather conditions and icy road, the real-time SCADA data sent to the CFXS office in Chifeng City suggested the wind farms were still in operation despite the weather. We were told that approximately 60 staff are permanently employed in the running of the three parts of the wind farm, which is considerably higher than we have seen elsewhere in the world.

(ii) Internal Connection and Substations

The Sunjiaying Phase I and the Sunjiaying Phase II windfarms were designed by the same Design Institute group, and as such they are similar in methodology. The Sunjiaying Phase I and Phase II windfarms utilize Goldwind units. Each Phase has its own section of bus. Each section is then stepped up from 35 kV to 220 kV at the substation. The size of the Phase II main transformer indicates that there will be future expansion, but details were not available at this time.

The evacuation system of each Phase is a combination of underground and overhead construction. The underground cables are three-core, ungrounded, and direct buried. Each turbine has a short underground length, before being lashed to a riser structure, where it is joined via compression tap to the main overhead trunk line. This design is both a common, and economical, method of construction. All of the evacuation cables are sized correctly and will support the full load of all turbines. The evacuation system does not have either concentric neutral or accompanying neutral. Fibre-optic cable is buried in the same trench at a suitable distance from the power cable when underground, and when overhead is lashed to a messenger cable slung below the power cable.

The substation bus work of each Phase consists of a single collector bus accepting two 35 kV overhead evacuation circuits. Bus, switchgear, and associated equipment are all rated correctly. The substation is not equipped with bus tie breakers. As such, outage of the main step up transformer will render that Phase inoperable. Typically a bus tie breaker is installed to mitigate the impacts of outage situations.

The size of the main transformer for Sunjiaying Phase I is 63 MVA, which is appropriate, as the windfarm will produce 55 MVA assuming typical power factor of 0.9. In addition, the transformer is equipped with a 16 position Load tap changing device, which has the capability to raise or lower the voltage in ± 8 taps by 1.25% per tap. As a result of the tap changer, the transformer has primary side voltage ranges of 198 kV through 242 kV.

The size of the main transformer for Sunjiaying Phase II is 120 MVA, which is significantly larger than needed considering the wind farm produces 55 MVA assuming typical power factor of 0.9. The size of this unit indicates that future expansion is likely. In addition, the transformer is equipped with a 16 position Load tap changing device, which has the capability to raise or lower the voltage in ± 8 taps by 1.25% per tap. The result of the tap changer being the transformer has primary side voltage ranges of 198 kV through 242 kV.

The substation bus work is split into two 35 kV turbine collector busses. The Wudaogou project exports through one of the bus sections, while the other is under construction for future use. Bus and switchgear are all rated correctly to support the future closing of a bus tie breaker.

The windfarm contains both capacitor banks in the form of two capacitor banks at each 35 kV bus section. The total capacitive power available is 12 MVar.

The main transformer is rated at 50 MVA to support the full output of the units. Information regarding either a tap changer or off-load taps is not available at this time. We noted that the transformer impedance is high, at 14 percent. Typical ratings for a transformer of this size should be around 8 percent. It is possible that this transformer is an older style unit, using pumped oil to cool its core. Specifications of this detail level are not available.

3.4 ***Operational and Maintenance Arrangements***

To adequately operate a wind farm, it is necessary to have an experienced team to constantly monitor the wind turbines, to ensure prompt resolution of any problem that may occur to wind turbines, and to avoid downtime which could lead to reduction electricity production. Following the site visits to representative wind farms MM acknowledges that the overall Longyuan strategy is to rely on wind turbine manufacturers during the warranty period of the wind turbines and to subsequently handover this responsibility to its own team.

The warranty provided by the manufacturers for the Longyuan wind farms is on average for a two year period, in line with current industry standards, and is similar to wind farms in other countries. MM considers this warranty duration generally acceptable for all wind turbine technologies which have proven track record and sound experience. However, for wind turbine manufacturers such as Goldwind and Sinovel, which did not provide a satisfactory track record, we consider that, in future contract negotiations, inclusion of a longer period warranty would provide additional comfort.

For a wind farm, high availability is vital in order to maximise revenue. A number of factors could affect the availability of which O&M arrangement is likely to have the greatest impact. There is a commercial balance between the O&M cost and availability and this needs to be considered carefully in contract negotiations. Liquidated damages are the key buffer against poor availability. Finally, care is needed during the contract negotiation of the O&M contract with respect to the definition of "availability;" turbine suppliers will endeavour to define within availability some events that Longyuan would expect to consider as non-availability. During site visits we raised these points and requested evidence of the relevant documentation. In MM's view these issues have been generally properly addressed by Longyuan in the negotiation of turbine supply agreements. We are satisfied with this arrangement.

All turbine supply agreements that MM has reviewed include training programs arranged by the manufacturers, these are usually comprehensive, and include four weeks training in factories and on site, covering most of the topics and problems that may occur on site. The service team is trained to use the maintenance manual, keeping records of faults, operation and control of turbines, erection method for replacement, maintenance procedures, trouble shooting, and spare part management. MM understood that in addition to the standard training, Longyuan staff also assist manufacturer's team during scheduled and unscheduled maintenance, MM appreciates the potential experience gained by the team through this arrangement.

As previously discussed, most of the wind farms we visited were recently commissioned, still in warranty period, and maintained by the manufactures. According to the maintenance records on site, and interview of manufacturers' onsite staff, the scheduled maintenance has been carried out in accordance with the defined in the turbine supply agreement. We are provided a Goldwind 750 kW Wind Turbine Maintenance form which elaborates the inspection items to be checked by the manufacturer's maintenance staff every half-year. The form is comprehensive and includes the following sixteen aspects: preparation, environmental parameters, blade, hub, main shaft, gearbox, shaft coupling, generator, pitch control system, hydraulic system, mechanical brake system, sensor, main control board, top control board, tower, and nacelle.

A Longyuan maintenance team employed for each project company is trained by the WTG suppliers and in position to assist during the warranty period, and will be responsible for performance maintenance activities on wind turbines at a later date.

In addition, Longyuan informed MM it issued a Maintenance Manual in compliance with Chinese wind power industry practice to each project company to standarise the maintenance activities. A Point Inspection (PI) Scheme is a regularly checking practice defined in the manual to maintenance wind turbines and their auxiliary equipment in order to find potential problems before a fault happens. PI includes following five aspects:

- Routine visual inspection by operators;
- Regularly inspection by Point Inspection staff;
- Technical inspection by professional engineers;
- Technical diagnosis and trend analysis by WTG experts;
- Equipment accuracy test by engineers

A PI practice for tower part, shown in Table 3.15, defines the inspection items, appropriate standards, schedule, inspection method, and frequency. Potential hazards could be reported through PI and be dealt with in time.

Table 3.15: PI Scheme (Tower Part)

Item	Standard	Schedule	Method	Status
Tower inside and outside surface	No oil leakage, corrosion, fade, or cracks; Grounding well	W	Visual	○
Vibration	No exceptional vibration	M	Listening & Touching	○
Tower gate lock	No corrosion, or damage	M	visual	○
Tower gate	Closing tight, No corrosion	M	Visual & Testing	○
Base flange bolt M42×220-10.9 (124)	Right number, No break, 4500N.m	M	Testing	△
Tower flange	No damage	H	Testing	△
Tower flange bolt M42×220-10.9 (84)	Right number, No break, 4500N.m	H	Testing	△

Status: ○ — when the turbine is in scheduled maintenance; △ — when the turbine is in unscheduled maintenance

Schedule: D — Daily; W- Weekly; M — Monthly; H — once half a year; A — Annual

In MM's view, maintenance from an external specialised company gives more confidence in the quality of the service. However, we acknowledge that there are few companies with a significant track record in the market and Longyuan may consider it cost effective to manage this service internally. This could help consolidate the rapid expansion of its wind portfolio that has taken place in recent years and contribute to its ambitious plans for future growth. Some companies with big wind farm portfolios use the same strategy as Longyuan and have their own service team. MM considers it is necessary to have a corporate strategy for training and O&M that defines best practice principles during these activities in order to ensure the same quality of maintenance and to share experience.

3.5 ***Conclusions***

The wind resource assessments in the representative wind farms were carried out by a number of different Chinese design institutes. The methodology and reporting of results are common to all studies and are based on the Chinese standards. Most of the content of the Chinese standard is derived directly from a Western publication and provides a good overview of the well established measurement based wind resource assessment method or MCP. Hence the approach to wind resource assessment in China is largely consistent with international practice.

The meteorological mast heights in several feasibility studies are reported to be shorter than the wind turbine hub heights, which is a degree of non-compliance with standards. Due to lack of detail on methods of correlation for wind speed data, the energy calculation shows conservatism in approach. No uncertainty analyses are provided in the feasibility studies due to an omission in the Chinese approach. However, they are important for making commercial decisions about wind farm performance as they describe the confidence and hence degree of risk associated with a prediction.

From a pool of studies reviewed we can conclude that there is a consistent approach to wind resource assessment and the adopted methodology is largely consistent with standard international practice. According to above analysis for each wind farm, most generated electricity in line with our expectations and, some exceeded the prediction. Hence, the conservatism of the wind resource assessment approach in China is confirmed.

The wind turbines in the asset portfolio were supplied by both international and domestic manufacturers. All the wind turbines models reviewed with a rated power range of 750 kW to 2 MW have adopted modern designs in line with the current technology standards.

The international turbine suppliers including GE, Vestas, Gamesa and Acciona presented adequate operational experience and good track record on the global stage and we have no concerns over the quality of their products. Both models of Goldwind S48 and GW77 are based on mature technologies. Sinovel has track record in China and its design and manufacturing process gave us comfort as well.

The operational data indicates that most representative wind farms have been performing satisfactorily. Some electrical equipment is of high quality and housed in appropriate buildings such as Rudong wind farms. The design criteria used to size the inter-array cables is appropriate for the amount of power they need to carry. In Huangang wind farm, the size of main transformer in the step-up substation was smaller than the full outputs of the wind farms. We were informed this had been resolved by an expansion in July, 2009.

The warranty provided by the manufacturers for the Longyuan wind farms is on average a two year period, in line with current industry standards and similar to wind farms in other countries. Longyuan maintenance teams in the project companies are trained by the relevant turbine suppliers during the warranty period, and are responsible for performance maintenance activities on wind turbines after the warranty period. We consider the operation and maintenance arrangements in place to be adequate.

The staffing level in the wind farms we visited appeared higher than we have seen elsewhere in the world. Given the labour costs are relatively low in China, this may not have a significant impact on the financial performance. We therefore consider the current staffing level is adequate from a technical point of view.

4 Grid Connection Assessment

4.1 ***Introduction***

Our findings of the grid connection assessment presented in this section of the report are limited to the eighteen representative wind farms. The assessment has been undertaken largely based on the data provided by the Longyuan and their subsidiaries during the site visits and the following documents:

- Feasibility study reports
- Grid connection study reports
- Single line diagrams of grid connections
- Single line diagrams of internal energy collection systems in the wind farms
- Feedback to the Mott MacDonald's Questionnaire
- Site visit records

It should be noted that when assessing the impact of the wind farm connections on the local network and system operation, we have relied on the network topologies supplied to us in the above reports. Mott MacDonald has not undertaken any independent simulation or calculation to validate the inputs and results in the studies conducted by different Chinese Design Institutes. The Chinese Design Institutes refer to the following eight design institutes in the PRC, all of which are independent third parties to the Company.

(1) Jiangsu Electric Power Design Institute (江蘇省電力設計院), a subsidiary of Jiangsu Electric Power Company Limited, mainly provides engineering and consulting services in the PRC and Jiangsu for electric power industry, such as power systems design, survey and assessment on coal power projects.

(2) Fujian Electric Power Survey and Design Institute (福建電力勘測設計院), a subsidiary of Fujian Electric Power Company Limited, mainly provides power systems design, and survey and assessment on coal power projects as well as power transmission projects in the PRC and Fujian.

(3) Jilin Electric Power Survey and Design Institute (吉林省電力勘測設計院), a subsidiary of Jilin Electric Power Company Limited, mainly provides power systems design and consulting service to power projects in the PRC and Jilin.

(4) Liaoning Xinchuangda Electric Power Design Company Limited (遼寧新創達電力設計研究有限公司), mainly provides power systems design in the PRC and Liaoning.

(5) Xinjiang Electric Power Design Institute (新疆電力設計院), mainly provides comprehensive engineering and consulting service such as power systems design and survey, project assessment, construction, and environmental impact assessment in the PRC and Xinjiang.

(6) Gansu Electric Power Design Institute (甘肅電力設計院), a subsidiary of Gansu Electric Power Company Limited, mainly provides power transmission design and survey in the PRC and Gansu.

(7) North China Power Engineering (Beijing) Co., Ltd (北京國電華北電力工程有限公司), mainly provides design, survey and consulting services to electric power systems, as well as to various coal power and wind power projects.

(8) Inner Mongolia Electric Power Survey and Design Institute (內蒙古電力勘測設計院), a subsidiary of Inner Mongolia Electric Power Group Limited, mainly provides design, survey and consulting service to coal power and wind power projects, as well as to transmission projects.

The results of the studies by Chinese Design Institutes demonstrate whether or not the wind farms could be connected to the grids, what system enhancements are needed to accommodate the wind power and set requirements for key equipment such as main transformers, switchgears and circuits. The studies and results provide Mott MacDonald with evidence of adequacy of the grid connection schemes and confirm the grid capability to deliver the wind power to the systems.

We expect any changes of the network configurations in the local power grids after commissioning of the wind farms to reinforce the local network capability and to improve the system operation and performance, which will ultimately benefit the wind farm connections and operations.

To determine whether a wind farm could be connected to a power grid it is common practice to investigate the following:

- Capability of transmission circuits and transformers for power evacuation from the dedicated step-up substations at wind farm sites to the grid connection points
- Network configurations at the grid connection points and potential operational issues in the local power grids
- Reactive power capability of the wind farms to meet grid connection requirements
- Arrangements of internal energy collection systems
- Potential impact of system faults on wind farm operations
- Power quality issues of the wind farm connections to the grid.

It is crucial to examine the above technical issues in order to identify risks which may affect normal operation of the wind farms and subsequent impact on power export to the grids. Our assessment is therefore centred around these issues.

4.2 ***Key Issues Addressed in Grid Connection Studies***

In China, a feasibility study needs to be reviewed and approved by a panel expert appointed by a Provincial Development and Reform Commission (PDRC) before a grid connection study undertaken. Upon an approval of the feasibility study and project construction, a wind farm developer should engage a qualified electric power design or research institute to perform the grid connection study and design the connection from the project site to the grid. The practices and key issues investigated in the grid connection study in China in comparison with the international norm are summarized below.

(i) *Connection point and voltage level*

Identification of grid connection point and selection of a voltage level should ensure that the maximum power output from a wind farm can be effectively transmitted to the grid. In China, depending on the installed capacity, a wind farm is normally connected to the closest 110 kV or 220 kV substation in the vicinity of the project. This is subject to the possibility of expansion of the substation and sufficient transmission circuit and transformer capacity to export the electricity generated from the wind farm. In some cases, connection of a wind farm may require construction of a new substation.

If possible, at least two grid connection points (substations) should be considered and evaluated. A preferred one is then chosen by comparing flexibility of the connection, transmission line corridor from the wind farm to the connection point, investment requirement, and system operation performance for all options.

(ii) *Main transformer capacity*

Selection of a step-up main transformer in the substation at the wind farm site should ensure the transformer has sufficient capacity to transfer the power generated to the local grid as well as providing flexibility in voltage regulation and reactive power compensation. It is evident that some Chinese institutes apply a principle to size the main transformer's apparent power capacity equal to the total installed wind turbine real power capacity. While this is acceptable, given the utilisation hours of a wind farm is usually low, it is recommended that the transformer should be sized slightly greater than the installed generation capacity to avoid overloading. Where several transformers are installed in the same wind farm, good size of transformers could ensure adequate reliability of power export while one of them is out of service.

(iii) *Conductor size*

Once the grid connection point is chosen, conductor type and size of the transmission circuit should be identified. The conductors of a circuit should be sized to have a thermal rating adequate to meet the requirement to export the maximum apparent power output from the wind farm, this should also take into account potential connection of other generation sources connected to the circuit.

(iv) *Power system studies*

Power system steady state and dynamic performance studies including load flow, contingency analysis, and even transient stability are carried out to assess the steady and dynamic performance of the power system under typical operational scenarios after the connection of the wind farm. Although it may not be required to meet the N-1 security criteria for the transmission network from the wind farm substation to the grid connection point, it is usually required the N-1 security criteria to be met for the transmission network at the grid connection point. The system studies are used to identify requirements for reinforcement or additions in order to meet the N-1 criteria.

Fault level calculation aims to choose appropriate switchgear ratings, so that the switchgear is capable of withstanding potential fault currents at the wind farm substation and has sufficient margins to withstand fault current increase over a longer period, for example, twenty years.

(v) *Reactive power compliance*

The purpose of the reactive power compliance study is to examine whether there are sufficient reactive power sources available from the wind farm, so that the wind farm is capable of maintaining the required power factor at the grid connection point for the given voltage ranges and real power output. If study results reveal any insufficiency, reactive power compensation schemes should be considered when designing the grid connection scheme. Although detailed reactive power studies are not performed for most Chinese wind power projects as they are elsewhere in the world, Chinese grid connection studies usually provide requirements of reactive compensation under typical operating modes.

(vi) *Power quality check*

Design principles adopted in wind generators differ from conventional synchronous generators. Connection of many WTGs in a wind farm may cause voltage deviation, voltage fluctuation, flicker, and harmonics issues which have impact on the power supply quality of local power grid. The specification of wind farm grid connection requires an assessment of the power quality to ensure quality indices within the given limits in accordance with relevant technical standards. At present, most Chinese wind power projects do not perform power quality studies whereas an assessment of power quality is usually undertaken in the UK and Europe.

Another important part in the grid connection studies is the design of electrical secondary system, such as protection, SCADA system, and communications' system.

4.3 ***Grid Connection of Each Wind Farm***

4.3.1 *Jiangsu Rudong Wind Concession Projects*

Three wind farms of Lingyang, Huangang and Dongling are constructed along the east coast in Rudong, Jiangsu Province. The former is connected to the Wuyi grid substation while the latter two are connected to the same substation at Yangkou.

(i) Lingyang

With thirty-three 1.5 MW WTGs installed, Lingyang has a total real power capacity of 49.5 MW. A step-up substation has been constructed at the site with one 110/35 kV 63 MVA transformer for power evacuation from the wind farm to the local grid.

Lingyang is connected to the 220 kV Wuyi grid substation via one 20 km LGJ-185 overhead line circuit with a thermal rating of 65.2 MVA which is sufficient for the power evacuation.

Power generated in the Lingyang wind farm is consumed by the local loads connected to the Wuyi substation and the remaining is transmitted to the Rudong local grid. One 220/110 kV 180 MVA transformer is installed at the Wuyi substation.

The grid connection report indicates all WTGs installed in the wind farm have an adjustable power factor between 0.95 lagging and 0.95 leading. When the power factors of all WTGs are maintained at 0.98 lagging, the reactive power generated by the WTGs can compensate the reactive power demand of transformers and circuits of the wind farm. Hence there is no specific reactive power compensation equipment required at Lingyang.

According to the grid connection report, the short circuit currents in the Wuyi substation are 12.73 kA and 12.51 kA at the 220 kV and the 110 kV sides respectively. The fault currents of circuit breakers in the substation are 40 kA and 31.5 kA at 220 kV and 110 kV sides respectively. Hence the circuit breakers should be able to withstand the fault currents.

The maximum voltage fluctuation at the 110 kV side of the Wuyi substation is 5.66 kV which is within the permitted range of ±10% as required by the Chinese grid code.

(ii) Huangang

Huangang has a total installed generation capacity of 58.5 MW comprising thirty-nine 1.5 MW WTGs. A step-up substation with one 110/35 kV 50 MVA transformer was constructed to send the power out to the local grid. As discussed in an earlier section of this report, the size of the step-up transformer was smaller than the installed capacity of the wind farm, which means the transformer had to operate under overload condition during the maximum output of all wind turbines. Subsequent to the issue of the draft report, we were informed that another thirty-one 1.5 MW WTGs had been installed on site with one 50 MVA transformer. The total installed capacity of WTGs has reached to 105 MW, and the total transformer capacity is 100 MVA. Considering the wind farm operates at 0.95 lagging power factor and 5% of the internal losses, the maximum output of the wind farm is approximate 99.75 MW, which is close to the total transformer capacity. We consider the transformers have sufficient capacity to export the maximum output of the wind farm.

The wind farm is connected to the 220 kV Yangkou substation via one 22 km LGJ-300 110 kV overhead line circuit with a thermal rating of 105.7 MVA. The circuit capacity is sufficient for power evacuation.

There are two 220/110 kV transformers installed at the 220 kV Yangkou grid substation, each with a capacity of 120 MVA. By the end of 2008, the minimum load at the Yangkou substation was 49 MW, while maximum generation connected to the substation was 165 MW, which means 116 MW of net power would be required to be transmitted via those two 120 MVA transformers to the local grid. This is slightly greater than the full capacity of a single transformer unit. If one transformer were subject to outage for maintenance, the remaining transformer could feasibly become overloaded. We expect the risk of overload or capacity constraint could be mitigated by arranging maintenance during periods of light wind condition.

We have noted that most wind farms in China only have single circuit connection to local grids. A risk of occurrence of faults on the line could be mitigated through a combination of good maintenance and utilizing fast auto-reclosure devices to keep potential duration of loss of power generation to minimum.

The WTGs installed in the Huangang wind farm have controllable power factor between 0.95 leading to 0.95 lagging. The grid connection study suggests that in neither peak or in off-peak periods in there any requirement for additional reactive power compensation to satisfy the current Chinese grid code.

Selection of the circuit breakers satisfies the fault current in the short-circuit condition. We can also confirm that the voltage regulation capability in the 110 kV step-up substation complies with the grid code requirement of the permitted range of ±10%.

(iii) Dongling

Dongling has twenty-eight 1.5 MW WTGs installed with a total capacity of 42 MW. We were informed that a 50 MW expansion has been planned at the same site. A step-up substation has been constructed with one 110/35 kV 50 MVA transformer to send the power out to the grid.

Dongling wind farm is connected to the 220 kV Yangkou substation, (as is Huangang), via one 28 km 110 kV overhead line with a thermal rating of 105.74 MVA. The circuit is sufficient to export all power generated in the current phase plus the future expansion of 50 MW.

The grid connection report suggests there are two groups of shunt capacitors installed at the 35 kV bus-bar in the 220 kV Yangkou substation, with a capacity of 6 MVar each to maintain the power factor at 220 kV bus-bar at Yangkou above 0.96.

There is no information relating to reactive power compensation devices at Dongling wind farm in the grid connection report. It is mentioned, however, the power factor at 35 kV bus-bar of the Dongling can be maintained at 0.98 lagging. We expect the turbine generators could provide sufficient reactive power compensation.

The calculation results presented in the grid connection report suggest that the equipment at the step-up substation meets fault current requirements and voltage regulation requirements.

4.3.2 *Fujian Pingtan World Bank Wind Power Project*

Located on Pingtan Island, in the southeast of Fujian Province, the wind farm has fifty 2.0 MW WTGs installed with a total power capacity of 100 MW.

