You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in "Appendix I — Accountants' Report" to this prospectus. The consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed and elsewhere in this prospectus, particularly in "Risk Factors".

OVERVIEW

We are a leading manufacturer of wind turbine generators and provider of complete wind power solutions in China. Our primary business is WTG R&D, manufacturing and sales. We also engage in the provision of comprehensive wind power services and the development of wind farms for sale to wind farm operators and investors. As an enterprise with one of the longest track records in the PRC wind power equipment manufacturing industry, we possess substantial technical expertise, strong independent R&D capabilities, and have successfully introduced innovative leading edge wind turbine technologies to the PRC market. Most of our core management team have specialized in wind power for many years, and possess significant industry experience in wind energy development and operation, giving us a deep understanding of our client base and their operational needs. Our comprehensive quality assurance system and after-sales service operations have also contributed to achieving our dominant market position. According to the *International Wind Energy Development — World Market Update* published by BTM, the accumulated installed capacity of WTGs manufactured by us reached 5.3 GW as at December 31, 2009, representing a market share in the PRC of approximately 21%. In 2009, our market share in the PRC in terms of newly installed capacity increased approximately 2 percentage points as compared to the previous year to approximately 20%, ranking us the fifth largest WTG manufacturer globally and the second largest in the PRC. The WWEA awarded us the World Wind Energy Award 2006 for our contribution to the development of the international wind power industry.

Our revenue primarily derives from our three business segments: WTG R&D, manufacturing and sales, wind power services and wind farm investment, development and sales. In particular, the revenue from WTG R&D, manufacturing and sales is the most significant component of our total revenue. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, revenue from WTG R&D, manufacturing and sales was RMB3,079.2 million, RMB6,299.3 million, RMB10,347.4 million and RMB6,120.5 million, respectively, accounting for 99.7%, 98.2%, 97.0% and 97.7% of our total revenue.

During the Track Record Period, we have experienced significant growth in revenues and maintained good profitability. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our revenue was RMB3,089.0 million, RMB6,417.3 million, RMB10,666.5 million and RMB6,265.0 million, respectively, and our profit attributable to owners of our Company was RMB624.6 million, RMB906.4 million, RMB1,745.6 million and RMB772.8 million, respectively, growing at a CAGR of 85.8% and 67.2% between 2007 and 2009, respectively.

BASIS OF PRESENTATION

Our financial information has been prepared in accordance with IFRS and under the historical cost convention, except for certain derivative financial instruments, which have been measured at fair value.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the Accountants' Report included as Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Demand for wind power

Demand for our products and services have been, and will continue to be, affected by demand for wind power. The increase in our total installed capacity sold during the Track Record Period was largely due to the increase in demand for wind power in the PRC. The increase in demand for wind power in the PRC has largely been driven by, among other factors, policy and tariff support from the PRC Government and improvements in local power grids. According to BTM, China's total installed wind power capacity increased from 406 MW in 2001 to 25,853 MW in 2009, growing at a CAGR of 68.1%. According to data from the CEIC, installed wind power capacity in the PRC exceeded 99% of the total renewable energy installed capacity by December 31, 2009, making wind power the main source of renewable energy in China. In addition, according to BTM, China became the world's largest wind power market in 2009 in terms of newly installed wind power capacity with 13.8 GW of new installations, which exceeded the total installed wind power capacity in China as at the end of 2008. Going forward, as we increase our overseas sales, we also anticipate demand for our products and services to be affected by the global demand for wind power. Global demand for wind power has been driven by factors including increasing concerns over energy independence and energy security, environmental concerns and increasing costs of fossil fuels, resulting in global installed wind power capacity increasing from 24.9 GW in 2001 to 160.1 GW in 2009 at a CAGR of 26.2%, according to BTM.

In addition, the cost of producing wind power has also decreased and is generally lower than other forms of renewable energy, making wind power a relatively more attractive investment. Moreover, due to the expansion in the scale of wind farm projects, technological advancements, greater economies of scale in the production of wind power equipment as well as more low cost financing opportunities for wind farm projects, the cost of wind power is expected to continue to decline and eventually reach a level comparable to traditional energy sources. In the PRC, the investment risk may be lower than some other countries as power grids in the PRC are required to purchase all power generated from renewable energy sources, thus mitigating the risk of reduced utilization rates caused by a decrease in demand for power. We believe that investments in wind power will continue to increase, which we anticipate will lead to an increase in demand for our products and services.