A 110 kV step-up substation has been constructed with two 110/35 kV 63 MVA transformers for power evacuation to the local grid. There are two bus-bar sections at the 35 kV side, which are connected by a normally-open bus section breaker in between. This substation is connected to the 110 kV Beicuo grid substation via one 15 km 110 kV overhead line circuit. The economical rating of 94.3 MVA and thermal rating of 133 MVA maximum suggest the circuit has sufficient capacity to send the power out to the grid.

The power generated in Pingtan is sent to the 110 kV Beicuo substation and further to the 110 kV Gaoshan substation via one 110 kV circuit. The power transmitted through this circuit under light-load condition could reach up to 80 MW when the wind farm is producing maximum output. This is very close to the thermal rating of the circuit. Hence, under the extreme condition, the power generation of Pingtan wind farm might need to be curtailed. However, according to the announcement of the local government, new lines would be built between Beicuo and Gaoshan substations. We therefore expect the potential constraint would be solved in the near future with the network enhancement.

Two groups of shunt capacitors have been installed at the wind farm step-up substation, with 6 MVar each. The WTGs in the wind farm have controllable power factors, between 0.95 leading and 0.95 lagging. Thus the total reactive power provision is approximately 44.87 MVar, which is about 35.6% of total transformer capacity at the wind farm step-up substation. We consider the wind farm has sufficient capacity to meet the reactive power demand and voltage regulation.

The circuit breakers are able to withstand the short circuit fault current.

4.3.3 *Jilin Tongyu Wind Concession Projects*

Tongyu Phase I has a total installed capacity of 100 MW, while Tongyu Phase II has 100.3 MW. Each is connected to a 220 kV substation via its own 35 kV bus-bar section. Two 220/35 kV 100 MVA transformers are installed in the substation for the two phases respectively.

The substation is connected to the 220 kV Chaonan grid substation via one 107 km 220 kV overhead line with a thermal rating of 644 MVA, which is sufficient to transmit the power generated by the wind farm.

It is possible that any voltage fluctuation at the Chaonan substation will affect the voltage control at the wind farm. It has been identified, according to the grid connection report, that during 'N-1' contingency of two interconnection lines between Chao-Bai grid, where the wind farm is connected, and the local grid of Baicheng area, the voltage profile at 220 kV bus-bars in Chao-Bai grid could be very low. This would result in the remaining interconnection becoming overloaded, and therefore the two interconnection lines would not meet the requirement of exporting all power generation to Baicheng grid following the connection of new wind farms to the system. Under the extreme condition, the power generation might need to be curtailed. We expect the potential problem would be solved in the near future with the network enhancement.

With two 100 MVA transformers installed, the capacity is not compliant with 'N-1' security requirements. Any transformer being out of service would cause constraints on power export.

In addition, the total capacity of two transformers installed in Tongyu 220 kV step-up substation is 200 MVA, while the total installed WTG capacity is 200.3 MW. Applying the internal loss factor of 0.5, the net electricity sent-out is 200.3 x 0.95 = 190.28 MW. Assuming the power factor at the grid entry point is 0.95, all power which needs to be exported from Tongyu wind farm is calculated to be 190.28/0.95 = 200.3. Furthermore, considering the utilisation factor of the wind farms is around 0.25, the chance of generation at full output is small. The length of time per year when the transformers are required to operate in an overloaded condition is relatively short. We consider the capacity of the transformers to be acceptable.

The WTGs installed in the Tongyu wind farm have the reactive power capability of +/- 0.95 power factor at the rated output. In addition, 20MVar shunt capacitors are also installed at 35 kV bus-bar at Tongyu wind farm substation. It is expected the wind farm should have sufficient reactive power capacity to maintain required power factor of +/- 0.98 at the grid entry point under normal condition. However, as stated above, during 'N-1' contingency of two interconnection lines between Chao-Bai grid and Baicheng grid, the 220 kV bus-bar at Tongyu wind farm substation may experience low voltage profile due to lack of reactive power support from the system, especially when the wind farm is generating maximum power.

4.3.4 *Liaoning Faku Baijiagou Wind Power Project*

With the total installed capacity of 49.5 MW, Faku Baijiagou Wind Farm is connected to a 66/35 kV step-up substation and then to a 66 kV bus-bar at the 220 kV Wenhua grid substation via one 66 kV circuit.

Baijiagou wind farm shares the same step-up substation with the Heping wind farm. Each of the wind farms has its own 35 kV bus section at the step-up substation, which is connected to the 66 kV bus bar via one 63 MVA transformer. The transformer is sized appropriately to export power generated. There is no bus section breaker between these two bus-bar sections. Thus one transformer trip from the system would lead to the corresponding wind farm being out of service.

A single 66 kV overhead line circuit provides the only power evacuation corridor from the wind farm to Wenhua substation. The total length of this circuit is 28.1 km, and the conductor type LGJ-240 with two conductors per phase. By the year 2010, the load estimation at the 220 kV Wenhua substation would be 130 MVA. Thus power generated by Baijiagou wind farm should be consumed by local load connected to Wenhua substation unless an expansion takes place.

According to Chinese equipment specification, the maximum transmission capacity of LGJ-240 at 35 kV is 26.9 MVA. Since there are six conductors in total (two per phase), the maximum transmission capacity of the power evacuation line is 161.4 MVA which is sufficient to export all power generated by both Baijiagou wind farm and Heping wind farm.

Regarding voltage stability, the meter at central control indicates the voltage level at the grid entry point of the wind farm is oscillating on a small scale which suggests there might not be enough reactive power at the wind farm to maintain a constant voltage level. According to the development plan it is expected that more reactive power compensation devices will be installed on the site to solve the voltage problem.

4.3.5 *Xinjiang Dabancheng No. 3 Wind Power Projects*

No on-site substation has been built at the Dabancheng Plant 3 site. Instead, the wind farm's Phases II, III and IV are connected to the grid 220 kV Dafeng substation, near Urumuqi.

(i) Phase II

Phase II is connected to the Urumqi grid at Dafeng, 1 km away, via two 35 kV overhead line circuits and with a total installed capacity of 30 MW. One of these two circuits connects twenty-four 750 kW WTGs and five 1500 kW WTGs, and the remaining six 750 kW WTGs are connected to the other 35 kV circuit. The conductor type of both circuits is LGJ-185 with a thermal rating of 33 MVA, which is sufficient to export the power produced by the WTGs connected to it.

The Dafeng 220 kV substation is connected to Urumqi grid via two 220 kV overhead line circuits, one of which is connected to Tuokexun 220 kV substation, and the other to Hongyanchi power plant 2. We consider the 220 kV overhead to lines have sufficient capacity to export all power to the grid.

It is unlikely that Dafeng 220 kV substation would suffer severe voltage fluctuation since it is located very close to Urumqi grid; the system impedance could be very small. However, since Dafeng 220 kV substation is also supplying local 110 kV load, there is a possibility that the voltage profile at the remote load connection points could be affected by the wind farm, especially under heavy load conditions and maximum generation from the wind farm, and when there is no sufficient reactive power support from adjacent substations or power plants. This possibility of this occurring in the Dabancheng district is currently low, though it needs to be taken into account for future load expansion.

The 750 kW WTGs have the reactive power capability of +/- 0.95 power factor at rated power output, and the 1500 kW WTGs have unity power factor. In addition, two 12 MVar shunt capacitors are installed at the 35 kV bus at the Dafeng 220 kV substation. As such, it is expected that the wind farm should have sufficient reactive power capacity to maintain the required power factor of +/- 0.98 at the 220 kV side of 220 kV Dafeng substation regardless the real power output.

(ii) Phase III

Phase III is connected to the 220 kV Dafeng substation, as with Phases II and IV, via two 35 kV overhead lines, and with a total power capacity of 49.5 MW. The 33 WTGs are divided into two groups; one of 16 and another of 17 turbines, separately connected to the 35 kV bus-bars. The conductor type of both circuits is LGJ-185 which has sufficient capability to export all power generation.

Compared with Phase II, the possibility that the 220 kV Dafeng substation would be affected by the grid has been increased. A potential risk regarding power evacuation from 220 kV Dafeng substation to Urumqi grid has been identified; due to the capacity increase in Dabancheng Wind Farm, the output circuits of 220 kV Dafeng substation are now carrying heavy burden of power generated by the wind farm. Particularly in light load condition, there would be power injection from Tulufan power plant which is connected to 220 kV Tuokexun substation into Urumuqi grid, which increases the loading of output circuits from the 220 kV Dafeng substation even further, since both circuits act as interconnection lines between Urumqi and Tulufan. Under certain scenarios, the power generation would have to be curtailed to maintain network security.

Further network enhancement has been suggested to increase the thermal rating of output circuits from the 220 kV Dafeng substation. To implement the enhancement, an existing line between Hongyanchi power plant one and the 220 kV Tuokexun substation has been divided into two sections. Section 1 goes from the power plant to the 220 kV Dafeng substation, and section 2 goes from the 220 kV Dafeng substation to the 220 kV Tuokexun substation. One 120 MVA transformer and one 150 MVA transformer supply the two sections respectively with a bus section break between the two sections. It is expected that these two new sections of lines can increase the transmission ability from the 220 kV Dafeng substation to the Urumqi grid. However, it has been stated in the grid connection report that the constraint still exists.

Low voltage profile issues can be considered negligible, since two groups of shunt capacitors have been installed in phase III, and all WTGs installed in phase III have unity power factor and do not absorb reactive power at nominal output. However it is still possible that the local load connected to 220 kV Dafeng substation could be affected due to lack of reactive power support as a result of the transmission constraints stated above, especially when the wind farm is generating maximum power. It is expected that this problem will be solved with new network development in the future.

The WTGs have unity power factor, which do not absorb reactive power at rated output. Two additional shunt capacitor groups have been installed at the 35 kV bus-bar at the wind farm step-up substation; each group has 12 MVar reactive power capacity. It is expected that the wind farm should have adequate reactive power capacity to maintain the required power factor of +/- 0.98 at the grid entry point under all operation scenarios.

The feasibility study report and the grid connection study report indicate that, by the year 2007, the three phases short circuit current at the 35 kV bus-bar at the 220 kV Dafeng substation was 15.7 kA, and would increase to 18.6 kA by the year 2015. This suggests that the switchgear is capable of withstanding the prospective fault current in the electrical network.

It is also indicated that under 'N-1' contingency of output circuits of the 220 kV Dafeng substation, one of the remaining lines, which goes from Hongyanchi power plant two to Tuokexun substation via Dafeng substation, will be overloaded. This is expected to be solved by future network development.

The grid connection report also indicates that harmonic levels are all within permitted range for each order of harmonic that exists in the system.

(iii) Phase IV

With a total capacity of 49.5 MW, Phase IV wind farm is connected to the 35 kV bus-bar at the 220 kV Dafeng substation, in the same manner as the previous two wind farms. Phase IV wind farm is connected to one 35 kV bus-bar section which is supplied by a 150 MVA transformer. The WTGs divided into two groups, 16 in group one and 17 in group two, are connected to the 35 kV bus-bar at Dafeng substation via two 35 kV overhead lines without interconnection. The conductor type of both lines is LGJ-240 with transmission capacity of 26.9 MVA, which is sufficient to export the power output.

The WTGs have unity power factor at the rated output and thus do not absorb reactive power from the grid. There are two 15 MVar shunt capacitor groups installed at the bus-bar section where the Phase IV project is connected. It is expected to be sufficient to maintain the required power factor of +/- 0.98 at the 220 kV side.

The switchgear is sized to be able to withstand faults in the network.

4.3.6 *Gansu Yumen Wind Power Projects*

(i) Phases II & III

Yumen Phase II wind farm has a total installed capacity of 11.9 MW, and Phase III project has a total capacity of 45.9 MW.

Both phases are connected to the same 110 kV step-up substation, which is connected to Jia-Jiu power grid at the 110 kV Yangguan substation via two 12 km LGJ-150 overhead lines. Two 50 MVA transformers are installed at the substation with a total capacity of 110 MW. Each overhead line has a thermal rating of 52.9 MVA which is sufficient under normal scenario if the wind farm loss factor is 0.05 and the power factor at Yangguan substation is 0.95. However, this may not comply with 'N-1' contingency requirements, i.e. one line could not carry the full power output when the other line is out of service.

The 110 kV Yangguan substation is located in the west part of the Jia-Jiu power grid, where major generation is connected, while the loads are mainly distributed in the east part. These two areas are interconnected via three 110 kV circuits to transfer the power to supply demand. It has been identified in the grid connection report that these three circuits are not compliant with 'N-1' contingency requirement, since any circuit outage will cause overload on the remaining circuits. It was indicated that under such a scenario, the power generation of the Yumen wind farm might be curtailed. Furthermore, it was identified that due to the huge amount of generation, the reactive power in the west Jia-Jiu grid was limited to prevent over-voltage, while at the same time the load centre in the east Jia-Jiu grid was not receiving enough reactive power support. This would require additional reactive power from other parts of the Gansu Provincial Grid, which might not be available all the time.

No information was given about the availability of reactive power compensation devices in the Yumen wind farm. But it is indicated that at the wind farm grid entry point, the power factor is maintained at unity, thus we expect there should be sufficient reactive power support.

According to the short circuit calculation in the grid connection report, the fault level is 1349 MVA at the 110 kV bus-bar at the wind farm, and is 1868 MVA at the 110 kV bus-bar at Yangguan substation; the maximum fault current is less than 10 kA. The circuit breakers are able to withstand the fault level at both locations.

(ii) Diwopu I

Diwopu I wind farm has a total installed capacity of 49.3 MW. A 110 kV step-up has been constructed with one 50 MVA transformer. The power output is sent to the Jia-Jiu grid via one 15 km LGJ-240 overhead line circuit.

Within the Jia-Jiu power network, the generation sources, including all phases of Yumen wind farms, are mainly located in the west part of the network, while the load centre is in the east part. This arrangement leads to requirement to send a huge quantity of power generated from the west part to the load centre in the east via three 110 kV overhead-line circuits. With the connection of Diwopu I project, the power being transmitted through the three circuits would be even greater, since there is no significant load increase in the west local network. At present, it has been identified that these three interconnection circuits between east and west parts of Jia-Jiu grid are not compliant with 'N-1' contingency requirement. In addition, the reactive power generation from all power plants in the west Jia-Jiu grid has to be limited to prevent overvoltage in the west part of the grid, while the east load centre demands more reactive power from the west part.

It was suggested in the grid connection report that this problem is expected to be solved by future network development. A new 330 kV substation, named Changma substation, has been constructed near the 110 kV Yangguan substation in the west part of Jia-Jiu grid. The Diwopu I wind farm will be connected to this newly-built substation via one 20 km LGJ-240 overhead line circuit. The new 330 kV Changma substation is then connected to the 330 kV Jiayuguan substation located in the east part of Jia-Jiu power grid. It was indicated that with the new network reinforcement, the interconnection circuits between the east and west will meet the 'N-1' contingency requirement, and there would be no limitation on the reactive power, since all power can be transmitted to the load center in the east. The expansion work was expected to be completed in June 2009.

All WTGs installed in the wind farm have controllable power factors, each between 0.95 leading and 0.95 lagging. The maximum reactive power can be produced by all WTGs is 16.20 MVar which is about 32.4% of transformer capacity of the wind farm step-up substation. It is considered the wind farm can produce sufficient reactive power to compensate its own reactive power demand in order to maintain the required power factor at the wind farm grid entry point.

4.3.7 *Hebei Shangyi Shiren Wind Power Project*

Zhangjiakou Shiren wind farm has a total generation capacity of 49.5 MW. An on-site 110/35 kV substation with a 50 MVA transformer was built to send power out to the grid.

The substation is connected to the Zhangbei 220/110 kV grid substation via a 38 km 110 kV overhead line transmission circuit. The 110kV circuit, with the conductor type LGJ-240, has a thermal rating of 116MVA, which is sufficient to send power to the grid. Additionally, the 110 kV circuit also has extra transmission capacity of evacuating the power from the wind farm in Phase II project to the grid.

A single 35 kV bus-bar was constructed at the 110/35 kV substation for energy collection of the Phase I project. Three 35 kV circuits were built in the wind farm for wind energy collection from WTG units and connected to the 35 kV bus-bar. Additionally, a 35 kV 8 MVar shunt capacitor is installed at the substation and connected to the 35 kV bus-bar.

The Zhangbei substation is connected to the Wanquan 500/220 kV substation via two 220 kV transmission circuits. Wanquan 500 kV substation is in the middle of power transfer corridors from the Inner Mongolia Grid to the North-China Power Grid. Several 500 kV circuits connecting the 500 kV substations constitute strong links with other neighbouring 500 kV networks. As a result, voltage profile at Zhangbei 220 kV substation can be easily regulated within the operating limits under any given operational scenario. Thus, it is anticipated that voltage regulation at the Shiren wind farm would not experience any difficulty provided sufficient reactive power capacity.

There are two 220 kV circuits from the grid connection to the backbone power grid, thus N-1 contingency on 220 kV power grid would not affect power evacuation from the wind farm.

The WTGs have the reactive power capability of maintaining +/- 0.95 capacitive/inductive power at the rated MW output. Additionally the 8 MVar shunt capacitor banks are also installed at 35 kV bus-bar. As such, it is expected that the wind farm should have sufficient reactive power capacity to maintain the required power factor of +/- 0.98 at the 110kV side of the wind farm substation at all levels of the real power output.

The ratings of 110 kV and 35 kV switchgears installed at Shiren110/35 kV substation to withstand fault currents are 31.5kA and 25 kA respectively. Fault results given in the grid connection report are less than 13 kA at the 110 kV side by 2020. We consider that the switchgear is capable of withstanding the faults in the electrical network.

4.3.8 *Inner Mongolia Bayin National Wind Concession Project*

Bayin wind farm has a total power capacity of 201 MW. A 220 kV substation was constructed with two 220/35 kV 100 MVA transformers installed for power evacuation and 4×12 MVar reactive power shunt capacitors. The energy collection system comprises two 35 kV bus-bar sections with a bus-bar coupler, ten 35 kV cable circuits.

Bayin is connected to the Baotou power grid at the Wanghai 220 kV substation via a 10 km 220 kV LGJ-400 overhead line transmission circuit which has the thermal rating of 305 MVA. Wanghai 220 kV substation is then connected to the Baotou Gaoxin 500/220 kV substation via a single 220 kV transmission circuit which passes two other 220 kV substations. We consider the 220 kV overhead line from Bayin wind farm to Wanghai 220 kV substation has sufficient transmission capacity to export the wind generation from the wind farm to the grid.

Bayin is at the end of the 220 kV circuit to Baotou Gaoxin 500/220 kV substation and the total length of the single 220 kV circuit from Bayin to Gaoxin is around 200 km. There is only one 500/220 kV substation in Baotou area, thus there is a possibility that any voltage fluctuation at the 500/220 kV substation may affect voltage control at 220 kV substations in the local grid. Voltage control at Baoyin wind farm may experience difficulty in some operational scenarios, especially when the system operates during heavy load periods with insufficient reactive power support. In order to improve this, reinforcement of the Baotou 500 kV network by constructing multiple links between Baotou Gaoxin 500/220 kV substation and other neighbouring 500 kV substations is necessary.

As there is only one 220 kV circuit connecting the wind farm to the Gaoxin 500/220 kV substation, which is the centre of the local grid, occurrence of any fault on the circuit will affect the power export of the wind farm.

The WTGs installed in the Bayin wind farm have reactive power capability of +/-0.95 power factor at the rated output. Additionally 4×12 MVar shunt capacitors are also installed at 35 kV energy collection system. As such, it is expected that the wind farm should have sufficient reactive power capacity to maintain the required power factor of +/- 0.98 at the 220/kV side of the wind farm substation.

The feasibility study and grid connection study show the fault levels calculated at the 220 kV bus-bars and 35 kV bus-bars at the wind farm are much less than the fault rating of switchgear installed at the substation. This suggests the switchgear is capable of withstanding the faults in the electrical network.

4.3.9 *Inner Mongolia Chifeng Wind Power Projects*

Wudaogou Phase I has a total installed capacity of 50.25 MW, while Sunjiaying Phases I and II have a total capacity of 50.25 MW and 49.5 MW respectively.

Two 35 kV bus-bars and six 35 kV circuits were installed for energy collection of the three wind farms, with bus-bar I and four 35 kV circuits for Wudaogou and Sunjiaying Phase I, and bus-bar II and two 35 kV circuits for Sunjiaying Phase II. Additionally 2×8 MVar and 1×8 MVar reactive power compensation equipment were installed at 35 kV bus-bar I and II respectively.

A 220/35 kV substation is constructed at the Sunjiaying site with a 220/35 kV 120 MVA transformer and a 220/35kV 63 MVA transformer installed for power evacuation from all three sites to the local power grid. This is connected to Yangshugoumen 220 kV substation via a 9 km 220 kV LGJ-400 overhead line transmission circuit, which is then connected to Xijiao 220 kV grid substation in the local Chifeng power grid. The thermal rating of the overhead line circuit of 305 MVA is sufficient to send the power to the grid.

At the grid connection point of the Xijiao 220 kV substation, two 220 kV circuits are connected to the 220 kV Chifeng and Wudan substations, which are regarded as the centre of Chifeng the local power grid. It is anticipated that the local network is able to maintain the N-1 security requirement, which means if one 220 kV circuit is out of service, the other 220 kV circuit is able to transfer the power from 220 kV Xijiao substation to the system. We consider the local network has capability to export the power from the wind farms owned by Longyuan.

As there is only one 220 kV circuit connecting the 220 kV Sunjiaying substation to Xijiao 220 kV substation via Yangshugoumen 220 kV substation, there is a possibility that circuit failure of this circuit will affect the power export of the wind farm. Additionally, the distance of the 220 kV circuit from Sunjiaying 220 kV substation to Xijiao 220 kV substation is over 100 km, voltage regulation at the Sunjiaying 220 kV substation may experience difficulty should there be insufficient reactive power compensation capacity installed at the two substations, especially when the system operates during the off-peak period when the wind output is small.

The switchgear installed at 220/35 kV Sunjiaying substation is capable of withstanding the faults in the electrical network.

4.4 ***Conclusions***

The transformers at most wind farm step-up substations are appropriately sized and have sufficient capacity to export the maximum power under normal operation scenarios.

It appears that all overhead lines connecting the wind farms to the grid connection points have sufficient capacity to export the maximum power under normal operation scenarios, although most wind farms are connected by single circuits.

Most grid connection substations have sufficient transformer capacity to accommodate power generated from the wind farms under normal system operation. However, it has been noted that in the cases of the Pingtan and the Dabancheng, the transmission lines between the grid connection substations and other substations in the local networks might be overloaded.

All projects reviewed are able to maintain the power factors required by the current Chinese grid code at the grid connection points. Most wind farms have reactive power compensation equipment installed to provide reactive power support. All wind turbines have controllable power factors which allow WTGs to provide certain amount of reactive power output. We understand that capacitive equipment will be installed to improve the voltage profile in Faku Baijiagou wind farm.

Most local networks have sufficient capability to accommodate the Longyuan wind power. In Yumen Phase II, the power output may have to be curtailed due to local power system configuration and insufficient reactive power compensation in the local power network. In Dabancheng wind farm, power generation may be curtailed due to overloading of two interconnectors between the Dabancheng local network and adjacent regional power grid under N-1 contingency. The problems are expected to be solved by future network reinforcement.

All representative wind farms have appropriate switchgear installed to withstand fault current at both the wind farm step-up substations and the grid connection substations. No violation regarding switchgear rating has been identified at any of the representative wind farms.

In general, we consider the grid connection of Longyuan wind power projects has been well planned, without major constraints found to prevent power export under normal system operation. Exception exists only when the local power system operates under specific scenarios, and such situation can be eliminated by future network reinforcement.

5 Coal Power Plant Appraisal

5.1 *Plant Description*

The Jiangyin Sulong Heat and Power Generating Station is located on the Yangtze River north of the city of Jiangyin. The station generates electricity, transmitted at 220 and 110 kV, and produces steam for district heating throughout the city of Jiangyin.

The station comprises six coal fired units built in phases. Table 5.1 gives the units' capacity and their commercial operation dates.

Table 5.1: Unit Capacities and CODs in Sulong

	Unit 1 & 2	Unit 3 & 4	Unit 5 &6
Capacity (MW)	2×137.5	2×140	2×330
COD	June 1995	February 2003	December 2004

Phases 1 and 2 (Units 1, 2, 3, 4) are served by a separate coal unloading, storage, and handling system from that of Units 5 & 6. The Phase 1 and 2 coal unloading system consists of three clam shell bucket type unloaders, a stack-out conveying system, a covered storage pile, and an outdoor storage pile. The coal unloading, storage, and handling system for Units 5 & 6 is similar to that for Phases 1&2 except that it has five storage silos in lieu of the covered pile for dry coal storage. Reclaim from both outdoor piles is achieved using bucket wheel type reclaimers. Units 1 to 4 (Phases 1&2) are served by a dual inclined conveyor which feeds a total of eight silos; two per unit, each feeding coal to a coal ball mill. The pulverized coal from the ball mills is discharged through a cyclone separator which directs the fine coal to a storage silo and redirects the oversized particle back to the ball mill for regrinding. The pulverized coal enters a distribution conveyor, which can direct it to any one of the eight pulverized coal storage silos throughout Units 1, 2, 3 and 4. From the pulverized coal storage silo, the coal is directed to the burner levels on the individual units using the primary air fans. Units 5 & 6 are served by their own dual inclined conveyor system which feed a total of six coal silos; three on each unit. The coal is fed from the silos through a gravimetric feeder to a pressurized ball mill, and then blown through coal pipes to the burner levels of the unit using the unit's primary air fans. There is no storage of pulverized coal on Units 5 & 6.

All six of the boilers are corner fired boilers manufactured by Shanghai Boiler Company. They are equipped with low NOx burners with two levels of overfire air. The Units 1 and 2 boilers are single reheat units producing 420 t/h of main steam at 540°C, 13.7 MPa, and 350 t/h of reheat steam at 540°C, 2.62 MPa. The Units 3 and 4 boilers are single reheat units producing 435 t/h of main steam at 540°C, 13.7 MPa and 356 t/h of reheat steam at 540°C, 2.62 MPa. The Unit 5 and 6 boilers are also single reheat units producing 1080 t/h of main steam at 541°C, 17.5 MPa and 854.2 t/h of reheat steam at 541°C, 3.72 MPA.

Flue gas exits the boiler and enters a lungstrom style air preheater, followed by an electrostatic precipitator and a flue-gas desulphurisation (FGD) system for SO2 removal. Units 1 and 2 share a common FGD system absorber, as do Units 3 & 4. Units 5 and 6 are equipped with separate absorbers. Each of the units has two forced draft (FD) fans and two induced draft (ID) fans and each FGD system is equipped with a booster fan, bypass duct, and damper. There are gas to gas heat exchangers downstream of each absorber which are used to reheat the flue gas entering the chimney to approximately 90°C. There are three chimneys; each serving two units. The FGD systems are served by a common limestone handling and preparation system located on the North side of the plant.

Fly ash is collected from the electrostatic precipitator hoppers and the economiser hoppers, and conveyed pneumatically to storage silos that discharge to either trucks or barges for transport to customers. There are two flyash systems; one for Units 1 to 4, and one for Units 5 & 6. Bottom ash is collected in wet bottom ash hoppers and conveyed hydraulically to dewatering silos. There are separate bottom ash systems for Units 1 to 4 and 5 & 6. Bottom ash is also sold for reuse. The FGD systems produce marketable gypsum using a forced oxidation system. The gypsum generated by FGD system after de-watering is sold to cement factories and gypsum wallboard factories. This complies with the Chinese government policy of "Resources' Comprehensive Utilisation."

The steam from each unit's boiler is directed to the unit's steam turbine. All six of the turbines were manufactured by Shanghai Steam Turbine Manufacture. They are single reheat units with extractions feeding two high pressure feedwater heaters; a deaerator and four low pressure feedwater heaters. The turbines exhaust to a surface condenser cooled by an open cooling water system withdrawing water from, and discharging water to, the Yangtze River. The river water temperature reaches 30°C in the summer. At this time there are no relevant national regulations to limit the temperature of the discharge water. Each of the turbines is furnished with supervisory instrumentation monitoring vibration and rotor position.

The station provides steam to the city of Jiangyin for district heating and furnishes hot water to the local area in tanker trucks. None of the condensate is recovered and returned to the station, so the station has a significant make-up water requirement.

There are separate water treatment systems for Units 1 to 4 and Units 5 & 6. The water treatment systems consist of clarifiers followed by anion and cation ion exchange vessels, followed by mixed bed demineralizers. The Yangtse River is the source of make-up water.

Units 1 to 4 are equipped with Network 6000 distributed control systems (DCS), while Units 5 & 6 have Foxboro I/A systems. Each of the FGD systems has a separate control room with its own control system. These communicate with the main unit DCS. The water treatment systems have separate control rooms and control systems.

Each unit's generator output is transformed to 220 kV by its own individual step up transformer. The unit 2 step up transformer has an additional winding that allows it to feed the 110 kV transmission system. Each unit has a station service transformer that feed the 6 kV bus on each unit. Units 1 through 4 are cross connected at the 6 kV level by bus ties. The same is true of Units 5 & 6. Units 1 through 4's 6 kV bus is fed from the 220 kV transmission system through a step down transformer. The 6 kV bus for Units 5 & 6 is also fed from the 220 kV transmission system via a separate step down transformer.

5.2 ***Condition of Equipment***

Based on our preliminary review of the facility and the documents provided, the station appears to be in good operating condition. No significant problems with the major equipment such as the boiler, steam turbine, fuel handling, or flue gas treatment systems have been reported. The Units 1 and 2 boiler economizers are being replaced to add more surface area. No other boiler sections have been replaced or have experienced excessive tube failures. Station personnel indicate that problems with corrosion of the lower furnace water wall tubes have not occurred. This is a common problem associated with the operation of Low NOx burners. The station monitors tube wall thickness during the scheduled outages.

A review of the materials used for the boiler components and major high pressure piping systems indicates that proper materials have been selected for the applications.

The materials used in the FGD system are conventional for China. The absorber modules are carbon steel lined with flake glass. The internal spray piping is Fibre-glass Reinforced Plastic (FRP) with silicon carbide spray nozzles. The external spray piping is rubber lined carbon steel, and the recycle pumps are rubber lined cast stainless steel. The gas to gas re-heater is made of ceramic. Flake glass lining of FGD absorber modules is not common in the US. It was common practice in the early days of FGD, but today most absorbers are made of solid alloy, alloy linings, or acid resistant tiles. Also, gas-gas heaters are no longer used in the US downstream of FGD systems. When they were first installed, they were high maintenance items prone to failure. Today, most stations that are equipped with FGD in the US operate with wet stacks, and are either relined or built with chimneys made of corrosion resistant materials, so the need for flue gas re-heaters downstream of FGD systems has been eliminated.

Selected outage reports and equipment operating and maintenance manuals were reviewed on a high level basis. The level of documentation and record keeping appears to be complete. Outage reports are created and filed for each outage. Separate reports are created for the turbines and boilers and their respective auxiliary equipment.

A walk down of the facility indicated that the plant is kept clean and in a safe condition. The boilers are located outdoors, while the steam turbines, feed water heaters, and boiler feed water pumps are housed in a building, keeping the presence of coal dust in the steam turbine area to a minimum.

As noted above, pulverized coal is stored in silos, prior to being blown into the furnace on Units 1 through 4. This is unusual and could be considered dangerous because pulverized coal can be explosive. Station personnel are aware of this and state that they take extra precautions with equipment and site cleaning routines and maintenance to minimize the build-up of coal dust. Coal preparation on Units 5 & 6 is more conventional in that the pulverized coal is not stored, but blown directly into the furnace once pulverized.

The station has significant level of margin and redundancy in the major equipment. There are two 100% coal mills on Units 1 to 4, and three 60% capacity coal mills on Units 5 & 6. Each unit has two 60% capacity FD fans and two 60% capacity ID fans. There are two 100% capacity condensate pumps on each unit, and two 100% capacity boiler feed pumps on Units 1 to 4. Units 5 & 6 are each equipped with two 50% capacity steam turbine driven boiler feed pumps and one 50 % capacity motor driven boiler feed pump.

Units 1 & 2 are served by a common FGD absorber with four 33% capacity recycle pumps (three operating, one standby at full load), as are Units 3 & 4. Units 5 & 6 each have their own absorber with four 33% capacity recycle pumps (three operating, one standby at full load). There is a bypass flue duct with a bypass damper between inlet and outlet of each absorber. During normal operations the damper is closed. The bypass is only used during emergencies. The station has a common limestone preparation system with two 100% capacity trains consisting of dry limestone ball mills, product silos and slurry storage tanks, and a common gypsum dewatering system.

A notable feature of the plant is that space and some structural steel has been designed into the existing facility to accommodate the future installation of Selective Catalytic Reduction systems on each unit should future NOx emissions regulation limits require this technology.

With the exception of some of the features of the FGD systems, the major equipment at the station is comparable to that installed in the US. The boilers, turbines, and their associated equipment all compare favourably. The electrostatic precipitators are equipped with rigid electrodes and are adequately sized. The equipment appears to be well maintained and in good condition. It should be noted that the station is relatively new, with the first two units being placed in commercial operation in 1995.

5.3 *Plant Operation and Efficiencies*

Monthly operating reports for the years 2006, 2007 and 2008 were reviewed. Since Units 1 to 4 are combined heat and power (CHP) generation, we investigated the plant production including electricity generation and stream extraction. As shown in Table 5.2, the production is satisfactory.

Table 5.2: Sulong Production and Utilisation Hours

		Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Total
capacity (MW)		137.5	137.5	140	140	330	330	1,215
2006	gross generation (TWh)	748	778	698	773	1,776	2,019	6,792
	utilisation hours (hours)	5,439	5,660	4,988	5,518	5,382	6,117	—
	plant use (TWh)	—	—	—	—	—	—	37.99
	net generation (TWh)	—	—	—	—	—	—	6,730
	steam extraction (TJ)	814	847	747	826	—	—	3,234
2007	gross generation (TWh)	824	795	733	676	2,284	2,101	7,414
	utilisation hours (hours)	5,993	5,785	5,234	4,838	6,919	6,367	—
	plant use (TWh)	—	—	—	—	—	—	41.90
	net generation (TWh)	—	—	—	—	—	—	6,948
	steam extraction (TJ)	987	985	926	823	—	—	3,720
2008	gross generation (TWh)	787	724	732	756	2,086	2,176	7,262
	utilisation hours (hours)	5,723	5,268	5,228	5,402	6,322	6,594	—
	plant use (TWh)	—	—	—	—	—	—	43.56
	net generation (TWh)	—	—	—	—	—	—	6,781
	steam extraction (TJ)	1,038	955	948	980	—	—	3,920

Station and Unit efficiencies are reported in terms of grams of coal consumed per kilowatt hour and kilograms of coal consumed per gigajoule steam produced. Average annual efficiencies, provided to us by Longyuan, in terms of heat rate and availability for the three years of operating data are presented in Table 5.3.

Table 5.3: Unit Heat Rate and Availability of Sulong

			Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6
2006	Heat Rate - electricity	g/kWh	327	327	326	326	326	326
		kJ/kWh	9,571	9,571	9,542	9542	9,542	9,542
	Heat Rate - Steam	kg/GJ	40.25	40.25	39.97	39.97	—	—
		MJ/GJ	1,178	1,178	1,170	1,170	—	—
	Availability	%	97.06	97.06	96.91	96.91	85.4	95.5
2007	Heat Rate - electricity	g/kWh	320	320	320	320	317	317
		kJ/kWh	9,367	9,367	9,367	9,367	9,279	9,279
	Heat Rate - Steam	kg/GJ	40.57	40.57	40.54	40.54	—	—
		MJ/GJ	1,188	1,188	1,187	1187	—	—
	Availability	%	96.92	92.22	97.2	96.93	96.67	86.25
2008	Heat Rate - electricity	g/kWh	316	316	317	317	316	316
		kJ/kWh	9,250	9,250	9,279	9,279	9,250	9,250
	Heat Rate - Steam	kg/GJ	40.18	40.18	40.21	40.21	—	—
		MJ/GJ	1,176	1,176	1,177	1,177	—	—
	Availability	%	93.89	100	93.31	97.11	95.29	96.12

Since Units 1 to 4 are CHP generation, the heat rate given in Table 4-2 allocated to electricity generation excluding the heat production are overall more efficient than similar size pure power generation units.

Unit downtime hours due to dispatch are reported for each month. It appears Units 5 & 6 are dispatched on more than 90% of the time that they are available, whereas Units 1 to 4 are off-line significantly more. Unit 3, in particular, was off-line due to dispatch more than 20% of the time that it was available during the years 2006, 2007 and 2008. Unit 4 also has a high number of downtime hours due to dispatch. It appears that the increase in capacity that resulted from the turbine upgrades performed on Units 1 and 2 have made these units preferable to Units 3 and 4 in the dispatch order.

The steam turbines on Units 1 and 2 were replaced to gain additional capacity. The Units were tested in October 2001, prior to the upgrades, and then retested after the upgrades. Unit 1 was tested in December 2001. The capacity of the unit was raised to 138 MW from 125 MW and the heat rate was improved. Unit 2 was tested in April 2002. Its capacity was raised to 138 MW as well and its heat rate improved.

Units 5 and 6 underwent testing after their initial two years of operation. The results of the testing showed that the major equipment and the auxiliaries were operating normally.

The station has produced their own Operating and Maintenance manuals for the boilers and turbines. Those for the boiler contain information on the coal mills, FD and ID fans, the Air Pre-heater, and the Electrostatic Precipitator. The manuals for the turbines cover the feed-water heaters, the condensers, boiler feed pumps, and auxiliary turbines.

5.4 *Environmental Issues*

Emissions data was provided for the months from July 2007 to October 2008. Daily average Particulate, SO2, NOx, and flow data are listed in terms of mg/Nm^3 and total tons per day for each. Monthly averages, and maximum and minimum emissions concentrations are also listed. All six units meet the emissions limits as set by the regulatory agencies. The station is controlling NOx using Low NOx burners with overfire air. Lower NOx emissions limits are expected in China in the near future, and as stated earlier the station is in a good position to install Selective Catalytic Reduction (SCR). The FGD systems are operating above 90% removal efficiency. The particulate emissions on Units 1 & 2 are higher than those of 3, 4, 5 and 6 probably because the precipitators are three fields deep rather than four.

The emissions data for the period from July 2007 to October 2008 indicate that the gas-gas heater (GGH) operated satisfactorily, achieving stack gas temperatures above 90°C. It is reported that gas-gas heaters installed on other FGD systems in China have experienced problems with plugging and heat exchanger tube failures, so we would suggest that the operational staff should take extra-care of these heaters.

There is also an indication that the government may not allow the operation of the FGD bypass in the future. This would require that the FGD systems to be available to allow the units to operate. We consider the FGD systems have spare recycle pumps and sufficient margin to achieve high levels of availability.

The station markets all of its solid waste. Fly ash and bottom ash are sold as cement substitute and asphalt base; the gypsum produced by the FGD system is sold to the cement industry or to wallboard manufacturers. This complies with the Chinese government policy of "Resources' Comprehensive Utilisation."

Most of the liquid waste streams are recycled in the station and used for dust suppression, lawn watering, etc. following treatment for solids removal and neutralization.

5.5 *Conclusions*

The station appears to be a well run power station. The equipment is in good condition and the station personnel that were interviewed have a very good understanding of the operation and maintenance procedures of the station. The level of documentation in terms of outage reports, operating data, emissions data, and equipment manuals is complete. The only known major expenditure that the station could be faced with is the installation of SCRs but, as stated previously, space has been allocated for the reactors and ductwork, hence installation should be relatively simple.

The station may be faced with modifying its cooling system if the government adopts environmental regulations limiting the temperature of the cooling water discharge to the Yangtse River.

The power station appears to have been designed with significant margin, especially in the fuel handling, storage, and preparation systems. In addition each of the major components has some margin to allow each unit to operate above half load should a single component, such as an FD or ID fan, fail.

The operational and emissions data indicates that the station is performing satisfactorily. Solid waste is sold and utilised.

6 Conclusions and Recommendations

During the course of our technical appraisal, Mott MacDonald engineers visited eighteen wind farms and one coal power plant situated in eight different Provinces and Autonomous Regions in China, west from Xinjiang to the east in Jiangsu; north in Jilin to south in Fujian.

We were impressed by the enthusiasm and diligence of the site staff who provided responses to our technical questionnaire and attended meetings and discussions with us despite being very busy.

All wind farms we visited had the equipment supplied by well-known international or domestic manufacturers who employ proven technologies and have track records in the market. We are of the view that the turbine technologies are in accordance with current industrial standards, some of the sites were built to a high standard, exceeding our expectations. All plants are well operated and maintained.

Turbine availability and power generation were the two key operational performance indictors we used in our appraisal. We are able to confirm that the availability of the wind farms reviewed was higher than the manufacturer's guarantee of 95% and the actual electricity generation was also in line with the forecast made in feasibility studies.

Most of the wind farms we reviewed had their own dedicated substations with adequate electrical equipment installed to export electricity via overhead circuits to the power grids. The substation equipment is appropriately sized to withstand system faults and reactive compensation is installed in many wind farms to meet technical requirements of the power grid.

The coal power plant was well operated and maintained. The majority of key equipment was comparable to those in the US. The plant operational and emission data are also satisfactory. Solid waste is sold and utilised.

We found during our site visits that most of the wind farms employed more staff than we have seen in the Europe and the US. We believe this is an area which the Company could consider reviewing and make further improvements by reducing the number of staff on site when building new projects, although Longyuan said more staff was also for future expansion.

Longyuan has a very ambitious expansion plan to develop more wind power projects in China. We believe that the Company, with its strong technical capability, has sufficient capacity to develop, operate, maintain and manage wind farms in China and overseas.

Appendix A List of Key Documents Reviewed

Ref	Document Title
1	Phase II of Rudong Concession Project Feasibility Study Report
2	The Expansion Project of Phase II of Jiangsu Rudong Wind Concession Project Feasibility Study Report
3	Fujian Pingtan World Bank Project Feasibility Study Report
4	Phase I Jilin Tongyu Wind Concession Project Feasibility Study Report
5	Phase II Jilin Tongyu Wind Farm Concession Project Feasibility Study Report
6	Liaoning Faku Baijiagou Project Feasibility Study Report
7	Phase II of Dabancheng Plant 3 Project Feasibility Study Report
8	Phase III of Dabancheng Plant 3 Project Feasibility Study Report
9	Phase IV of Dabancheng Plant 3 Project Feasibility Study Report
10	Phase III of Yumen Project Feasibility Study Report
11	Yumen Sansilijingzi Project 49.5 MW Feasibility Study Report
12	Phase I of Hebei Shangyi Shiren Wind Power Project Feasibility Study Report
13	Inner Mongolia Bayin National Wind Concession Project Feasibility Study Report
14	Phase I of Inner Mongolia Wengniute Wudaogou Wind Power Project Feasibility Study Report
15	Phase I of Chifeng Wengniute Sunjiaying Wind Power Project Feasibility Study Report
16	Phase II of Chifeng Wengniute Sunjiaying Wind Power Project Feasibility Study Report
17	Huangang (100 MW) Grid Connection Study Report
18	Lingyang (50 MW) Grid Connection Study Report
19	Dongling Grid Connection Report
20	Pingtan Changjiangao Project Grid Connection Study Report
21	Phase II of Jilin Tongyu Project Grid Connection Study Report
22	Faku Baijiagou Project Grid Connection Study Report

Ref	Document Title
23	Phase II of Dabancheng Plant 3 Project Grid Connection Study Report
24	Phase III of Dabancheng Plant 3 Project Grid Connection Study Report
25	Phase IV of Dabancheng Plant 3 Project Grid Connection Study Report
26	Yumen Phase III Expansion Project Grid Connection Study Report
27	Sanshilijingzi Project Grid Connection Study Report
28	Phase I of Zhangjiakou Shangyi Shiren Project Grid Connection Study Report
29	Inner Mongolia Damao County Project Grid Connection Study Report
30	Sunjiaying (Wudaogou) Project Grid Connection Study Report
31	Phase II of Sunjiaying Project Grid Connection Study Report
32	Rudong Dongling Met Mast Data
33	Rudong Huangang Met Mast Data
34	Rudong Lingyang Met Mast Data
35	Pingtan Met Mast Data
36	Tongyu Phase I Met Mast Data
37	Tongyu Phase II Met Mast Data
38	Faku Baijiagou Project Met Mast Data
39	Shiren Phase I Project Met Mast Data
40	Bayin Project Met Mast Data
41	Wudaogou Phase I Project Met Mast Data
42	Sunjiaying Phase I Project Met Mast Data
43	Sunjiaying Phase II Project Met Mast Data
44	Rudong Dongling Operation and Maintenance Record
45	Rudong Huangang Operation and Maintenance Record
46	Rudong Lingyang Operation and Maintenance Record
47	Pingtan Project Operation and Maintenance Record
48	Tongyu Phase I Operation and Maintenance Record
49	Tongyu Phase II Operation and Maintenance Record
50	Faku Baijiagou Project Operation and Maintenance Record
51	Dabancheng Plant 3 Phase II Project Operation and Maintenance Record
52	Dabancheng Plant 3 Phase III Project Operation and Maintenance Record
53	Dabancheng Plant 3 Phase IV Project Operation and Maintenance Record
54	Yumen Phase II Operation and Maintenance Record
55	Yumen Phase III Project Operation and Maintenance Record
56	Diwopu I Project Operation and Maintenance Record
57	Shiren Phase I Project Operation and Maintenance Record
58	Bayin Project Operation and Maintenance Record
59	Wudaogou Phase I Project Operation and Maintenance Record
60	Sunjiaying Phase I Project Operation and Maintenance Record
61	Sunjiaying Phase II Project Operation and Maintenance Record
62	Goldwind GW77-1500 kW Technical Specification
63	Acciona IT1500CII Technical Specification
64	Gamesa G5X Doubly Fed Inductive Machine and LVRT Solutions
65	Gamesa Characteristics and General Operating of the Gamesa G5x-850 kW 50 HZ-60 HZ Wind Turbine Platform
66	Gamesa Characteristics and General Operation of the Wind Turbine Platform Gamesa G8X-2MW
67	GE77 1.5sle Technical Specification
68	Sinovel FL1500 Technical Specification
69	Vestas V80 Technical Specification

This appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Hong Kong and the PRC.

A. TAXATION IN THE PRC

Taxes Applicable to Joint-Stock Limited Companies

Enterprise Income Tax

Enterprise Income Tax Law of the People's Republic of China ("Income Tax Law") was promulgated on March 16, 2007, effective January 1, 2008. The Income Tax Law regulates the rate of enterprise income tax at 25%. Enterprises established before promulgation of the Income Tax Law and entitled to benefit from a preferential tax rate as per the tax laws and administrative regulations then prevailing may gradually shift to the tax rate defined by the Income Tax Law within five years after effectiveness of the Income Tax Law according to requirements of the State Council. Those entitled to the preference of fixed tax holiday or fixed-term tax reductions may continue to benefit in the same manner according to the requirements of the State Council until expiration of the tax holiday or the term of the preference. For those who have not benefited from such preference due to the failure to realize profit, the preference will be applied starting from the effective date of the Income Tax Law, January 1, 2008.

Business Tax

According to the *Provisional Regulations of The People's Republic of China on Business Tax* and the *Detailed Rules for Implementation of the Provisional Regulations of The People's Republic of China on Business Tax*, both of which became effective on January 1, 1994 and first amended on January 1, 2009, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The latest amendments of the abovementioned regulations and rules supplemented the regulatory system in the following aspects:

- Insurance services provided by domestic insurance institutions for exporting goods are exempted from business tax;
- The withholding agent of the business tax should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services, transferring intangible assets or selling estate within the territory of the PRC but have no business institutions in the PRC; or (ii) the assignee of the assets or the purchaser of the services in case there is no domestic agent.
- The column specifying the taxable services and business is deleted from the appendix of the regulations, which enable the Ministry of Finance and the SAT to define the scope of taxable business and services.
- The preferential policies approved by the State Council before the effectiveness of the abovementioned amendments on January 1, 2009 could still be applied.

Value-added Tax (VAT)

According to the *Provisional Regulations of the People's Republic of China on Value-added Tax* in effect since January 1, 1994 and *the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax* in effect since December 25, 1993, both of which are first amended on January 1, 2009, all institutions and individuals selling goods or providing processing, repairing or replacement services or importing goods within the PRC shall pay VAT. The tax rate of 13% shall be levied on general taxpayers selling or importing grain, edible vegetable oil, tap water, heating supply, air-conditioning, gas, liquefied petroleum gas, natural gas, marsh gas, coal products for civil use, books, newspapers, magazines, feedstuff, chemical fertilizer, pesticide, farming machines, films for agricultural use and other goods specified by the State Council; the rate applicable to goods exported by taxpayers shall be zero unless otherwise prescribed by the State Council. The rate of 17% shall be levied on taxpayers selling or importing goods other than the abovementioned items, and to taxpayers providing processing, repair or replacement services. The rate applicable to goods sold or taxable services provided by small-scale taxpayers is 3% (formerly 6%). A small-scale taxpayer is defined as a taxpayer engaged in the manufacturing of goods or the supply of taxable services, or primarily dealing in the manufacturing of goods or supply of taxable services while concurrently engaged in the wholesale or retail of goods as secondary operations, and has annual taxable sales (hereinafter referred to as "taxable sales") of less than RMB1 million; or a taxpayer engaged in the wholesale or retail of goods and having annual taxable sales of less than RMB1.8 million. Individuals, non-enterprise institutions, and enterprises not frequently incurring taxable activities with annual taxable income beyond the figure set for small-scale taxpayers shall be deemed as small-scale taxpayers for the purpose of VAT payment.

In addition, the new regulations and rules also provide the following:

- The input tax for purchasing fixed assets could be deducted from the output tax;
- The withholding agent of the VAT should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services within the territory of the PRC but have no business institutions in the PRC; or (ii) the assignee of the assets or the purchaser of the services in case there is no domestic agent.
- The preferential policies approved by the State Council before the effectiveness of the abovementioned amendments on January 1, 2009 could still be applied.

Stamp Tax

According to the *Provisional Regulations of the People's Republic of China on Stamp Duty and the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Stamp Tax* as brought into effect on October 1, 1988, all institutions and individuals executing or receiving taxable documents within the PRC shall pay stamp tax. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble a contract in nature, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the Ministry of Finance.

Taxes Applicable to Shareholders of Companies

Dividend-related Tax

According to the *Law of the People's Republic of China on Individual Income Tax* brought into effect on September 10, 1980 and the first amendment on October 31, 1993, second amendment on August 30, 1999, third amendment on October 27, 2005 and latest amendment on June 29, 2007, individual income tax at the rate of 20% shall be levied on dividends of H shares received by any and all foreign individuals that are non-Chinese residents. However, according to the terms of the *Circular on Questions Concerning Tax on the Profits Earned by Enterprise with Foreign Investment, Foreign Enterprises and Foreign Individuals From Transfer of Stocks (Stock Rights) and on Dividend Income* as promulgated by the State Administration of Taxation on July 21, 1993 (hereinafter referred to as the "Taxation Notice"), the income from dividends (bonuses) received by foreign enterprises and foreign individuals who hold B-shares or overseas shares from China's domestic enterprises which issue B-shares or overseas shares, is temporarily exempted from enterprise income tax and individual income tax. Furthermore, it is specified in the *Letter of the State Administration of Taxation concerning Taxation Issues of Dividends Received by Foreign Individuals Holding Shares of Companies Listed in China* as promulgated by the State Administration of Taxation on July 26, 1994 that dividends (capital bonuses) received by foreign individuals holding B-shares or overseas shares (including H-shares) from Chinese enterprises issuing such shares are temporarily exempted from individual income tax.

As of yet, the tax authority in charge has not imposed any individual income tax upon dividends of overseas shares. Individual income tax, therefore, is temporarily exempted or reduced for dividends or other distributions of H-shares held by any foreign enterprises or foreign individuals according to the prevailing PRC laws and regulations.

According to the *Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Oversea H-share Holders (Enterprise shareholders) from Chinese Resident Enterprises* (關于中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知)(國税函[2008]897號) issued by the State Administration of Taxation on November 6, 2008, enterprise income tax at the rate of 10% shall be levied on dividends of H-shares of 2008 and thereafter received by any oversea enterprise shareholders that are non-Chinese residents from Chinese resident enterprises.

Share transfer-related tax

According to the Law of the People's Republic of China on Individual Income Tax as brought into effect on September 10, 1980 and amended four times on October 31, 1993, August 30, 1999, October 27, 2005 and June 29, 2007, respectively, proceeds received from sale of capital securities by any non-Chinese resident individual shall be levied an individual income tax of 20%. However, according to the Taxation Notice, income tax is temporarily exempted for net income obtained by foreign enterprises through transferring B-shares or overseas shares (including H-shares) issued by Chinese enterprises and not held by the foreign enterprises' organizations or related business entities within the territory of the PRC, and for income received by foreign individuals from transfers of their B-shares or overseas shares (including H-shares) issued by Chinese enterprises. Furthermore, pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation concerning the Continued Individual Income Tax Exemption for Individuals' Proceeds from Share Transfers which came into effect on March 30, 1998, and effective since January 1, 1997, individual income tax exemption is continually valid from individuals' transfers of shares of public companies.

Estate duty or inheritance tax

There is no estate duty or inheritance tax levied in China at present.

Stamp Tax

According to the terms of the *Provisional Regulations of the People's Republic of China on Stamp Duty*, the applicable stamp tax of the PRC on transfers of shares of PRC public companies shall not apply to purchases and dispositions of H-shares that take place outside the PRC. The Provisional Rules provide that PRC stamp tax shall be only levied on all the types of documents executed or received and legally bound within the territory of the PRC and protected under the PRC laws.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The foreign exchange control system of China has experienced a number of reforms and the current system contains three major regulatory laws and regulations since 1993. The People's Bank of China ("PBC"), as authorized by the State Council, promulgated the *Announcement Concerning Further Reformation of the Foreign Exchange Control System* on December 28, 1993, which was brought into force on January 1, 1994. The *Regulations of the People's Republic of China on Management of Foreign Exchanges* ("Foreign Exchange Regulations") promulgated by the State Council, implemented on April 1, 1996, first amendment on January 14, 1997 and latest amendment on August 6, 2008, applies to the receipts, payments or business activities in China that are transacted in foreign currencies by domestic institutions, individuals, foreign institutions and foreign individuals visiting China. The *Regulations on Control of Foreign Exchange Settlements, Sales and Payments* issued by PBC on June 20, 1996 and implemented on July 1, 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and foreign individuals visiting China.

PBC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies in the inter-bank foreign exchange market.

Before the second amendment of the Foreign Exchange Regulations in August 2008, unless special immunity is obtained, all organizations and individuals in China shall sell their exchange income to designated banks, but foreign-funded enterprises are permitted to retain a certain percentage of their exchange income, to be deposited in a foreign exchange bank account opened in designated banks. In addition, exchange income arising from loans from foreign institutions or from issuance of shares or bonds valued in foreign currencies need not be sold to designated banks but shall be deposited in designated foreign exchange accounts with designated banks. Capital foreign exchange must be deposited in foreign exchange accounts opened with designated banks. However, the newly revised Foreign Exchange Regulation substantially changed the regulatory system by abolishing the compulsory sale principle of the exchanges income under current items, which means enterprises and individuals have the option either to sell to banks or keep the exchange income.

The PRC government has been loosening its control over foreign exchange purchases. Any Chinese enterprise in need of foreign currencies in their day-to-day business activities, trade and nontrade operations, import business and payment of foreign debts may purchase foreign currencies from designated banks, provided that they submit the required appropriate supporting documents. In addition, if foreign-funded enterprises are in need of foreign currencies for distributing dividends, capital bonuses or profits to foreign investors, the amount so needed after payment of the appropriate dividend tax may be drawn from the enterprises' foreign exchange accounts maintained with designated banks. If the foreign currency in such an account is insufficient, the foreign-funded enterprise may apply to the government authority in charge for purchasing the necessary amount of foreign currency from a designated bank to cover the deficiency. Although the foreign exchange control over transactions under current accounts has decreased, enterprises shall obtain approval from the State Administration of Foreign Exchange before they accept foreign-currency loans, provide foreign-currency guarantees, make investments in foreign countries or carry out any other capital account transactions involving the purchase of foreign currencies.

In foreign exchange transactions, designated banks may freely determine applicable exchange rates based on the rates publicized by PBC and subject to certain governmental restrictions.

The *Notice Concerning Foreign Exchange Control of Overseas-listed Enterprises*, as jointly promulgated by China Securities Regulatory Commission ("CSRC") and the State Administration of Foreign Exchange ("SAFE"), came into effect on January 13, 1994, and provides that:

- Funds raised by domestic enterprises through issuing shares in foreign countries shall be categorized as income from capital projects, and may be deposited in cash in foreign exchange accounts opened in China as approved by the SAFE.
- A domestic enterprise issuing shares in foreign countries shall, within ten days after the foreign funds raised through the issuance of the shares have become available, transfer the full amount of the funds into China and deposit the amount in a foreign exchange account opened with approval.
- Foreign currencies needed by domestic enterprises issuing shares in foreign countries for the purpose of distributing dividends and capital bonuses to overseas shareholders may be paid and remitted by the enterprises' banks from their foreign exchange accounts with approval of the SAFE. The enterprises' foreign currency uses for other purposes shall be handled according to applicable regulations.
- If the sum of foreign-currency funds raised by a domestic enterprise through the issuance of shares in foreign countries reaches 25% or more of the enterprise's total equity, it may apply to the Ministry of Commerce of the PRC (previously known as the Ministry of Foreign Trade and

Economic Cooperation of China) or its authorized department to establish a Sino-foreign joint venture according to the Law on Sino-foreign Joint Ventures. If it is granted the status of a Sino-foreign joint venture, its foreign-currency income and expenses shall be handled pursuant to the foreign exchange control regulation governing foreign-invested enterprises.

The *Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises*, jointly issued by CSRC and SAFE, took effect on September 1, 2002, and provides that:

- Domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors shall, within 30 days after obtaining CSRC's approval for issuing and listing shares in foreign countries, fulfill the procedure with SAFE for foreign exchange registration of overseas-listed shares.

- Companies with foreign shares listed overseas shall, within 30 days after the funds raised have become ready, transfer into China the amount of the funds remaining after deduction of associated costs and expenses, and shall not retain the funds in foreign countries without permission of SAFE. The funds transferred back into China shall be subject to control as if they were funds directly injected by foreign investors and may be kept in earmarked accounts or be used for foreign exchange settlement if approved by SAFE.

- Foreign-currency funds, obtained by domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors through reducing holdings of shares in listed companies or through the listed companies' sale of their assets (or equity), shall be transferred back into China within 30 days after the funds become available and after deduction of associated costs and expenses, which may not be detained in foreign countries without approval of SAFE. Foreign exchange settlement shall be made for such funds as approved by SAFE after they are transferred back into China.

- If overseas accounts are to be opened to temporarily keep the abovementioned foreign-currency funds before they are transferred back into China, application may be made to SAFE for opening such earmarked foreign exchange accounts, of which the maximum term shall be 3 months from the date of account opening.

- Overseas listed companies controlled by Chinese investors who have injected funds raised in China as investment or foreign debts shall fulfill appropriate procedures according to prevailing regulations governing investments, foreign debts and foreign exchange control.

- The procedure for foreign exchange registration of overseas investment shall be carried out according to regulations for overseas investments of domestic equity holders of overseas listed companies controlled by Chinese investors who inject assets or equity in foreign countries. The asset or equity to be so injected shall be appraised, the amount of the overseas investment shall not be less than the appraised value of the asset or equity to be injected, and the asset appraisal and confirmation procedure prescribed by the state-owned assets administration shall be fulfilled if the investment involves state-owned assets.

- Companies with foreign shares listed overseas needing to repurchase their own shares listed and circulated in foreign countries shall, after obtaining the approval from CSRC, follow procedures set by SAFE for changing foreign exchange registration of their overseas-listed shares and for approval of opening an overseas account and remittance of funds to foreign countries.

On September 9, 2003, SAFE issued the *Notice Concerning Improving Foreign Exchange Control of Overseas Listings*, clarifying relevant issues in the *Notice Concerning Further Improving Foreign Exchange Control of Overseas Listings*. On February 1, 2005, SAFE issued the *Notice Concerning Foreign Exchange Control of Overseas Listings*, further revising and supplementing the abovementioned notices as follows:

- The time limit for domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors to transfer funds back into China has been extended to "within six months after the funds so raised have become ready'', and for earmarked overseas foreign exchange accounts, the time period has been extended to "two years from the date of account opening."

According to the second amendment of the Foreign Exchange Regulations effective on August 6, 2008, the aforesaid requirement to transfer the exchange income back into China is further loosened. It states that the exchange incomes could be transferred back to China or kept in oversea accounts under prescribed conditions and/or within prescribed time limit.

B. TAXATION IN HONG KONG

Hong Kong

Tax on Dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Taxation on gains from sale

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the H-Shares. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 17.5% on corporations and at a maximum rate on individuals of 16%. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for examples, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H-Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H-Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for, or the market value of, the H-shares, will be payable by the purchaser on every purchase and by the seller on every sale of H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H shares). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of H-shares. Where one of the parties to a transfer is resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities regulations. It also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between PRC Company Law and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and the Mandatory Provisions.

1. PRC LAWS AND REGULATIONS

(a) The PRC legal system

The PRC legal system is based on the PRC Constitution (hereinafter referred to as "the Constitution") and is made up of written laws, administrative regulations, local regulations, autonomy regulations and separate rules, rules of State Council departments, rules of local governments and international treaties of which the PRC government is a signatory. Court judgments do not constitute legally binding precedents, although they may be used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC ("the Legislation Law"), the National People's Congress ("NPC") and the standing committee of the NPC ("the Standing Committee") are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offences, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people's congresses at the provincial level and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The people's congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of Laws passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and supervisory authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the supervisory authorities under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

(b) **The PRC judicial system**

According to the Constitution and the *Law of Organization of the People's Courts of the PRC* (hereinafter referred to as the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance is legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the judicial supervisory procedures.

The *Civil Procedure Law of the PRC* (hereinafter referred to as the "Civil Procedure Law") sets forth provisions for the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought, provided that the court of jurisdiction is located in either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limits the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country. If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. The time limit for the submission of an application for enforcement shall be two years. The suspension or termination of the time limit for the submission of an application for enforcement shall be governed by the provisions on the suspension or termination of the statute of limitation.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

(c) The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the *Company Law of the PRC* was adopted by the standing committee of the Eighth NPC, which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004 and the third time on October 27, 2005. The newly amended *Company Law of the PRC* (hereinafter referred to as the new "Company Law") came into effect on January 1, 2006.

The *Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies* (hereinafter referred to as the "Special Provisions") were adopted at the 22nd Standing Committee Meeting of the State Council on July 4, 1994. The Special Provisions was formulated according to Article 85 and Article 155 of the Company Law and applies to the overseas share subscription and listing of joint stock limited companies.

The *Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed Overseas* (hereinafter referred to as the "Mandatory Provisions") were promulgated by the former Securities Commission of the State Council and the State Economic System Restructuring

Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (which are summarized in Appendix IX).

(i) ***General provisions***

A "joint stock limited company" (hereinafter referred to as the "company") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A State-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the handling and evaluation of the company's assets and liabilities and the establishment of its internal management organs.

A company must conduct its business in accordance with law and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

(ii) ***Incorporation***

A company may be incorporated by promotion or public subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC. According to the Special Regulations, state-owned enterprises or enterprises with the majority of their assets owned by the PRC government can be restructured in accordance with the relevant regulations to become joint stock limited companies which may issue shares to overseas investors. These companies, if incorporated by promotion, may have fewer than five promoters and can issue new shares once incorporated.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce; the initial capital contribution by all promoters of a company shall not be less than 20% of the registered capital, and the remaining shall be paid up within two years by the promoters from the date of incorporation of the company. For investment companies, the remaining shall be paid up within five years from the date of incorporation of the company; for companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce.

The registered capital of a company at a minimum should be RMB5 million. Pursuant to the Securities Law, the total capital of a company which proposes to apply for its shares to be listed on a stock exchange shall not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make an public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the Board of Supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business license has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot by incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Provisional Regulations Concerning the Issue and Trading of Shares promulgated by the State Council on April 22, 1993 (which is only applicable to the issue and trading of shares in the PRC and relevant activities), if a company is incorporated by means of public subscription, the promoters of the company are required to assume joint liability for the accuracy of the contents of this document and to ensure that this document does not contain any misleading statement or omission of any material information.

(iii) ***Share capital***

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value, provided that the amount of capital contribution in cash by all shareholders shall not be less than 30% of the company's registered capital.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company.

If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan and listed overseas are defined as overseas-listed-foreign-invested shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares. Qualified Foreign Institutional Investors ("QFII") approved by China Securities Regulatory Commission (hereinafter referred to as "CSRC") may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. According to the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement on issuing overseas-listed-foreign-invested shares, to retain not more than 15% of the aggregate amount of overseas-listed-foreign-invested shares proposed to be issued less the amount of underwritten shares.

The share offering price may be equal to or in excess of par value, but shall not be less than par value.

The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council. The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations.

Bearer shares are transferred by delivery of the H share certificates to the transferee.

No modification registration shall be made to the registrar of shareholders within twenty (20) days prior to the shareholders' assembly being held or within five (5) days prior to the benchmark date set for the purpose of distribution of dividends.

(iv) ***Increase in capital***

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for abovementioned conditions of obtaining approval at the general meeting required by the Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

(v) ***Reduction of share capital***

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- the company shall prepare a balance sheet and an inventory of assets;
- the reduction of general meeting registered capital must be approved by shareholders in the general meeting;
- the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days once the resolution approving the reduction in capital being passed;
- creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

(vi) ***Repurchase of shares***

A company shall not purchase its own shares other than for the following purposes:

- to reduce the registered capital by cancelling its shares or to merge with another company holding its shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or
- other purposes permitted by laws and administrative regulations.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through o-market contract.

(vii) ***Transfer of shares***

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock changes established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management personnel of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one (1) year from the listing date.

(viii) ***Shareholders***

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;
- the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;
- the right to inspect the company's articles of association, shareholders' registers, records of short-term debentures, minutes of shareholders' general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;
- if a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringing action be stopped;

- the right to receive dividends based on the number of shares held;
- the right to obtain surplus assets of the company upon its termination in proportion to shares he/she holds; to claim against other shareholders who abuse their rights of shareholders for the damages; and
- any other shareholders' rights specified in the articles of association.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its limited liability companies as to damage the interests of the creditors of the company; and any other obligation specified in the articles of association of the company.

(ix) ***Shareholders' general meeting***

The shareholders' general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law.

The shareholders' general meeting exercises the following functions and powers:

- to decide on operational policies and investment plans of the company;
- to elect or remove the directors and supervisors who are not representatives of the employees, and
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve annual financial budgets and financial accounts proposed by the company;
- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on increase and reduction of the registered capital of the company;
- to decide on bond issuances of the company;
- to decide on merger, division, dissolution and liquidation of the company and other issues;
- to amend the articles of association of the company; and
- other functions and powers specified in the articles of association of the company.

The annual shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;

- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the board of supervisors; or
- other matters required by the articles of association.

The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene the shareholders' general meeting shall be dispatched to all the shareholders 20 days before the general meeting pursuant to the Company Law, and 45 days pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be reviewed at the general meeting, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting.

Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies) at the general meeting.

A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

(x) ***Directors***

A company shall have a board of directors, which shall consist of five to nineteen members, and there can be staff representatives of the company. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the shareholders' general meeting and report on its work to the shareholders;
- to implement the resolution of the shareholders' general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's proposals for profit distribution and for recovery of losses;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division or dissolution of the company;
- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system; and
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

- persons without capacity or restricted capacity to undertake civil liabilities;
- persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

- persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or
- persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix IX).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

- to preside over shareholders' general meetings and convene and preside over meetings of the board of directors;
- to check on the implementation of the resolutions of the board of directors;

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director or the manager. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix IX) contains further elaborations of such duties.

(xi) ***Supervisors***

A company shall have a Board of Supervisors composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The Board of Supervisors is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The Board of Supervisors exercises the following functions and powers:

- check the financial affairs of the company;
- supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;
- require the director or senior manager to make corrections if his act is detrimental to the interests of the company;
- propose the convening of extraordinary shareholders' general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;
- put forward proposals at shareholders' general meetings;

- initiate actions against directors or senior management; and
- other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutates mutandis to supervisors of a company.

(xii) ***Managers and senior officers***

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;
- arrange for the implementation of the company's annual business and investment plans;
- formulate plans for the establishment of the company's internal management structure;
- formulate the basic administration system of the company;
- formulate the company's internal rules;
- recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);
- attend board meetings as a non-voting attendant; and
- other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management personnel of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management personnel of a company have been incorporated in the Articles of Association (a summary of which is set out in Appendix IX).

(xiii) ***Duties of directors, supervisors, managers and senior officers***

A director, supervisor, manager and other senior officers of a company are required under the Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. A director, supervisor, manager and other senior officers of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

A director, supervisor, manager and other senior officers who contravenes any law, regulation or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officers of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

(xiv) ***Finance and accounting***

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the responsible financial department of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profits.

If the aggregate balance of the company's statutory surplus reserve is not enough to make up for the losses of the company of the previous year, the current year's profits shall first be used for making good the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory surplus reserves have been set aside from the after-tax profit, the remaining profits shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated the capital reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve shall not be less than 25% of the registered capital after such conversion.

(xv) ***Appointment and retirement of auditors***

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be filed with the CSRC for record.

(xvi) ***Distribution of profits***

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

(xvii) ***Amendments to articles of association***

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies' approval department of the State Council and CSRC. In relation to matters involving the company's registration, the company shall modify its registration with the companies' registration authority.

(xviii) ***Dissolution and liquidation***

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the People's Court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

(1) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;

(2) the shareholders in a general meeting have resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or demerger;

(4) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or

(5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the People's Court for its establishment. The liquidation committee shall notify the company's creditors within ten days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- notify creditors or issue public notices;
- deal with and settle any outstanding business of the company;
- pay any tax overdue;
- settle the company's financial claims and liabilities;
- handle the surplus assets of the company after its debts have been paid off; and
- represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

A company shall not engage in operating activities unrelated to the liquidation. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the People's Court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

(xix) ***Overseas Listing***

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign invested shares and domestic invested shares which has been approved by the Securities Commission may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from CSRC.

(xx) ***Loss of H share certificates***

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a people's court in the event that H share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix IX).

(xxi) ***Suspension and Termination of Listing***

The new and amended Company Law has deleted provisions governing suspension and termination of listing. The new Securities Law has been amended as follows: the trading of shares of a company on a stock exchange may be suspended if so decided by the securities administration department of the State Council (the new Securities Law has renamed this as the Securities Exchange) under one of the following circumstances:

(1) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;

(2) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(3) the company has committed a major breach of the law;

(4) the company has incurred losses for three (3) consecutive years; or

(5) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (1) above, or the company has refused to rectify the situation in the case described in (2) above, or the company fails to become profitable in the next subsequent year in the case described in (4) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

The Company Law provides that the securities administration department of the State Council may also terminate the listing of a company's shares in the event that the company resolves to cease operation or is so instructed by its government supervisory body, or the company is declared bankrupt. In such event, the Securities Law would regard this as "other circumstances as required by the listing rules of the relevant stock exchanges."

(xxii)***Merger and demerger***

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

(d) **Securities law and other relevant regulations**

The PRC has promulgated a number of regulations that relate to the issue and trading of Shares and disclosure of information by the Company. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for co-coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory body of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking research and analysis.

On April 22, 1993, the State Council promulgated the Securities Provisional Regulations. These regulations deal with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settlement, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation and penalties and dispute settlement. According to these regulations, a company must obtain the approval of the Securities Committee to offer its shares outside the PRC. In addition, if a company proposes to issue Renminbi denominated ordinary shares as well as special Renminbi-denominated shares, it must comply with the Securities Provisional Regulations. Provisions of these regulations in relation to acquisitions of listed companies and disclosure of information expressly apply to listed companies in general without being confined to listed companies on any particular stock exchange.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies. These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information related to joint stock limited liability companies with domestically listed foreign shares.

The Securities Law took effect on July 1, 1999 and was revised for the first time as of August 28, 2004 and for the second time on October 27, 2005. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

(e) Arbitration and enforcement of arbitral awards

The *Arbitration Law of the People's Republic of China* (the "Arbitration Law") was passed by the Standing Committee on August 31, 1994 and became effective on September 1, 1995. It is applicable to contract disputes and other property disputes between natural person, legal person and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's Articles of Association and, in the case of the Hong Kong Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H Shares and the company; holders of H Shares and the directors, supervisors, manager or other senior officers; or holders of H Shares and holders of domestic shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award by a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement.

Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the request for enforcement is made.

It was declared by the Standing Committee simultaneously with the accession of the PRC that (1) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations. On June 18, 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Under the arrangement, awards made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China.

2. HONG KONG LAWS AND REGULATIONS

(a) Summary of Material Differences Between Hong Kong and PRC Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and supplemented by common law and rules of equity that apply to Hong Kong. The Company, which is a joint stock limited company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of the material differences between the Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

(i) *Corporate existence*

Under Hong Kong company law, a company having share capital, is incorporated and will acquire an independent corporate existing after the company registrar of Hong Kong issuing a certificate of incorporation.

A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association does not contain such preemptive provisions.

Under the PRC Company Law, a company may be incorporated by promotion or public subscription.

A company must have a minimum registered capital of RMB5 million, or a higher amount as may otherwise be required by laws and regulations. Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company. Under the PRC Company Law, the monetary contributions by all the shareholders must not be less than 30% of the registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(ii) *Share capital*

Under Hong Kong law, the authorized share capital of a Hong Kong company is the amount of share capital which the company is authorized to issue and a company is not bound to issue the entire amount of its authorized share capital. The authorized share capital may be larger than its issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital. The registered capital of a joint stock limited company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders in a general meeting and by the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or nonmonetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. The monetary contribution shall not be less than 30% of a joint stock limited company's registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(iii) ***Restrictions on shareholding and transfer of shares***

Under PRC law, the domestic shares ("domestic shares") in the share capital of a joint stock limited company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the State, PRC legal and natural persons. The overseas listed foreign shares ("foreign shares") issued by a joint stock limited company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC.

Under the PRC Company Law, shares in a joint stock limited company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a joint stock limited company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law.

(iv) ***Financial assistance for acquisition of shares***

Although the PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Hong Kong company law.

(v) ***Variation of class rights***

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares.

The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix IX to this Prospectus. Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of a Hong Kong company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions. The Company (as required by the Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic invested shares are defined in the Articles of Association as different classes, except where (i) the Company issues and allots, in any 12-month period, pursuant to a

Shareholders' special resolution, not more than 20% of each of the issued overseas listed foreign invested shares and the issued domestic invested shares existing as at the date of the Shareholders' special resolution; and (ii) the plan for the issue of domestic invested shares and listed foreign invested shares upon its establishment is implemented within 15 months following the date of approval by the CSRC. The Mandatory Provisions contain detailed provisions relating to circumstances which are deemed to constitute a variation of class rights.

(vi) ***Directors***

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of interests in material contracts; restrictions on interested directors being counted towards the quorum of, and voting at, a meeting of the board of directors at which a transaction in which a director is interested is being considered; restrictions on directors' authority in making major dispositions; restrictions on companies providing certain benefits, such as loans to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office, all of which provisions have been incorporated in the Articles of Association, a summary of which is set out in Appendix IX to this document.

(vii) ***Board of Supervisors***

Under the PRC Company Law, the board of directors and managers of a joint stock limited company is subject to the supervision and inspection of a Board of Supervisors but there is no mandatory requirement for the establishment of a Board of Supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

(viii) ***Derivative action by minority shareholders***

Hong Kong law permits minority shareholders to start a derivative action on behalf of a company against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law gives shareholders of a joint stock limited company the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by the shareholders in a general meeting, or by the board of directors, that violates any law or infringes the lawful rights and interests of the shareholders, there is no form of proceedings equal to a derivative action. The Mandatory Provisions further provide remedies to the company against directors, supervisors and officers in breach of their duties to the company. In addition, every director and supervisor of a joint stock limited company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company to comply with the company's articles of association.

This allows minority shareholders to act against the directors and supervisors in default.

(ix) ***Protection of minorities***

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of the Hong Kong Government may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

(x) ***Notice of shareholders' meetings***

Under the PRC Company Law, notice of a shareholders' general meeting must be given not less than 20 days before the meeting, or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made at least 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are 14 days and 21 days, respectively. The notice period for an annual general meeting is 21 days.

(xi) ***Quorum for shareholders' meetings***

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum.

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

(xii) ***Voting***

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

(xiii) ***Financial disclosure***

A company is required under the PRC Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, statements of changes in financial position and other relevant annexes 20 days before the annual general meeting of shareholders. In addition, a company established by way of public subscription under the PRC Company Law must publish its financial position.

The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be laid before the company in its annual general meeting, not less than 21 days before such meeting.

A company is required under the PRC law to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC standards, have its accounts prepared and audited in accordance with International Accounting Standards or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

(xiv) ***Information on directors and shareholders***

The PRC Company Law gives the shareholders of a company the right to inspect the Articles of Association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders of a company have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

(xv) ***Receiving agent***

Under both the PRC Company Law and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while that under the PRC law is two years. The Mandatory Provisions require the appointment of a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

(xvi) ***Corporate reorganization***

Corporate reorganizations involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 166 of the Companies Ordinance which requires the sanction of the court. Under PRC Company Law, the merger, demerger, dissolution or change to the status of a company has to be approved by shareholders at general meeting.

(xvii) ***Arbitration of disputes***

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC at the claimant's choice.

(xviii) ***Mandatory deductions***

Under the PRC Company Law, after-tax profits of a company are subject to deductions of contributions to the statutory surplus reserve fund and the statutory public welfare fund of a company before they can be distributed to its shareholders. There are prescribed percentages under the PRC Company Law for such deductions. There are no such requirements under Hong Kong law.

(xix) ***Remedies of a company***

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, remedies of the company similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits made by a director, supervisor or officer) have been in compliance with the Hong Kong Listing Rules.

(xx) ***Dividends***

The articles of association of a company empower the company to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder.

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

(xxi) ***Fiduciary duties***

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, officers, and managers owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company.

(xxii) ***Closure of register of shareholders***

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the PRC Company Law, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

(b) **Hong Kong Listing Rules**

The Hong Kong Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited company and seeks a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to the Company.

(i) ***Compliance Advisor***

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance adviser acceptable to the Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Hong Kong Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance adviser may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance adviser is fulfilling its responsibilities adequately, it may require the company to terminate the compliance adviser's appointment and appoint a replacement.

The compliance adviser must keep the company informed on a timely basis of changes in the Hong Kong Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

(ii) ***Accountants' report***

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Hong Kong Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong. Such report will normally be required to conform to either Hong Kong or international accounting standards.

(iii) ***Process agent***

The Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

(iv) ***Public shareholdings***

If at any time there are existing issued securities of a PRC issuer other than foreign shares ("foreign shares") which are listed on the Hong Kong Stock Exchange, the Hong Kong Listing Rules require that the aggregate amount of such foreign shares held by the public must constitute not less than 25% of the issued share capital and that such foreign shares for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalization at the time of listing of not less than HK$50,000,000. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the Company has an expected market capitalization at the time of listing of over HK$10,000,000,000.

(v) ***Independent non-executive directors and supervisors***

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

(vi) ***Restrictions on purchase and subscription of its own securities***

Subject to governmental approvals and the provisions of the Articles of Association, the Company may repurchase its own H shares on the Hong Kong Stock Exchange in accordance with the provisions of the Hong Kong Listing Rules. Approval by way of special resolution of the holders of domestic shares and the holders of H shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, the Company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which the directors are aware, if any.

Any general mandate given to the directors to repurchase the foreign shares must not exceed 10% of the total amount of existing issued foreign shares of the Company.

(vii) ***Mandatory provisions***

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the Board of Supervisors of the Company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix IX to this Prospectus.

(viii) ***Redeemable shares***

The Company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the foreign shares are adequately protected.

(ix) ***Pre-emptive rights***

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and foreign shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Company's articles of association, prior to (1) authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (2) any major subsidiary of the Company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic shares and foreign shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and foreign shares and which plan is implemented within 15 months from the date of approval by the CSRC.

(x) ***Supervisors***

The Company is required to adopt rules governing dealings by its Supervisors in securities of the Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Hong Kong Listing Rules) issued by the Hong Kong Stock Exchange.

The Company is required to obtain the approval of its shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the Company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the Company or its subsidiary: (1) the term of the contract may exceed three years; or (2) the contract expressly requires the Company to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration more than one year.

The remuneration committee of the Company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders on how to vote.

(xi) ***Amendment to the Articles of Association***

The Company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the mandatory provisions of the Hong Kong Listing Rules and the Mandatory Provisions or the PRC Company Law.

(xii) ***Documents for inspection***

The Company is required to make available at a place in Hong Kong for inspection by the public and its shareholders free of charge, and for copying by shareholders at reasonable charges the following:

- a complete duplicate register of shareholders;
- a report showing the state of the issued share capital of the Company;
- the Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of the Company;
- reports showing the number and nominal value of securities repurchased by the Company since the end of the last certificates year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares);
- a copy of the latest annual return led with the State Administration of Industry and Commerce of the PRC; and for shareholders only, copies of minutes of meetings of shareholders.

(xiii) ***Receiving agents***

The Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

(xiv) ***Statements in H share certificates***

The Company is required to ensure that all of its listing documents and H share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect that the acquirer of shares:

- agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder of the Company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;
- agrees with the Company, each shareholder, Director, Supervisor, manager and officer of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer of the Company agrees with each shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with the Company and each shareholder of the Company that the H Shares are freely transferable by the holder thereof; and
- authorizes the Company to enter into a contract on his behalf with each Director, Supervisors, Managers and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligation to shareholders as stipulated in the Articles of Association.

(xv) ***Compliance with the PRC Company Law, the Special Regulations and the Articles of Association***

The Company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

(xvi) ***Contract between the Company and its Directors, officers and Supervisors***

The Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to the Company to observe and comply with the PRC Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that the Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;
- an undertaking by the Director or officer to the Company acting as agent for each shareholder to observe and comply with his obligations to shareholders as stipulated in the Articles of Association;
- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of the Company between the Company and its Directors or officers and between a holder of H Shares and a Director or officer of the

Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;
- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;
- the award of the arbitral body is final and shall be binding on the parties thereto;
- the agreement to arbitrate is made by the Director or offer with the Company on its own behalf and on behalf of each shareholder; and
- any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

The Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

(xvii) ***Subsequent listing***

The Company must not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

(xviii) ***English translation***

All notices or other documents required under the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

(xix) ***General***

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including the Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirements and make special conditions in respect of the Company's listing.

(c) **Other Legal and Regulatory Provisions**

Upon the Company's listing, the provisions of the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to the Company.

(d) **Securities Arbitration Rules**

The Articles of Association provide that certain claims arising from the Articles of Association or the PRC Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and China Taiwan.

Set out below is a summary of certain provisions of the Articles of Association of the Company.

The Company was incorporated in the PRC as a company with limited liability on July 9, 2009 under the Companies Law of the PRC (the "Companies Law"). The Articles of Association (the "Articles") comprise its constitution.

This Appendix contains a summary of the principal provisions of the Articles of Association, which was adopted on July 17, 2009 and will become effective on the date that our H Shares are listed on the Stock Exchange. The principal objective of this Appendix is to provide potential investors with an overview of the Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. A copy of the full Chinese text of the Articles of Association is available for inspection as mentioned in the paragraph headed "Documents Delivered to the Registrar of Companies" and "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI.

1 DIRECTORS AND BOARD OF DIRECTORS

(a) Power to allot and issue shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by shareholders in general meeting by way of special resolution. Any such allotment or issue must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

(b) Power to dispose of the Company's or any of its subsidiaries' assets

The Board shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of: (i) the value of the consideration for the proposed disposition; and (ii) where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the amount or value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting. For the purposes of this provision, disposition includes an act involving a transfer of an interest in property other than by way of security.

The validity of a transaction for the disposition of fixed assets by the Company shall not be affected by a breach of the above-mentioned restriction contained in the Articles of Association.

(c) Compensation or payments for loss of office

In the contract for emoluments entered into by the Company with a Director or Supervisor: when the Company is acquired, provisions shall be made for the right of the Director or Supervisor to receive, after obtaining the prior consent of shareholders in general meeting, payments by way of compensation for loss of office or for his retirement from office. Such contract of emoluments shall make provision for the right of a Director or Supervisor, in connection with the takeover of the Company, subject to the approval of the shareholders in a general meeting, to receive compensation or other payment for loss of office or for his retirement for office. A takeover of the Company means:

(i) an offer made to all shareholders of the Company; or

(ii) an offer is made such that the offeror will become the controlling shareholder of the Company (as defined in the Articles of Association).

If the relevant Director or Supervisor does not comply with above provisions, any sum received by the Director or Supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred by the Director or Supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

(d) Loans to Directors, Supervisors and other officers

The Company is prohibited from directly or indirectly making any loan or guarantee to its Directors, Supervisors, the President, or other senior officers or the Directors, Supervisors, the President, or other senior officers of its holding company. The Company is also prohibited from, providing any loan or guarantee in connection with a loan made by any connected person to such a Director, Supervisor, the President, or other senior officer.

A loan made by the Company in breach of the prohibition described above shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan. A guarantee for a loan provided by the Company in breach of the prohibition referred to above shall be unenforceable against the Company unless:

(i) the guarantee was provided in connection with a loan to a person connected with a Director, Supervisor, the President, or other senior officer of the Company or its holding company and at the time the loan was advanced the lender did not know of the relevant circumstances, or

(ii) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

The following transactions are not subject to the foregoing prohibition:

(i) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;

(ii) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors, the President, or other senior officer to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform properly, in accordance with the terms of an employment contract approved by the shareholders' general meeting his duties; and

(iii) the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, the President, or other senior officers or other connected persons where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

For these purposes, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

(e) Giving of financial assistance to purchase the shares of the Company or any of its subsidiaries

Subject to the Articles of Association:

(i) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. The said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company; and

(ii) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

The following transactions are not prohibited:

(i) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;

(ii) a distribution of the Company's assets by way of dividend lawfully declared;

(iii) a distribution of dividends by way of bonus shares;

(iv) a reduction of share capital, repurchase of shares of the Company or a reorganization of the share capital effected in compliance with the Articles of Association;

(v) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits; and

(vi) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

For these purposes,

(i) "financial assistance" includes, without limitation to:

(aa) assistance given by way of gift;

(bb) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity, (other than an indemnity in respect of the Company's own default) or by way of release or waiver;

(cc) assistance given by way of a loan; or entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or entering into an agreement for the change of the loan, the contracting parties or the assignment of rights arising under such loan or such agreement; or

(dd) assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent; and

(ii) "incurring a liability" includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

(f) Disclosure of interests in and voting on contracts with the Company or any of its subsidiaries

Where a Director, Supervisor, the President, or other senior officer is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company other than his contract of service, he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of Directors.

Unless the interested Director, Supervisor, general manger or other senior officer has disclosed his interest in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement has been approved by the board of Directors at a meeting in which the interested Director is not counted in the quorum and has refrained from voting, the contract, transaction or arrangement in which a Director, Supervisor, the President or other officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, the President or other officer concerned. A Director, Supervisor, the President and other officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties or associates have interest.

Where a Director, Supervisor, the President, or other senior officer of the Company gives the Board a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the relevant provisions in the Articles of Association so far as the content stated in such notice is concerned, if such notice shall have been given to the Board before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

(g) Remuneration

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with each Director or Supervisor for emoluments in respect of their services. The Directors or Supervisor have no power under the Articles of Association to determine the remuneration for themselves. The said emoluments include:

(i) emoluments in respect of their services as Director, Supervisor or senior officer of the Company;

(ii) emoluments in respect of their services as Director, Supervisor or senior officer of any subsidiary of the Company;

(iii) emoluments otherwise in connection with services for the management of the Company or any subsidiary thereof; and

(iv) payments by way of compensation for loss of office, or in connection with their retirement from office.

Except under a contract entered into in relation to the above, no proceedings shall be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

(h) Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor, the President, or other senior officer of the Company:

(i) an individual who has no civil capacity or has restricted civil capacity;

(ii) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;

(iii) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down and who have failed to pay a relatively large debt when due and outstanding;

(v) persons who have committed criminal offences and are still under investigation by law administration authorities;

(vi) persons who were not allowed to be heads of enterprises as stipulated by laws, administrative regulations;

(vii) persons who are not natural persons;

(viii) persons who have been convicted of offences of violating provisions of the relevant securities laws and regulations or offences of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction; and

(ix) other persons stipulated by the laws and regulations of where the Company's shares are listed.

The validity of the conduct of Directors, the President, or other senior officers who have acted on behalf of the Company with respect to third parties who have acted in good faith shall not be affected due to any irregularity in the employment, election or qualification of such Directors, the President, or other senior officers.

The board of Directors shall consist of nine Directors. The non-employee representative Directors shall be elected at shareholders' general meetings. A Director is not required to hold any shares in the Company.

The chairman and vice chairman of the board of Directors shall be elected or removed by more than one half of all of the Directors. A Director (without prejudice to any claim for damages under any contract) may be removed by ordinary resolution at a Shareholders' general meeting.

The term of office of the chairman and other Directors shall be three years and is renewable upon re-election.

The minimum length of the period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be at least seven days. The period for giving such written notice shall commence after the date the Company gives notice of the general meeting by post, and shall end not later than seven days before the date of the general meeting.

The list of Directors' and Supervisors' candidates shall be proposed in form of a motion to the shareholders' general meeting for resolution.

Where there are two or more candidates for the election of Directors at a shareholders' general meeting, each of the shares held by the shareholders (including proxy) shall have the same number of votes as the number of candidates, and the voting rights can be concentrated on electing one person, or be separated on electing several per persons, but explanations have to be made on the allocations of the voting rights.

(i) Borrowing powers

On condition of compliance with the laws and administrative regulations of the State, the Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgaging or pledging of part or whole of the Company's properties and other rights permitted by the laws and administrative regulations of the State provided that such action does not damage or abrogate rights of any shareholder.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than; (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

(j) Liabilities

The Directors, Supervisors, the President, and other senior officers of the Company owe fiduciary duties and duties of diligence to the Company. In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, the President, or other senior officer is in breach of his duties owed to the Company:

(i) to claim against such a Director, Supervisor, the President or other senior officer for losses incurred by the Company as a result of his breach;

(ii) to rescind any contract or transaction entered into between the Company and the Director, Supervisor, the President or other senior officer and a third party where such third party has knowledge or should have had knowledge of the breach of duty;

(iii) to account for the profits made by the Director, Supervisor, the President or other senior officer as a result of his breach;

(iv) to recover any monies received by the Director, Supervisor, the President or other senior officer which should have been received by the Company, including, without limitation, commissions;

(v) to demand the return of the interest earned or which may have been earned on any monies referred to in (iv) above by the Director, Supervisor, the President or other senior officer which should have been received by the Company; and

(vi) to execute legal procedures judging that the interest of a Director, Supervisor, the President or other senior officer earned through his breach of duty should belong to the Company.

The Board shall carry out its duties in compliance with the laws and administrative regulations, the Articles of Association and resolutions of the shareholders' general meetings. Each Director, Supervisor, the President, and other senior officer of the Company should abide by his fiduciary principles in the discharge of his duties, and not to place himself in a position where his duty and his own interests may conflict. Such principles include (but are not limited to) the performance of the following:

(i) to act honestly in what he considers to be in the best interest of the Company;

(ii) to exercise his powers within the scope specified and not to act ultra vires;

(iii) to exercise the discretion vested in him personally and not allow himself to act under the direction of another;

(iv) unless and to the extent permitted by law or by the shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his discretion;

(v) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(vi) except in accordance with the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;

(vii) not without the approval of the shareholders, having been informed of the relevant facts, at a general meeting, to use the Company's assets for his personal benefit in any manner;

(viii) not to use his position to accept bribes or other illegal income and not to misappropriate the Company's fund or expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;

(ix) not without the informed consent of shareholders in general meeting, to accept commissions in connection with the Company's transactions;

(x) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;

(xi) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting, and not to harm the interests of the Company by way of connected transaction ;

(xii) not to misappropriate the Company's funds or lend to others the Company's funds, not to open any bank account in his own name or other name for the deposit of the Company's assets, and not to provide security for debts of shareholders of the Company or any other individuals;

(xiii) without the informed consent of shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where (i) the disclosure is made under compulsion of law; (ii) there is a duty to the public to disclose; or (iii) the personal interests of the Director, Supervisor, the President or other senior officer require disclosure.

A Director, Supervisor, the President, or other senior officer of the Company shall not direct persons connected to him to do what he is not permitted to do. A person is connected to a Director, Supervisor, the President, or other senior officer if he is:

(i) the spouse or minor child of such a Director, Supervisor, the President, or other senior officer;

(ii) a trustee for such a Director, Supervisor, the President, or other senior officer or any person referred to in (i) above;

(iii) a partner of such a Director, Supervisor, the President, or other senior officer or of any person referred to in (i) and (ii);

(iv) a company in which that a Director, Supervisor, the President, or other senior officer, alone or jointly with one or more persons referred to in above (i), (ii) and (iii) or with any of other Directors, Supervisors, the President, or other senior officers of the Company, have de facto control; or

(v) a Director, Supervisor, the President, or other senior officer of a company referred to in (iv) above.

The fiduciary duties of a Director, Supervisor, the President, and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

Except in circumstances referred to in the Articles of Association, liabilities of a Director, Supervisor, the President, or other senior officer arising from the violation of a specified duty may be released by informed shareholders in general meeting.

In addition to obligations imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, Directors, Supervisors, the President, and other senior officers in the exercise of their powers and the discharge of their duties shall owe the following obligations to the shareholders:

(i) not to cause the Company to go beyond the business scope specified by its business license;

(ii) to act honestly in what they consider to be the best interest of the Company;

(iii) not to deprive in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company; and

(iv) not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except in a Company reorganization submitted in accordance with the provisions of the Articles of Association and adopted at a shareholders' general meetings.

Each of the Directors, Supervisors, the President, and other senior officers of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

Where the Company incurs losses as a result of a Director or senior officer having violated any provision of law, administrative regulation or the Articles of Association in the course of performing their duties with the Company, shareholders alone or in aggregate holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall be entitled to request in writing the Board of Supervisors to initiate proceedings in a court; where the Company incurs losses as a result of the Board of Supervisors having violated any provision of law, administrative regulation or the Articles of Association in the course of performing its duties with the Company, shareholders may request the Board in writing to initiate proceedings in a court.

If the Board of Supervisors or the Board refuses to initiate proceedings upon receipt of the written request of shareholders set forth in the preceding paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings will immediately result in irreparable damage to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a court directly in their own name in the interests of the Company.

Shareholders provided for in the first paragraph of this Article may also initiate proceedings in a court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company is infringed upon by a third party and that the Company suffers from losses accordingly.

Shareholders may initiate proceedings in a court if a Director or senior officer has breached the laws, administrative regulations or these Articles of Association resulting in impairing the interests of shareholders.

2 ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

The amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the company approval authorities of the State Council and the securities regulatory authority of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

3 VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

The Company may not vary or abrogate rights attached to any class of shares ("Class Rights") unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the provisions of the Articles of Association. The following circumstances shall be deemed to be a variation or abrogation of the Class Rights of a class:

(i) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;

(ii) to effect an exchange of all or part of the shares of such class into those of another class or to affect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(iii) to remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

(iv) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(v) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;

(vi) to remove or reduce rights of such class of shares to receive payments from the Company in any particular currency;

(vii) to create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;

(viii) to restrict the transfer or ownership of the shares of such class or to increase any such restrictions;

(ix) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;

(x) to increase the rights or privileges of another class;

(xi) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such restructuring; and

(xii) to vary or abrogate the provisions in these Articles of Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (ii) to (viii), (xi) and (xii) above, but Interested Shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall require the approval of shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions.

Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class shareholders' meeting.

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a similar way as closely as possible to the provisions for general meetings of shareholders set out in the Articles of Association. The provisions of the Articles of Association relating to the conduct of any meeting of shareholders shall apply to any class meeting.

In addition to holders of other class shares, holders of Domestic Shares and Foreign Shares are deemed to be shareholders of different classes. Voting by holders of different classes of Shares is not required in the following situations:

(i) where the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued Domestic Shares or Foreign Shares;

(ii) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue Domestic Shares and Foreign Shares; and

(iii) where shares of our Company registered on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council.

For the purposes of the class rights provisions of the Articles of Association, an "Interested Shareholder" is:

(i) in the case of a repurchase of shares by offers to all shareholders or public dealing on a stock exchange, a controlling shareholder within the meaning of the Articles of Association;

(ii) in the case of a repurchase of shares by an off-market contract under the Articles of Association, a shareholder to whom the proposed contract is related;

(iii) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.

4 SPECIAL RESOLUTIONS — MAJORITY REQUIRED

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half votes represented by shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than the two thirds votes represented by the shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of the resolution.

5 VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary shareholders of the company have the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat. Shareholders (including proxies) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

At any shareholders' meeting, voting shall be on a poll . On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

6 REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

A shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Shareholders' general meetings shall be convened by the board of Directors. Annual general meetings are held once every year within six months after the financial year end.

7 ACCOUNTS AND AUDIT

(a) Financial and accounting system

The Company shall establish its financial and accounting systems and internal audit system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory authority of the State Council.

The board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by shareholders 20 days before the annual general meeting. Every shareholder of the Company is entitled to a copy of the financial reports.

A copy of the above financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by pre-paid post to the registered address of every holders of Foreign Shares.

The interim results or financial information that the Company announces or discloses shall be compiled according to both PRC accounting standards, rules and regulations, and international accounting standards or accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any other books of accounts other than those provided by law.

(b) Appointment and removal of accountants

The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

The first accountants firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

The accountants firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholder until the conclusion of the next annual general meeting of shareholders.

The shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accountants firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting.

The Company's appointment of, removal of and non-reappointment of an accountants firm shall be resolved upon by the shareholders in general meeting.

Prior to the removal or the non-renewal of the appointment of the accountants firm, an advance notice of such removal or non-renewal shall be given to the accountants firm and such firm shall have the right to attend and to make representation to the shareholders' general meeting.

Where the accountants firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

The accountants firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

(i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or

(ii) a statement of any such circumstances.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under circumstance (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of shareholders.

Where the accountants firm's notice of resignation contains a statement of any circumstance which should be brought to the notice of the shareholders or creditors of the Company, it may require the board of Directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

8 NOTICE OF MEETING AND BUSINESS TO BE CONDUCTED THEREAT

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

The Company shall not enter into any contract with any person other than a Director, Supervisor, the President, or other senior officer whereby such person is entrusted with the management of the whole or a material part of any business of the Company without the prior approval of shareholders in general meeting.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

(i) when the number of Directors is less than the number of Directors required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;

(ii) when the unaccounted losses of the Company amount to one third of its share capital;

(iii) when shareholders individually or collectively holding 10% or more of the Company's issued and outstanding shares carrying voting rights requests in writing the convening of an extraordinary general meeting;

(iv) when the board of Directors considers necessary or upon the request of the Board of Supervisors;

(v) when 2 or more independent non-executive Directors so request; and

(vi) other situations stipulated by laws, administrative regulations and AOA.

To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who will attend the meeting shall return the written replies of attendance to the Company to be received by the Company 20 days before the date of the meeting.

When the Company is to convene an annual general meeting, shareholders individually or collectively holding 3 per cent. or more of shares carrying voting rights shall have the right to put forward new proposals in writing to the Company.

The Company shall calculate, according to the written replies received 20 days before the date of the meeting, the number of shares carry voting rights that the shareholders attending the meeting represent. The Company can convene a shareholders' general meeting if the number of shares carrying voting rights represented by shareholders intending to attend attain more of the one half of total number of shares carrying voting rights. If not, the Company shall make an announcement, within 5 days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the general meeting. An extraordinary general meeting may not decide on matters not specified in the notice.

A notice of meeting of shareholders shall be in writing and:

(i) specify the time, place, the date of the meeting;

(ii) state the matters and proposals to be discussed at the meeting;

(iii) provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be properly explained;

(iv) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, the President, or other senior officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

(v) contain the text of any special resolution proposed to be passed at the meeting;

(vi) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;

(vii) specify the time and place for lodging proxy forms for the relevant meeting;

(viii) specify the date of the share register listing the shareholders that have the right to attend and vote at the shareholders' meeting; and

(ix) specify the name and contact number of the contact person for the meeting.

Notices of shareholders' general meetings shall be served on the shareholders (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of shareholders. For holders of Domestic Shares, notice of Shareholder's general meeting may be made by way of public announcement.

Public announcement of notices of shareholders' general meetings shall be published in one or more newspapers designated by the securities regulatory authority of the State Council during 45 days to 50 days prior to the date of the meeting. Upon the publication of announcement, all holders of Domestic Shares shall be deemed to have received notice of the relevant shareholders' meeting. The accidental omission to give notice of a meeting to, or the non receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Shareholders or the Board of Supervisors requisitioning an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

(i) The Board of Supervisors or two or more shareholders individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of Directors to convene an extraordinary general meeting or a class shareholders' meeting. The board of Directors shall as soon as possible after receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).

(ii) Where the board of Directors fails to issue notice of convening meeting within thirty days upon receipt of the above written request, shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Board of Supervisors to convene the extraordinary general meeting or class shareholders' meeting. The Board of Supervisors may convene the meeting on their own accord within four months upon the board of Directors having received such request. Where the Board of Supervisors fails to convene and hold the meeting, shareholder(s) individually or collectively holding ten percent or more shares carrying voting rights on such proposed meeting for over ninety consecutive days may convene meeting on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the board of Directors.

The matters which require the sanction of an ordinary resolution at a shareholders' general meeting shall include:

(i) work reports of the Board and the Board of Supervisors;

(ii) plans for the distribution of profits and for making up losses proposed by the Board;

(iii) the election and removal of the members of the Board and Supervisors representing Shareholders, their remuneration and method of payment;

(iv) the annual budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company; and

(v) save as required by laws and regulations or the listing rules of stock exchange in where the shares of the Company are listed or by these Articles of Association, all other matters except those required to be adopted by special resolution;

The matters which require the sanction of a special resolution at a shareholders' general meeting include:

(i) the increase in or reduction of registered share capital, share repurchase and issue of any class of shares, warrants and other similar securities of the Company;

(ii) the issue of debentures;

(iii) the demerger, merger, dissolution, liquidation or change of the form of the Company;

(iv) amendments to the Articles of Association; and

(v) other important matters which were adopted by passing ordinary resolutions at shareholders' general meeting that are required to be adopted by special resolutions.

Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder or his proxy in contravention of such requirement or restriction (provided that the Company is informed) shall not be counted.

If a resolution of a shareholders' general meeting or the Board of the Company is in breach of any law and administrative regulation, the shareholders shall have the right to petition to a court to render the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or the Board are in breach of any law, administrative regulation or these Articles of Association, or the content of a resolution is in breach of the Articles of Association, shareholders may petition to a court to rescind such resolutions within sixty (60) days from the date on which such resolution is passed.

9 TRANSFER OF SHARES

Subject to the approval of the securities authority of the State Council, holders of our Domestic Shares may transfer their Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

Shares of the Company held by the promoter are not transferable within one (1) year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

The Directors, Supervisors and senior officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a Director, Supervisor or senior officer may transfer every year during his term of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company.

Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior officer or shareholders holding 5% or more of the shares in the Company within six (6) months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six (6) months after the sale thereof, shall be vested in by the Company. The Board of the Company shall forfeit such gains from the abovementioned parties. If the Board of the Company fails to comply with the provision set forth in this paragraph, the responsible Director(s) shall be jointly and severally liable therefor in accordance with the law.

If the Board of the Company fails to comply with the provision set forth in the preceding paragraph, a shareholder shall have the right to require the Board to effect the same within thirty (30) days. If the Board fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a court directly in his own name in the interests of the Company.

All the fully paid-up H Shares can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

(i) a fee (for each instrument of transfer) of HK$2.50 or any maximum fee as stipulated from time to time by the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of or change of ownership of the shares ;

(ii) the instrument of transfer only involves Overseas Listed Foreign Shares listed in Hong Kong;

(iii) the stamp duty chargeable on the instrument of transfer has been paid;

(iv) the relevant share certificate and any evidence in relation to the right of the transferor to transfer the shares reasonably requested by the Board has been submitted;

(v) if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four;

(vi) the Company does not have any lien on the relevant shares; and

(vii) no transfer shall be made to minors or persons of unsound mind or under other legal disability. The alteration and rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the shareholders' register due to the transfer of shares may be made within thirty (30) days before the date of a general meeting or within five (5) days before the record date for the Company's distribution of dividends.

10 POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

The Company may, with the approval in accordance with the procedures provided in the Articles of Association and subject to the approval of the relevant governing authorities of the State, repurchase its issued shares in the following circumstances:

(i) cancellation of its shares for the purpose of reducing its share capital;

(ii) merging with another company which holds Shares;

(iii) granting shares as incentive compensation to the staff of the Company;

(iv) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company; or

(v) other circumstances permitted by the laws and administrative regulations.

If the Company repurchases its own shares due to items (1) through (3) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting of shareholders. After purchasing shares as stipulated in item (i), (ii) and (iii) of Article 30, the Company shall cancel such shares within the period prescribed by laws and administrative regulations, and shall make an application to its original registration authority to modify the registration on its registered capital and have a relevant announcement published. If the Company repurchases its own shares in accordance with item (iii) of Article 30, the shares so repurchased shall not exceed the maximum proportion prescribed by laws and administrative regulations, and shall be transferred to the employees within the time prescribed by laws and administrative regulations.

The Company may, upon the approval of the relevant state governing authorities, repurchase its shares in one of the following ways:

(i) making a pro rata general offer of repurchase to all its shareholders;

(ii) repurchasing Shares through public dealing on a stock exchange;

(iii) repurchasing by an off-market agreement outside a stock exchange; and

(iv) other ways as approved by the relevant regulatory authority.

The Company may, with the prior approval of shareholders obtained at a shareholder's meeting in accordance with the Articles of Association, repurchase its shares by an off-market contract but the Company may rescind or vary such contract or waive any or part of its rights under a contract so entered into by the Company with the prior approval of shareholders obtained at a shareholder's meeting in the same manner. A contract to repurchase Shares as mentioned above includes but is not limited to an agreement to become obliged to repurchase or acquire rights to repurchase Shares.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder. Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to repurchase of its issued shares:

(i) where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;

(ii) where the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:

  (a) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

  (b) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;

(iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:

  (a) acquisition of rights to repurchase Shares;

  (b) variation of any contract to repurchase Shares;

  (c) release of any of the Company's obligations under a contract to repurchase Shares; and

(iv) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account or capital reserve fund account.

Where the Company has the power to purchase for redemption a redeemable share:

(i) purchase not made through the market or by tender shall be limited to a maximum price; and

(ii) if purchases are by tender, tenders shall be available to all shareholders alike.

11 POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY

The Articles of Association contains no restrictions preventing any subsidiary of the Company from holding Shares.

12 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by way of cash or bonus shares.

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

The Company shall appoint on behalf of holders of Foreign Shares receiving agents to receive on behalf of such shareholders dividends and other monies payable by the Company in respect of their Shares.

The receiving agent appointed on behalf of holders of Foreign Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within three months following the announcement of profit distribution. Dividends and other payments payable to holders of Foreign Shares shall be denominated and declared in Renminbi and payable in foreign currency within three months following the announcement of profit distribution.

13 PROXIES

Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:

(i) the shareholder's right to speak at the meeting;

(ii) the right to demand, whether on his own or together with others, a poll;

(iii) the right to vote on a poll according to the number of shares, the voting rights of which he is authorized to exercise; however, if the proxy represents more than one shareholder, the proxy must vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person either under seal or under the hand of a Director or attorney duly authorized. The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for the passing of the resolution. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by resolutions of its board of Directors or other governing body shall attend the shareholders' meeting as the appointor's representative.

Any form issued to a shareholder by the Board for the purpose of appointing a proxy shall be such as to enable the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointor, the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

14 CALLS ON SHARES AND FORFEITURE OF SHARES

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Subject to compliance with the relevant laws and administrative regulations of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiry of the relevant time frame.

15 INSPECTION OF REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company shall keep a register of shareholders.

The Company may, in accordance with the understanding or agreements between the securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain the register of shareholders of Foreign Shares overseas and appoint overseas agent(s) to manage such share register.

Duplicates of the share register for holders of Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register. The original register of Overseas-listed Foreign-Invested Shares listed in Hong Kong shall be maintained at Hong Kong.

If there is any inconsistency between the original and the duplicate of share register for holders of Foreign Shares, the original shall prevail.

The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise of the following parts:

(i) register(s) of shareholders other than those specified in items (ii) and (iii) below kept at the domicile of the Company;

(ii) register(s) of holders of the Company's overseas-listed foreign-investment shares kept in the place of the stock exchange(s) where those foreign-investment shares are traded; and

(iii) register(s) of shareholders kept at other places as the board of Directors thinks necessary for the purpose of listing.

Different parts of the register of shareholders shall not overlap. No transfer of Shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

The alteration or rectification of any part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

No changes which are required by reason of a transfer of Shares may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends.

When the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholdings, the board of Directors shall fix a record date for the purpose of determining the shareholding. A person who is registered in the register as shareholders of the Company at the end of the record date shall be a shareholder of the Company.

Any person who objects to what is contained in the register of shareholders and wishes to register his name on, or delete his name from, the register may apply to the court which jurisdiction to amend the register.

The right of the Shareholders to information includes, but without limitation, the following:

(i) the right to a copy of the Articles of Association after payment of costs;

(ii) the right to inspect and copy, subject to payment of a reasonable fee:

  a. all parts of the register of members;

  b. personal particulars of each of the Company's Directors, Supervisors, the President, and other senior officers;

(iii) status of the Company's share capital;

(iv) the latest audited financial statements, and report of Directors, report of auditors and report of Board of Supervisors;

(v) special resolutions of the Company;

(vi) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

(vii) copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC; and

(viii) Minutes of shareholders' general meetings.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

16 QUORUM FOR SHAREHOLDERS MEETINGS

The Company can convene a shareholders' meeting if the number of Shares carrying voting rights represented by shareholders intending to attend comprise at least half of the total number of Shares carrying voting rights.

The Company can convene a class shareholders' meeting, if the number of Shares of the class carrying voting rights represented by shareholders intending to attend comprise at least half of the total number of such Shares of the class.

17 RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

In addition to the obligations imposed by laws and administrative regulations or the Listing Rules on which Shares are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his voting rights to make a decision which is prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company in respect of the following matters:

(i) to relieve a Director or Supervisor of his duty to act honestly in the best interests of the Company;

(ii) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company; or

(iii) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights, but not including a restructuring of the Company submitted to and approved by shareholders' general meeting in accordance with the Articles of Association.

18 PROCEDURE ON DISSOLUTION AND LIQUIDATION

The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

(i) a resolution for dissolution is passed by a shareholders' general meeting;

(ii) dissolution is necessary due to a merger or division of the Company;

(iii) the Company is legally declared insolvent due to its failure to repay debts due;

(iv) the Company is cancelled business license, ordered to close down or deregistered;

(v) where the Company's operation encounters serious difficulty, continuing operation will cause substantial loss to shareholders and such difficulty cannot be solved some other way, shareholders holding more than ten percent of the voting rights of all shareholders may make requisition to the People's Court to liquidate the Company;

(vi) other circumstances in which the Company is required to dissolve according to laws and regulations.

Where the Company is dissolved by virtue of the reasons set out in items (i) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at shareholders' general meeting in the form of ordinary resolution. Where the Company is dissolved by virtue of the reasons set out in items (iii) and (v) in the preceding Article, the People's Court shall in accordance with the requirements under the relevant laws, organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company. Where the Company is dissolved by virtue of the reasons set out in items (iv) in the preceding Article, the relevant authorities shall organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company. Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation group shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the group's receipts and payments, the business of the Company and the progress of the liquidation, and to present a final report to the shareholders general meeting on completion of the liquidation.

The liquidation group shall within ten days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper.

The liquidation group shall carry out registration of creditors' rights so reported.

During the liquidation period, the liquidation group shall exercise the following functions and powers:

(i) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(ii) to notify all creditors by notice or public announcements;

(iii) to dispose of and liquidate any relevant unfinished business matters of the Company;

(iv) to pay all outstanding taxes;

(v) to settle claims and debts;

(vi) to deal with assets remaining after the Company's debts having been paid in full; and

(vii) to represent the Company in any civil proceedings.

The liquidation committee shall thoroughly examine the assets of the Company, and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit the same to the shareholders' meeting or the People's Court for confirmation.

If the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and assets list, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency. After the People's Court has declared the Company insolvent, the company's liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

Following the completion of liquidation, the liquidation group shall prepare a report on liquidation and a statement of the receipts and payments and financial books and records during the period of liquidation, which shall be audited by the PRC certified public accountants and submitted to the shareholders' general meeting or the relevant governing authority for confirmation. The liquidation group shall also within 30 days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

19 OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

(a) General provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other companies, unless otherwise stipulated by the law, the Company making such investment shall not bear joint and several liability for the debts of the enterprise in which the company invests.

The Article of Association constitute a legal document regulating the relationship between the Company and each of its shareholders and among the shareholders interest, actionable by a shareholder against the Company and vice versa and by shareholders against each other in respect of rights and obligations concerning the affairs of the Company arising out of the Articles of Association. The shareholders may also bring actions against the Directors, Supervisors, the President, and other senior officers of the Company. For the purposes of the Articles of Association, actions include court proceedings and arbitration proceedings.

(b) Shares and transfers

Foreign investors referred to in the Articles of Association mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company; domestic investors referred to in the preceding paragraph mean those investors within the territory of the PRC (excluding investors of the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

The Company may increase its capital in the following ways:

(i) offering new shares to non-specially-designated investors for subscription;

(ii) private issue of new shares;

(iii) allotting bonus Shares to its existing shareholders;

(iv) conversion of capital reserve; and

(v) any other ways permitted by laws and administrative regulations.

The Company's increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

The Company may reduce its registered capital in accordance with the procedures stipulated by the Company Law and other regulations and the provisions of the Articles of Association.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Subject to the approval of the securities authority of the State Council, holders of our Domestic Shares may transfer their Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

(c) Shareholders

A shareholder of the Company is a person who lawfully holds Shares and has his name recorded on the register of shareholders.

A shareholder enjoys rights, and is subject to obligations, according to the class and number of Shares he holds. Holders of the same class of Shares enjoy the same rights and subject to the same obligations.

Unless specified otherwise in the Articles of Association, the holders of Domestic Shares and Foreign Shares are ordinary shareholders with the same rights and subject to the same obligations. The ordinary shareholder of the Company shall enjoy the following rights:

(i) the right to dividends and other distributions in proportion to the number of Shares held by him;

(ii) the right to request, convene, preside, attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

(iii) the right to supervise the Company's business operations, and the right to present proposals and inquiries;

(iv) the right to transfer, give or pledge Shares in accordance with the laws, administrative regulations and the Articles of Association;

(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of Shares held by him;

(vii) in the event of a merger or division of the Company, the right to request the Company to purchase his Shares if he objects to the merger or division; and

(viii) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A shareholder is not be liable to make any further contribution to the share capital other than the terms agreed.

Share certificates of the Company shall be in registered form.

Share certificates of the Company shall be signed by the legal representative of the Company. Where the stock exchanges on which Shares are listed require the share certificates to be signed by senior officers of the Company, the share certificates shall also be signed by such senior officers. The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal of the Company provided that such seal shall only be affixed with the authority of the Board of Directors. The signatures of the legal representative or other senior officers of the Company on the Share certificates may be printed in mechanical form.

Any person who is registered shareholder or who requests to have his name (title) entered into the register of shareholders may, if his share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a replacement new share certificate in respect of such shares (the "Relevant Shares").

If a holder of Domestic Shares loses his share certificate and applies for a replacement new share certificate, it shall be dealt with in accordance with relevant provisions of the Company Law. If a shareholder of Foreign Shares listed in Hong Kong loses his share certificate and applies for a replacement new share certificate, the issue of such certificate shall comply with the following requirements:

(i) the applicant shall submit an application to the Company in the form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of the original certificate and declaring that no other person is entitled to be registered as a shareholder in respect of the Relevant Shares.

(ii) before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that he shall be registered as a shareholder in respect of the Relevant Shares has been received.

(iii) the Company shall, if it decides to issue a replacement new share certificate to the applicant, make an announcement of its decision at least once every 30 days for a period of 90 days in such newspapers as may be designated by the Board.

(iv) the Company shall have, prior to publication of its decision to issue a replacement new share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited in the premises of the stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days. In the case of an application to issue a replacement new certificate being made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by post to such registered shareholder a copy of the announcement to be published.

(v) if, by the expiration of the 90-day period referred to in above (iii) and (iv), the Company shall not have received from any person notice of any disagreement to such application, the Company may issue a replacement new share certificate to the applicant accordingly.

(vi) where the Company issues a replacement new share certificate under the Articles of Association, it shall forthwith cancel the original share certificate and enter the cancellation and replacement issue in the register of shareholders accordingly.

(vii) all expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant for such expenses.

(d) Untraceable members

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company shall not exercise power to sell the shares of a shareholder who is untraceable unless:

(i) during a period of 12 years at least three dividends in respect of the shares in question have become payable an no dividend during that period has been claimed; and

(ii) on expiry of the 12 years the Company, after approval by the securities regulatory authority of the State Council, gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Stock Exchange of such intention.

(e) The board of Directors

The board of Directors shall be accountable to the general meeting of the shareholders, and shall exercise the following functions and powers:

(i) to convene general meetings and report on its work to the shareholders;

(ii) to implement the resolutions of general meetings;

(iii) to decide on the Company's business plans, investment plans, detailed annual business objectives, and financing plans other than by ways of issue of corporate bonds or other securities and of listing;

(iv) to formulate the Company's proposed annual financial budget and final accounts;

(v) to formulate the Company's profit distribution plan and plan for making up for losses;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;

(vii) to prepare plans for material acquisition, purchase of the Company's shares, or merger, demerger, dissolution or change of the form of the Company;

(viii) to decide on the establishment of the Company's internal management structure, and to decide on the establishment and cancellation of the Company's branches and other sub-branches;

(ix) to elect the Company's chairman and vice chairman; to nominate, appoint or dismiss the Company's President;

(x) pursuant to the nominations of the Board chairman to appoint or dismiss the Board secretary of the Company, to appoint or dismiss chairmen of all special committees under the Board;

(xi) pursuant to the President's nominations to appoint or dismiss vice President and chief accountant of the Company and to decide on their remuneration and benefits;

(xii) to formulate the Company's basic management system;

(xiii) to propose plans for the amendment to these Articles of Association;

(xiv) to formulate the Company's share incentive scheme;

(xv) to deal with disclosures of information on our Company;

(xvi) to decide on the establishment of special committees;

(xvii) to decide on and to monitor the implementation of our Company's risk management system, including risk assessments, financial control, internal audit, legal risk control ;

(xviii) to propose to the shareholders' general meetings the appointment or replacement of the auditor of our Company;

(xix) to receive regular or irregular work reports submitted by the Company's President or senior officers appointed by the President, and to approve the work reports of the President;

(xx) to approve corporate guarantees, which does not require the approval of shareholders at a shareholders' general meeting in accordance with the Articles of Association;

(xxi) to decide on off-budget projects relating to core business of the Company with single investment amount of not more than RMB1 billion;

(xxii) to authorize the management of the Company to decide on off-budget expenses not exceeding an aggregate amount of RMB50 million in twelve consecutive months;

(xxiii) to exercise other functions and powers conferred by laws and regulations, the listing rules of the stock exchange on which the shares of the Company are listed, the shareholders' general meetings and these Articles of Association.

Resolutions relating to the above, with the exception of items(vi), (vii) and (viii) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the attended Directors. The Board shall carry out its duties in accordance with laws and administrative regulations of the State, these Articles of Association and resolutions of the shareholders.

Meetings of the Board shall be held regularly at least four times each year and shall be convened by the Chairman of the board of Directors. A quorum will be formed by more than half of the Directors attending in person and appointing another Director as his attorney.

If a Director is unable to attend a Board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorization.

A Director shall be deemed to be unable to carry out his duties if he or she fails to attend two consecutive Board meetings in person and fails to appoint another Director to attend Board meetings on his behalf. The Board shall propose at the shareholders' general meeting for the removal of such Director.

Directors attending Board meetings shall exercise their powers as Directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have relinquished his rights to vote at that meeting.

Each Director shall have one vote. Unless specified otherwise in the Articles of Association, resolutions of the board of Directors must be passed by more than half of all the Directors. Where the number of votes cast for and against a resolution is equal, the Chairman shall have the right to cast an additional vote.

In the event that a Director is connected to companies (it means that the Director acts as a Director or senior management of the counter party, or can exercise direct or indirect control over a legal person entity of the counter party, or acts as a Director or senior management in a legal person entity under direct or indirect control of the counter party) associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with a majority of the independent Directors. Resolutions shall be approved by a majority of independent Directors at the Board meeting. When there is less than three independent Directors present at the Board meeting, such matters shall be submitted to the shareholders' general meeting for consideration.

(f) Independent Directors

Members of the Board of the Company shall include at least one-third or more of the independent Directors.

(g) Secretary of the board of Directors

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board.

(h) Board of Supervisors

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be composed of three members, one of whom shall be the chairman of the Board of Supervisors.

The election or removal of the chairman of the Board of Supervisors shall be decided by two-thirds or more of the Supervisors. Decisions of the Board of Supervisors shall be made by the affirmative vote of two-thirds or more of the Supervisors.

The terms of office of Supervisors shall be three years, renewable upon re-election.

The Directors, the President, financial officer of the Company shall not act concurrently as Supervisors. The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

(i) to examine the Company's financial affairs;

(ii) to supervise the Directors and senior officers in their performance of duties and to propose the removal of Directors and senior officers who have contravened any law, administrative regulations, these Articles of Association or shareholders' resolutions;

(iii) to demand any Director, the President and other senior officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;

(iv) to inspect financial information such as financial reports, business reports and profit distribution plans and, in case doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company.

(v) to propose to convene a shareholders' extraordinary general meeting, and to convene and preside over shareholders' general meetings when the Board fails to perform the duty of convening and presiding over the general meeting;

(vi) to propose resolutions at a shareholders' general meeting;

(vii) to propose to convene an extraordinary meeting of the board of Directors;

(viii) to elect the chairman of Board of Supervisors;

(ix) to institute a suit to the Directors or senior officers of the Company by laws;

(x) other functions and powers conferred these Articles of Association .

Supervisors shall be present at meetings of the Board.

(i) The President

The Company shall have one President, who shall be appointed and dismissed by the Board. The President shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management and report to the Board;

(ii) to organize the implementation of the resolutions of the Board;

(iii) to organize the implementation of the Company's annual business plan, investment and funding plan;

(iv) to draft plans for the establishment of the Company's internal management structure;

(v) to propose plans for the establishment of the Company's branches and sub-branches;

(vi) to propose the Company's basic management system;

(vii) to formulate detailed rules and regulations of the Company;

(viii) to propose the appointment or dismissal of the Company's vice President and accountant, and decide on their assessment, remuneration, incentive and punishment;

(ix) other functions and powers conferred by these Articles of Association and the Board.

(j) Common Reserve Fund

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the company.

No profits shall be distributed in respect of the shares held by the Company.

(k) Settlement of Disputes

The Company shall act according to the following principles to settle disputes:

(i) For any disputes or claims related to matters of the Company (i) the Company and its Directors or senior officers; and (ii) between shareholders of overseas listed foreign shares and the Company; between shareholders of overseas listed foreign shares and the Directors, Supervisors, the President or other senior management officers of the Company; between shareholders of overseas listed foreign shares and shareholders of domestic invested shares, that arise based on the rights and obligations stipulated in these Articles of Association, the Company Law and the relevant laws and administrative regulations of the State Council on the Overseas Offering and Listing of shares by Joint Stock Companies" and other relevant laws and administrative regulations, any such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim involves the above parties, the entire claim or dispute must be referred to arbitration and all persons (being the Company or shareholders, Directors, Supervisors, the President or other senior management officers of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration.

Disputes regarding definition of shareholders and registration of members may be resolved other than by way of arbitration.

(ii) The claimant may refer the arbitration to either the China International Economic Centre in accordance with its arbitration rules, and may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(iii) Unless otherwise provided in the laws and administrative regulations, any disputes or claims arising out of item (1) above shall be resolved in accordance with the laws of the PRC.

(iv) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was established in the PRC under the Company Law as a joint stock limited liability company on July 9, 2009, converting from our predecessor CLEPG. Our Company has established a place of business at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Hong Kong Companies Ordinance on November 10, 2009. Mr. Ngai Wai Fung of KCS Hong Kong Limited has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix IX. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VIII.

B. Changes in share capital

Our predecessor CLEPG had a registered capital of RMB3,162,909,736. At the time of our establishment as the joint stock limited liability company, our initial registered share capital was RMB5,000,000,000 divided into 5,000,000,000 Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up. There is no other changes in the share capital of the Company within two years prior to the date of this prospectus. Upon completion of the Global Offering, but without taking into account any H Shares which may be issued by our Company pursuant to the Over-allotment Option, our registered share capital will increase to RMB7,142,860,000, made up of 4,785,710,000 Domestic Shares and 2,357,150,000 H Shares fully paid up or credited as fully paid up, representing approximately 67% and 33% of the registered share capital, respectively (assuming the Over-allotment Option is not exercised). Save as aforesaid, there has been no alteration in our share capital since our establishment.

C. Proceedings at the Company's shareholders' meeting held on July 17, 2009

At an extraordinary general meeting of our Company held on July 17, 2009, among other things, the following resolutions were passed by the shareholders of our Company:

(a) the issue by the Company of the H Shares of nominal value of RMB1.00 each up to 2,142,860,000 shares in total (excluding the H Shares to be issued upon the exercise of the Over-allotment Option) and such H Shares be listed on the Stock Exchange;

(b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date and the Board has been authorised to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities;

(c) subject to the completion of the Global Offering, a general mandate to our Board to allot and issue Domestic Shares and H Shares at any time, either separately or concurrently, within a period of up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association and to file such amendments to the relevant administration bureau for industry and commerce for registration, provided that, the number of Domestic Shares or H Shares to be issued shall not exceed 20% of the number of each of our Domestic Shares and H Shares in issue, respectively, as at the Listing Date.

D. **Our Reorganization**

We underwent our Reorganization, details of which are set out in the section headed "History, Reorganization and Corporate Structure." As confirmed by Beijing Jiayuan Law Firm, our PRC legal counsel, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

(a) On November 24, 2008, the SASAC issued an approval document (Guo Zi Ting Gai Ge [2008] 498) to approve the proposal relating to the Reorganization;

(b) Beijing Zhongdi Huaxia Appraisal & Consulting Center Company Limited appraised the non-cash assets which were to be injected into the Company as of September 30, 2008 and issued an appraisal report (Zhong Qi Hua Ping Bao Zi [2008] 460) on April 7, 2009;

(c) The appraisal report was filed with SASAC (Filing Form No. 20090030);

(d) On July 3, 2009, the SASAC issued an approval (Guo Zi Gai Ge [2009] 468) approving the establishment of our Company as a joint stock limited company;

(e) On July 8, 2009, Guodian convened an inaugural meeting of the Company for the establishment of the Company as a joint stock limited company; and

(f) On July 9, 2009, a new business license was issued by the State Administration for Industry and Commerce, whereupon we were formally established as a joint stock limited company.

2. SUBSIDIARIES

Our principal subsidiaries (for the purpose of the Listing Rules) as at June 30, 2009 are set out under the financial statements in the Accountants' Report as included in Appendix I to this prospectus. The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this prospectus:

(a) on May 31, 2009, the registered capital of Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. was increased from RMB100,000,000 to RMB256,000,000;

(b) on March 17, 2009, the registered capital of Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. was increased from RMB176,090,000 to RMB505,850,000;

(c) on February 12, 2009, the registered capital of Yichun Longyuan Wind Power Generation Co., Ltd. was decreased from RMB163,240,000 to RMB135,250,000;

(d) on January 22, 2009, the registered capital of Longyuan (Bayannur) Wind Power Generation Co., Ltd. was increased from US$14,992,800 to RMB816,550,000;

(e) on January 14, 2009, the registered capital of Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd. was increased from RMB160,070,000 to RMB320,140,000;

(f) on October 23, 2008, the registered capital of Zhongneng Power-Tech was increased from RMB50,000,000 to RMB60,000,000;

(g) on October 13, 2008, the registered capital of Tieling Longyuan Wind Power Generation Co., Ltd. was increased from RMB142,080,000 to RMB281,690,000;

(h) on August 15, 2008, the registered capital of Shenyang Longyuan Wind Power Generation Co., Ltd. was increased from RMB64,760,000 to RMB280,740,000 and on January 4, 2009, its registered capital was increased from RMB280,740,000 to RMB432,270,000;

(i) on July 4, 2008, the registered capital of Gansu Jieyuan Wind Power Generation Co., Ltd. was increased from RMB150,000,000 to RMB236,000,000; and on February 26, 2009, the registered capital of Gansu Jieyuan Wind Power Generation Co., Ltd. was increased from RMB236,000,000 to RMB276,000,000;

(j) on May 27, 2008, the registered capital of Jiangsu Longyuan Wind Power Generation Co., Ltd. was increased from RMB211,610,000 to RMB333,320,000;

(k) on April 1, 2008, the registered capital of Yichun Xing'anling Wind Power Generation Co., Ltd. was decreased from RMB252,113,000 to RMB199,380,000;

(l) on March 27, 2008, the registered capital of Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. was increased from RMB33,000,000 to RMB187,850,000; and

(m) on February 3, 2008, the registered capital of Huanan Longyuan Wind Power Generation Co., Ltd. was increased from RMB127,960,898 to RMB201,973,500; and on April 15, 2009, the registered capital of Huanan Longyuan Wind Power Generation Co., Ltd. was increased from RMB201,973,500 to RMB263,153,500.

Save as disclosed in this prospectus, there has been no alteration in the share capital of any of our subsidiaries mentioned above within the two years immediately preceding the date of this prospectus.

3. SINO-FOREIGN JOINT VENTURES

Our principal subsidiaries are listed in the Accountants' Report set out in Appendix I to this prospectus.

Information regarding the Sino-foreign equity joint ventures, cooperative or contractual joint ventures in which we are interested are set out below:

1. Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	May 18, 2007 to May 17, 2027	
Date of establishment:	May 18, 2007	
Scope of business:	Construction and operation of the wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,847,300,000	
Registered share capital:	RMB505,850,000	

2. Tieling Longyuan Wind Power Generation Co., Ltd.

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	October 31, 2006 to October 30, 2026	
Date of establishment:	October 31, 2006	
Scope of business:	Wind power generation; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB845,060,000	
Registered share capital:	RMB281,690,000	

3. **Longyuan (Bayannur) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	July 14, 2006 to July 14, 2026	
Date of establishment:	July 14, 2006	
Scope of business:	Wind power generation; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB2,578,330,000	
Registered share capital:	RMB816,550,000	

4. **Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	66.15%
	Hero Asia (BVI)	25%
	Fujian Electric Power Engineering Company	1.0352%
	Fujian Dongshan Power Supply Company	3.90625%
	Xiamen Zhangneng Investment Company Limited	3.90625%
Term of joint venture:	October 30, 1997 to October 30, 2017	
Date of establishment:	October 30, 1997	
Scope of business:	Engage in the development of wind power generation, construction and sale in Dongshan Aozaishan.	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB709,800,000	
Registered share capital:	RMB256,000,000	

5. **Shenyang Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	73.6%
	Hero Asia (BVI)	25%
	Shenyang Ziwei New Energy Development Company Limited	1.4%
Term of joint venture:	September 22, 2006 to September 21, 2026	
Date of establishment:	September 22, 2006	
Scope of business:	Investment in, construction and operation of wind farm; survey, design and construction of power plants; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training. (Where license is required, such license shall be obtained in order to operate)	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,271,100,000	
Registered share capital:	RMB432,270,000	

6. **Yichun Xing'anling Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	30%
	Hero Asia (BVI)	25%
	Suihua Fengyuan Investment Company Limited	45%
Term of joint venture:	December 21, 2004 to December 20, 2024	
Date of establishment:	December 21, 2004	
Scope of business:	Construction and operation of wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB598,140,000	
Registered share capital:	RMB199,380,000	

7. **Jiangsu Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	50%
	NTPG	25%
	Jiaguan International Company Limited	25%
Term of joint venture:	September 9, 2005 to September 8, 2030	
Date of establishment:	September 9, 2005	
Scope of business:	Wind power generation, electricity sale and consulting and training of related technology	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,321,220,000	
Registered share capital:	RMB333,320,000	

8. **Jilin Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	56.58%
	Hero Asia (BVI)	9.65%
	Jilin Jineng Power Group Company Limited	18.42%
	Jiaguan International Company Limited	15.35%
Term of joint venture:	October 17, 2005 to October 16, 2030	
Date of establishment:	October 17, 2005	
Scope of business:	Wind power generation operation, survey, design and construction of wind farm, Installation, test and maintenance of complete-set of wind power generating units, electricity sale service, and provision of related consulting and service	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,581,850,000	
Registered share capital:	RMB438,200,000	

9. **Huanan Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	15%
	Hero Asia (BVI)	25%
	Suihua Fengyuan Investment Company Limited	31.12%
	Heilongjiang Zhongyu Investment Company Limited	28.88%
Term of joint venture:	January 23, 2007 to January 23, 2027	
Date of establishment:	January 23, 2007	

Scope of business:	Construction and operation of wind farm
Nature:	Sino-foreign equity joint venture
Total investment amount:	RMB789,531,100
Registered share capital:	RMB263,153,500

10. **Hainan Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	December 17, 2007 to December 17, 2027	
Date of establishment:	December 17, 2007	
Scope of business:	Wind power generation investment, construction and operation of wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB426,176,800	
Registered share capital:	RMB142,058,800	

11. **Longyuan Qidong Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	30%
	Hero Asia (BVI)	25%
	NTPG	45%
Term of joint venture:	August 10, 2007 to November 9, 2032	
Date of establishment:	August 10, 2007	
Scope of business:	Investment in, construction and operation of wind farm; survey, design and construction of power plants; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB983,050,000	
Registered share capital:	RMB245,760,000	

12. **Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	36.29%
	Zhejiang Wind Power Generation and Development Co., Ltd.	15%
	Hero Asia (BVI)	25%
	Wenling Feipu Electric Company Limited	13.71%
	Wenling Donghaitu Reclamation Development Company Limited	10%
Term of joint venture:	September 21, 2007 to September 20, 2057	
Date of establishment:	September 21, 2007	
Scope of business:	Development, construction, operation, management of wind farm, power production	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB420,060,000	
Registered share capital:	RMB140,020,000	

13. **Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	September 4, 2007 to September 3, 2027	
Date of establishment:	September 4, 2007	
Scope of business:	Wind power generation; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; consulting and Training of related technology	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB444,040,000	
Registered share capital:	RMB148,310,000	

14. **Fuyuan Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	January 4, 2008 to January 4, 2029	
Date of establishment:	January 4, 2008	
Scope of business:	Investment in, construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB263,510,000	
Registered share capital:	RMB87,828,000	

15. **Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	50%
	Fujian Wind Power Co., Ltd.	25%
	Hero Asia (BVI)	25%
Term of joint venture:	April 15, 2008 to April 14, 2033	
Date of establishment:	April 15, 2008	
Scope of business:	Engage in design, construction, test, operation, maintenance and related service in Gaoshan Town, Fuqing	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB216,630,000	
Registered share capital:	RMB86,650,000	

16. **Yichun Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	5%
	Hero Asia (BVI)	35%
	Heilongjiang Zhongyu Investment Company Limited	30%
	Suihua Fengyuan Investment Company Limited	30%
Term of joint venture:	January 26, 2007 to January 25, 2027	

Date of establishment:	January 26, 2007	
Scope of business:	Construction and operation of wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB489,710,000	
Registered share capital:	RMB135,250,000	

17. **Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	December 25, 2007 to December 24, 2027	
Date of establishment:	December 26, 2007	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; consulting and training of related technology	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB957,540,000	
Registered share capital:	RMB320,140,000	

18. **Chifeng Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	72.01%
	Hero Asia (BVI)	25%
	State Grid Xin Yuan Company Limited	2.99%
Term of joint venture:	December 26, 2007 to December 25, 2027	
Date of establishment:	December 26, 2007	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,405,710,000	
Registered share capital:	RMB468,570,000	

19. **Fujian Putian Nanri Wind Power Generation Co., Ltd.**

Parties and equity interest:	Hero Asia (BVI)	25%
	Fujian Wind Power Generation Co,. Ltd.	18.4%
	Fujian Hesheng Group Company Limited	13.8%
	Shanghai Jingneng Industry Company Limited	13.8%
	Fujian Putian Lineng Group Company Limited	12.1%
	Fujian Nangping Nandian Water and Electricity Equipment Manufacturing Company Limited	12.1%
	Wei Jiufu	4.8%
Term of joint venture:	September 17, 2003 to September 16, 2023	
Date of establishment:	September 17, 2003	

Scope of business:	Construction and operation of Putian Nanri Houshanzai wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB150,810,000	
Registered share capital:	RMB61,400,000	

20. **Longyuan (Siziwang) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	May 18, 2007 to May 18, 2027	
Date of establishment:	May 18, 2007	
Scope of business:	Construction and operation of wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB438,430,000	
Registered share capital:	RMB149,000,000	

21. **Longyuan (Baotou) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	June 27, 2007 to June 27, 2032	
Date of establishment:	June 12, 2007	
Scope of business:	Construction and operation of wind farm	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,579,770,000	
Registered share capital:	RMB394,940,000	

22. **Hailin Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	26%
	Hero Asia (BVI)	25%
	Yichun Xinganling Wind Power Equipment Installation Co., Ltd.	24.5%
	Mudanjiang Hongyuan Investment Company Limited	24.5%
Term of joint venture:	February 28, 2008 to February 27, 2028	
Date of establishment:	February 28, 2008	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB205,380,000	
Registered share capital:	RMB81,432,000	

23. **Longyuan (Tongyu) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	July 25, 2008 to July 24, 2033	
Date of establishment:	July 25, 2008	
Scope of business:	Construction and operation of wind farm and provision of related technology consulting (preparation period)	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB430,450,000	
Registered share capital:	RMB143,470,000	

24. **Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	December 13, 2007 to December 13, 2027	
Date of establishment:	December 13, 2007	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB409,190,000	
Registered share capital:	RMB135,030,000	

25. **Longyuan (Changling) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	December 11, 2008 to December 10, 2033	
Date of establishment:	December 11, 2008	
Scope of business:	Construction and operation of wind farm; installation and maintenance of complete-set of wind power generating units; and related technology consulting and training. (preparation period)	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB465,346,000	
Registered share capital:	RMB155,120,000	

26. **Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	30%
	Hero Asia (BVI)	25%
	Hebei Jiantou New Energy Company Limited	45%
Term of joint venture:	March 27, 2009 to March 26, 2029	
Date of establishment:	March 27, 2009	

Scope of business:	Construction and operation of wind farm; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB437,000,000	
Registered share capital:	RMB145,670,000	

27. **Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	30%
	Hero Asia (BVI)	25%
	Hebei Jiantou New Energy Company Limited	45%
Term of joint venture:	March 27, 2009 to March 26, 2029	
Date of establishment:	March 27, 2009	
Scope of business:	Construction and operation of wind farm; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB414,970,000	
Registered share capital:	RMB138,320,000	

28. **Gansu Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	May 21, 2009 to May 30, 2029	
Date of establishment:	May 21, 2009	
Scope of business:	Investment in, construction and operation of wind farm; survey, design and construction of power plants; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB2,498,140,000	
Registered share capital:	RMB624,530,000	

29. **Shuangyashan Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	May 21, 2009 to May 20, 2029	
Date of establishment:	May 21, 2009	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB490,720,000	
Registered share capital:	RMB163,570,000	

30. **Hegang Longyuan Wind Power Generation Co,. Ltd.**

Parties and equity interest:	The Company	70%
	Hero Asia (BVI)	25%
	Luobei Xianghe Investment Co., Ltd.	5%
Term of joint venture:	June 3, 2009 to June 2, 2029	
Date of establishment:	June 3, 2009	
Scope of business:	Investment in, construction and operation of wind farm; survey, design and construction of power plants; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB496,650,000	
Registered share capital:	RMB165,550,000	

31. **Yilan Longyuan Huineng Wind Power Generation Ltd., Ltd.**

Parties and equity interest:	The Company	57%
	Hongkong Huineng International Investment Company Limited	25%
	Rongde Ruifeng Technology Development Company Limited	10%
	Fuyuan Zhonghe Investment Company Limited	8%
Term of joint venture:	May 19, 2009 to May 18, 2030	
Date of establishment:	May 19, 2009	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB473,480,000	
Registered share capital:	RMB157,830,000	

32. **Longyuan (Rudong) Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	50%
	Hero Asia (BVI)	25%
	Nantong Tianshenggang Power Generation Co,. Ltd.	25%
Term of joint venture:	June 6, 2009 to June 5, 2029	
Date of establishment:	June 6, 2009	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete-set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB1,115,390,000	
Registered share capital:	RMB278,850,000	

33. **Harbin Longyuan Wind Power Generation Co., Ltd.**

Parties and equity interest:	The Company	75%
	Hero Asia (BVI)	25%
Term of joint venture:	October 21, 2009 to October 20, 2029	
Date of establishment:	October 21, 2009	
Scope of business:	Construction and operation of wind farm; survey, design and construction of wind farm; installation, test and maintenance of complete set of wind power generating units; related technology consulting and training	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB479,600,000	
Registered share capital:	RMB159,807,000	

34. **NTPG**

Parties and equity interest:	The Company	0.65%
	Hero Asia (BVI)	31.29%
	Jiangsu Transportation Holding Company Limited	31.08%
	Nantong Tianshenggang Power Investment Service Company Limited	29.98%
	Jiangsu Suhuai Expressway Management Company Limited	3.5%
	Jiangsu Costal Expressway Management Company Limited	3.5%
Term of joint venture:	September 28, 1994 to September 27, 2034	
Date of establishment:	September 28, 1994	
Scope of business:	Production and sale of electricity, heating power and related products	
Nature:	Sino-foreign cooperative joint venture	
Total investment amount:	USD153,430,000	
Registered share capital:	USD51,180,000	

35. **JSPG**

Parties and equity interest:	The Company	2%
	Hero Asia (BVI)	25%
	Jiangsu Power Development Share Company Limited	25%
	Jiangyin Power Investment Company Limited	25%
	Jiangsu Sanfangxiang Group Company Limited	16.7%
	Jiangyin Maoyuan Investment Company Limited	5.3%
	Jiangsu New Long River Industrial Group Limited	1%
Term of joint venture:	December 28 1993 to December 27, 2013	
Date of establishment:	December 28 1993	
Scope of business:	Production and sale of electricity, heating power and related products	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	USD461,140,000	
Registered share capital:	USD144,320,000	

All transfers of registered share capital in the above joint ventures are subject to pre-emptive rights of the joint venture partners set out in the joint venture contracts and the articles of association. The entitlements of joint venture partners to profits, dividends and other distributions of the above joint ventures are proportionate to their capital contribution ratios.

Upon expiry of the joint venture, the joint venture partners shall be entitled to the distributable assets proportionate to their capital contribution ratios.

4. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material:

(a) Equity interest transfer agreement dated January 18, 2008 entered into between Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團有限公司) as transferor and CLEPG as transferee in respect of the transfer of 30% interest in Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司) at a consideration of RMB15,060,000;

(b) Equity interest transfer agreement dated January 18, 2008 entered into between Fujian Hoshing Group Co., Ltd. (福建和盛集團有限公司) as transferor and CLEPG as transferee in respect of the transfer of 30% interest in Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司) at a consideration of RMB15,060,000;

(c) Equity interest transfer agreement dated June 25, 2008 entered into between Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司) as transferor and Fujian Hoshing Group Co., Ltd. (福建和盛集團有限公司) as transferee in respect of the transfer of 13.8% interest in Fujian Putian Nanri Wind Power Generation Co., Ltd (福建省莆田南日風電有限公司) at a consideration of RMB9,800,000;

(d) Equity interest transfer agreement dated June 25, 2008 entered into between Fujian Wind Power Generation Co., Ltd. (福建風力發電有限公司) as transferor and Shanghai Jingneng Industrial Co., Ltd. (上海淨能實業有限公司) as transferee in respect of the transfer of 13.8% interest in Fujian Putian Nanri Wind Power Generation Co., Ltd (福建省莆田南日風電有限公司) at a consideration of RMB9,800,000;

(e) Equity interest transfer agreement dated October 20, 2008 entered into between ten individuals, namely Liu Hong (劉洪), Li Yuling (李育玲), Ye Zulin (葉祖林), Liu Yu (劉玉), Wang Jianguo (王建國), He Jiangang (何建剛), Zou Jing (鄒靜), Li Yu (李煜), Chang Li (常莉) and Ren Jianqiang (任建強), as transferors and CLEPG as transferee in respect of the transfer of an aggregate of 45% interest in Xinjiang Wind Power Engineering Consultant Co., Ltd (新疆風電工程設計諮詢有限責任公司) at an aggregate consideration of RMB3,310,800;

(f) Equity interest transfer agreement dated April 24, 2009 entered into among Suihua Fengyuan Investment Co., Ltd. (綏化豐源投資有限公司), Hegang Hefeng Energy Investment Co., Ltd. (鶴崗鶴峰能源投資有限公司) and Helongjiang Zhongyu Investment Co., Ltd. (黑龍江中宇投資有限公司) as transferors and CLEPG as transferee in respect of the transfer of an aggregate of 49% interest in Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd. (伊春龍源雄亞風力發電有限公司) at an aggregate consideration of RMB73,872,340;

(g) Reorganization Agreement dated July 10, 2009 entered into between Guodian, Guodian Northeast and the Company in respect of the Reorganization;

(h) Trademark license agreement dated July 24, 2009 entered into between Guodian as licensor and the Company as licensee in respect of the licensing of certain trademarks of Guodian;

(i) Comprehensive provision of products and services agreement dated July 24, 2009 entered into between Guodian and the Company, as amended by a supplemental agreement dated November 9, 2009 entered into between the same parties;

(j) Non-Competition Agreement dated July 30, 2009 entered into between Guodian and the Company (for itself and as trustee for its subsidiaries from time to time) regarding the non-competition undertakings as more particularly set out in the section headed "Relationship with Guodian Group" in this prospectus;

(k) Comprehensive provision of products and services agreement dated July 30, 2009 entered into between the Company and Zhongneng Power-Tech;

(l) a cornerstone investment agreement dated November 23, 2009 entered into between Chengdong Investment Corporation, the Joint Bookrunners and us, pursuant to which Chengdong Investment Corporation has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with HK$3,100 million, rounded down to the nearest board lot;

(m) a cornerstone investment agreement dated November 21, 2009 entered into between China Life Insurance Company Limited, the Joint Bookrunners and us, pursuant to which China Life Insurance Company Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$100 million, rounded down to the nearest board lot;

(n) a cornerstone investment agreement dated November 21, 2009 entered into between China Life Insurance (Overseas) Company Limited, the Joint Bookrunners and us, pursuant to which China Life Insurance (Overseas) Company Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$50 million, rounded down to the nearest board lot;

(o) a cornerstone investment agreement dated November 21, 2009 entered into between China Life Insurance (Group) Company, the Joint Bookrunners and us, pursuant to which China Life Insurance (Group) Company has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest board lot;

(p) a cornerstone investment agreement dated November 21, 2009 entered into between WLR IV CLPG L.P., the Joint Bookrunners and us, pursuant to which WLR IV CLPG L.P. has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$100 million, rounded down to the nearest board lot;

(q) a cornerstone investment agreement dated November 21, 2009 entered into between Value Partners Limited, the Joint Bookrunners and us, pursuant to which Value Partners Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest board lot;

(r) a cornerstone investment agreement dated November 21, 2009 entered into between South Valley Holdings Limited, the Joint Bookrunners and us, pursuant to which South Valley Holdings Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US$20 million, rounded down to the nearest board lot; and

(s) the Hong Kong Underwriting Agreement.

B. **Our intellectual property rights**

Patents

As at the Latest Practicable Date, we do not have registered patents in the PRC.

As at the Latest Practicable Date, we have applied for the following patents in the PRC:

No.	Patent	Application Number	Applicant	Date of Application	Type of Patent
1	Method for Monitoring Gear Boxes of Wind Power Generators	200910083884.0	Zhongneng Power-Tech	May 11, 2009	Invention
2	Devices for Monitoring Wind Power Generators	200920108428.2	Zhongneng Power-Tech	June 2, 2009	Utility Model
3	System for Monitoring Wind Power Generators	200920108429.7	Zhongneng Power-Tech	June 2, 2009	Utility Model
4	System for Monitoring Univolt	200920108305.9	Zhongneng Power-Tech	May 31, 2009	Utility Model
5	System for Monitoring Circuit Breakers	200920108304.4	Zhongneng Power-Tech	May 31, 2009	Utility Model
6	Metallic oxide lightning arrester in composite external casing with clearance for AC current transmission circuit belt series	200920106117.2	Zhongneng Power-Tech	March 11, 2009	Utility Model
7	220kV metallic oxide lightning arrester in composite external casing for system circuit switch	200920106118.7	Zhongneng Power-Tech	March 11, 2009	Utility Model
8	High pressure rail casing	200920106169.X	Zhongneng Power-Tech	March 13, 2009	Utility Model
9	500kV non-isostatic capacity metallic oxide lightning arrester in ceramic external casing clearance free	200920107795.0	Zhongneng Power-Tech	May 4, 2009	Utility Model

Trademarks

As at the Latest Practicable Date, we do not have registered trademarks in the PRC.

As at the Latest Practicable Date, we have applied for the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Applicant	Class	Application Number	Date of Application
1.	洁源	Gansu Jieyuan Wind Power Generation Co., Ltd.	40	5099658	January 4, 2006

As at the Latest Practicable Date, we have applied for the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Applicant	Class	Application Number	Date of Application
1.	龙源 (In series)	China Longyuan Power Group Corporation Limited	1,4,7,9,11,16, 36,37,39,40,42	301396693	July 31, 2009
2.	LONGYUAN	China Longyuan Power Group Corporation Limited	1,4,7,9,11,16, 36,37,39,40,42	301396701	July 31, 2009
3.	(In series)	China Longyuan Power Group Corporation Limited	1,4,7,9,11,16, 36,37,39,40,42	301396710	July 31, 2009
4.	中国国电 (In series)	China Longyuan Power Group Corporation Limited	1,4,7,9,11,16, 36,37,39,40,42	301396710	July 31, 2009

Note:

Class 1 - Chemical products used in industry, science and agriculture.

Class 4 - Electrical energy; electricity; energy produced by nuclear fusion; fuels; solidified gases (fuel); coal; firelighters; petrol; industrial oil; dust removing preparations.

Class 7 - Wind power and hydraulic power apparatus; electric generator machines and apparatus; wind power apparatus; wind power machines and fittings; wind-powered electric generator apparatus; dynamos; starters for motor and engine; generators of electricity; pneumatic transporters; electron industry apparatus; igniting devices for internal combustion engines.

Class 9 - Electric station automatic apparatus; anemographs; measuring instruments; sounding apparatus and machines; wind pressure meter; wind speed meter; electric cables; electronic signal transmitter; computer programmers (software downloadable); compact disc (music and video).

Class 11 - Refrigerating appliances, installations and machines; air conditioning apparatus; air purifying apparatus and machines; heating apparatus; electric heating apparatus; solar heating collectors; water purifying apparatus and machines; dirt purifying installations; sewage treatment apparatus; processing apparatus for nuclear fuel and material for reducing nuclear activity.

Class 16 - Promotional materials; pamphlets; periodicals; magazines; stationery; printed-publications; books; placards of paper or cardboard; paper or plastic bags for packaging (envelopes, small bags); graphic representations; drawing instruments; architects'-models; modelling materials.

Class 36 - Capital investments; exchanging money (currency exchange); real estate services; Lease-purchase financing; issue of tokens of value; financial consultancy; financial information; trusteeship; real estate management; surety services.

Class 37 - Building construction; machinery installation, maintenance and repair; freezing equipment installation and repair; disinfecting; pipeline construction and maintenance; factory construction; road paving; rebuilding engines that have been worn or partially destroyed; rebuilding machines that have been worn or partially destroyed; electric appliance installation and repair.

Class 39 - Electric supplying; water supplying; energy power supplying; providing water; storage; transport; transport and storage of trash; guarded transport of valuables; transport by pipeline.

Class 40 - Production of energy; air purification; water treating; purifying harmful materials; material treatment information; metal treating; leasing electric generator; fuel processing; recycling of waste and trash.

Class 42 - Consultancy in the field of energy-saving; research in the field of environmental protection; engineering; technical research; construction drafting; quality control; surveying; mechanical research; material testing.

Save as disclosed herein, there are no patents, trademarks or other intellectual or industrial property rights which are material in relation to our business.

5. DISCLOSURE OF INTERESTS

A. Substantial shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the following persons will have an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Number of Shares held after the Global Offering(1)	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering(2)
Guodian(3)	4,785,710,000 Domestic Shares	Beneficial interest and interest of controlled corporation	100.00%	67.00%
Chengdong Investment Corporation	429,958,000 H Shares	Beneficial interest	20.06%	6.02%
China Investment Corporation(4)	429,958,000 H Shares	Interest of controlled corporation	20.06%	6.02%
China Life Insurance Company Limited	107,489,000 H Shares	Beneficial interest	5.02%	1.50%
China Life Insurance (Group) Company(5)	193,479,000 H Shares	Beneficial interest and interest of controlled corporations	9.03%	2.71%
WLR IV CLPG L.P.	107,489,000 H Shares	Beneficial interest	5.02%	1.50%
Wilbur L. Ross, Jr.(6)	107,489,000 H Shares	Interest of controlled corporation	5.02%	1.50%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (excluding 214,290,000 H Shares to be converted from Domestic Shares and held by NSSF) (as applicable) of the Company after the Global Offering and the mid-point of the indicative Offer Price range.

(2) The calculation is based on the total number of 7,142,860,000 Shares in issue after the Global Offering and the mid-point of the indicative Offer Price range.

(3) Guodian is beneficially interested in 4,685,995,800 Domestic Shares, representing approximately 65.66% of the total share capital of the Company. Guodian Northeast is a wholly-owned subsidiary of Guodian and is interested in 95,714,200 Domestic Shares, representing approximately 1.34% of the total share capital of the Company. Guodian is therefore deemed to be interested in the Domestic Shares held by Guodian Northeast.

(4) Chengdong Investment Corporation is a wholly-owned subsidiary of China Investment Corporation. China Investment Corporation is deemed to be interested in all the H Shares held by Chengdong Investment Corporation.

(5) China Life Insurance (Group) Company is beneficially interested in 32,246,000 H Shares, representing approximately 1.50% of the H Shares of the Company (excluding 214,290,000 H Shares to be converted from Domestic Shares and held by NSSF). China Life Insurance (Overseas) Company Limited is a wholly-owned subsidiary of China Life Insurance (Group) Company and is beneficially interested in 53,744,000 H Shares, representing approximately 2.51% of the H Shares of the Company (excluding 214,290,000 H Shares to be converted from Domestic Shares and held by NSSF). In addition, China Life Insurance (Group) Company is entitled to control more than one-thirds of the voting rights at the general meeting of China Life Insurance Company Limited. Therefore, China Life Insurance (Group) Company is deemed to be interested in the H Shares held by each of China Life Insurance (Overseas) Company Limited and China Life Insurance Company Limited.

(6) The general partner of WLR IV CLPG L.P. is WLP Recovery Associates IV LLC, whose managing member is WL Ross Group, L.P., which is ultimately controlled by Wilbur L. Ross, Jr. Therefore, Wilbur L. Ross, Jr. is deemed to be interested in the H Shares held by WLR IV CLPG L.P.

B. **Disclosure of the Directors' and Supervisors' interests in the registered capital of associated corporations of the Company**

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

C. **Particulars of service contracts**

Each of the executive Directors and non-executive Directors, has entered into a service contract with our Company on July 30, 2009. The principal particulars of these service agreement are (a) for a term of three years commencing from July 8, 2009 and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable Rules.

Each of the Supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with our Company on November 9, 2009.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

D. **Directors' and Supervisors' remuneration**

The aggregate amounts of remuneration paid and benefits in kind granted to the Directors and the Supervisors in respect of each of the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were approximately RMB1.5 million, RMB2.6 million, RMB2.8 million and RMB1.8 million respectively. Save as disclosed under Note 7 to the financial statements in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009.

Under the current arrangements, the Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2009 under arrangement in force as at the date of this prospectus which is expected to be approximately RMB2.5 million in aggregate.

Under the current arrangements, the Supervisors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2009 under arrangement in force as at the date of this prospectus which is expected to be approximately RMB0.5 million in aggregate.

E. **Personal guarantees**

The Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

F. **Agency fees or commissions received**

Save as disclosed in the section headed "Underwriting" in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this prospectus.

G. **Related party transactions**

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in Note 34 to the financial statements in the Accountants' Report set out in Appendix I to this prospectus.

H. **Disclaimers**

Save as disclosed in this prospectus:

(a) none of the Directors, Supervisors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) in connection with the Underwriting Agreements, none of the Directors or Supervisors nor any of the parties listed in the paragraph headed "Qualification of experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(c) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange; save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of the Directors or Supervisors nor any of the parties listed in paragraph headed "Qualification of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(d) in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "Qualification of experts" of this Appendix:

    (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or

    (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

(e) none of the Directors or Supervisors or their respective associates or any shareholders of our Company (who to the knowledge of the Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

B. Litigation

Save as disclosed in "Business — Legal Compliance and Proceedings," as at the Latest Practicable Date, our Company is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

C. Sponsor

The Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

D. Preliminary expenses

Our estimated preliminary expenses are approximately HK$20,000. All preliminary expenses and all expenses relating to the Global Offering will be borne by the Company.

E. Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
Morgan Stanley Asia Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
KPMG	Certified public accountants
Jones Lang LaSalle Sallmanns Limited	Property valuers
Beijing Jiayuan Law Firm	PRC legal counsel
Mott MacDonald Limited	Independent technical consultant

F. No material adverse change

The Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2009.

G. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

H. Bilingual Prospectus

The English language and Chinese language version of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

I. Miscellaneous

(a) save as disclosed in this prospectus, within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) the Company has no outstanding convertible debt securities or debentures;

(e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of the Company;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and

(h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought. We currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

J. Consents

Each of the experts as referred to in the paragraph headed "Qualification of experts" in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A and 44E of the Hong Kong Companies Ordinance so far as applicable.

K. Promoters

The promoters of our Company are Guodian and Guodian Northeast.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given to the promoters named above in connection with the Hong Kong Public Offering or the related transactions described in this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** application forms, the written consents referred to in the section entitled "Other Information — Consents" in Appendix X to this prospectus, the statement of adjustments to the accountants' report set out in Appendix I to this prospectus and copies of the material contracts referred to in the section entitled "Further Information about Our Business — Summary of our material contracts" in Appendix X to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Clifford Chance at 28th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the accountants' report prepared by KPMG as set out in Appendix I to this prospectus together with the statement of adjustments;

(c) the report on the unaudited pro forma financial information, the text of which is set out in Appendix II;

(d) the letters relating to the profit forecast as set out in Appendix III to this prospectus;

(e) the letter and valuation certificates relating to the property interests of the Company prepared by Jones Lang LaSalle Sallmanns Limited as set out in Appendix IV to this prospectus and the full valuation report (in Chinese language only) of Jones Lang LaSalle Sallmanns Limited referred to in Appendix IV to this prospectus;

(f) a summary technical report prepared by Mott MacDonald Limited as set out in Appendix VI to this prospectus;

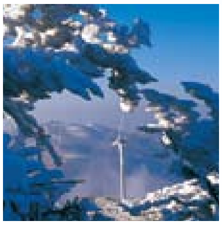
(g) the material contracts referred to in the section entitled "Further Information about Our Business — Summary of our material contracts" in Appendix X to this prospectus;

(h) the written consents referred to in the section entitled "Other Information — Consents" in Appendix X to this prospectus;

(i) the service agreements referred to in the section entitled "Disclosure of Interests — Particulars of service contracts" in Appendix X to this prospectus;

(j) the PRC legal opinion issued by Beijing Jiayuan Law Firm, the legal advisor to the Company on the PRC law dated October 19, 2009, confirming that in its opinion, the summary of relevant PRC laws and principal regulatory provisions set out in Appendix VIII is a correct summary of the relevant PRC laws and regulatory provisions; and

(k) the Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial translation.



龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*