Government policies encouraging the use and development of renewable energy sources

Demand for our products and services and our results of operations during the Track Record Period have benefited from environmental regulations and programs in the PRC, which encourage the use and development of renewable energy sources, in particular, wind power generation. For instance, according to the *Medium and Long-Term Development Plan of Renewable Energy* promulgated by the NDRC on August 31, 2007, for investors who have attributable installed capacity of over 5.0 GW of power generation, attributable installed capacity of renewable power generation owned must exceed 3% and 8% of attributable installed capacity owned by 2010 and 2020, respectively. In addition, we have also benefited from certain tax regulations such as the *Circular on the Comprehensive Utilization of Some Resources and VAT Policy on Other Products* jointly issued by the Ministry of Finance and the State Administration of Taxation on December 1, 2001, which stipulated the policy of reducing the value-added tax levied on electricity generated from wind power by 50%.

These and other relevant policies have benefited our results of operations by encouraging the demand for wind power and thus our products and services, and we anticipate that our results of operations will continue to be affected by government policies encouraging the adoption of renewable energy sources and, in particular, wind power. Please see the section entitled “Regulations” in this prospectus for a more detailed discussion of the various policies and regulations enacted by the PRC Government in relation to renewable energy.

Ability to design and launch technologically advanced and cost-competitive WTGs and WTG components

Our operating results and future growth depend on our ability to continue to develop and launch technologically advanced and cost-competitive WTGs and core components. We have already completed the 2.5 MW direct-drive permanent magnet and 3.0 MW hybrid-drive WTG prototypes and are developing our 6.0 MW WTG. We also continue to optimize the performance of our products through our R&D efforts, for instance, we will continue to develop and introduce more advanced WTGs customized for optimum performance under diverse operating conditions such as low and high temperatures, high altitudes, low wind velocity and coastal areas. During the Track Record Period, the total amount of our R&D expenditures (including R&D expenses and capitalized R&D costs) were RMB34.1 million, RMB79.8 million, RMB93.2 million and RMB53.4 million, respectively. We have been able to maintain relatively low R&D expenditures due to the low operational costs of our R&D centers in the PRC, including staff costs, components used in our R&D processes and depreciation on our laboratory equipment. As our customers’ needs evolve, the wind turbine specifications they require typically change as well. Our ability to design and develop new products that meet these changing requirements has been and will continue to be critical to our ability to maintain and increase our total installed capacity sold and profitability. As a result, we expect to continue to make significant investments in R&D, particularly with respect to designing and developing more technologically advanced and cost-competitive WTGs and core WTG components.

Total Installed capacity sold and product mix of our WTGs

Our results of operations have been and are expected to continue to be substantially affected by our total installed capacity sold and our WTG product mix. Set out below is a breakdown of our total installed capacity sold by WTG series for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively.

	Year ended December 31,						Six months ended June 30,	
	2007		2008		2009		2010	
	Installed capacity sold (MW)	%	Installed capacity sold (MW)	%	Installed capacity sold (MW)	%	Installed capacity sold (MW)	%
WTG								
1.5 MW	85.5	11.3	519.0	37.8	1,591.5	78.2	1,234.5	93.1
750 kW	669.0	88.7	853.5	62.2	444.0	21.8	91.5	6.9
Total	754.5	100.0	1,372.5	100.0	2,035.5	100.0	1,326.0	100.0

Increases in our revenue during the Track Record Period were largely due to the overall increases in our total installed capacity sold and changes in our WTG product mix. Our total installed capacity sold was 754.5 MW, 1,372.5 MW, 2,035.5 MW and 1,326.0 MW for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively. The increase in our total installed capacity sold during the Track Record Period was mainly due to market recognition of our direct-drive permanent magnet full-power rectification technology which resulted in increase in demand for our products. We commenced selling our 1.5 MW WTGs during the year ended December 31, 2007 and it became our primary product sold during the year ended December 31, 2009. As our 1.5 MW WTGs generally have a higher ASP than our 750 kW WTGs, the increased proportion of 1.5 MW WTGs in our total installed capacity sold during the Track Record Period has also been a significant factor driving our revenue growth.

In addition, changes in our WTG product mix during the Track Record Period have also affected our gross margins. Please see the subparagraph headed "— Results of Operations for the Track Record Period — Gross profit and gross margin" below for further details.

The ASP of our WTGs sold

Our results of operation have been affected by the ASP of our WTGs sold. The ASP of our WTGs sold for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 is set out below.

	Year ended December 31,			Six months ended June 30,
	2007	**2008**	**2009**	**2010**
			RMB/kW	
ASP (VAT excluded)				
750 kW WTG	3,767	3,868	3,941	3,680
1.5 MW WTG	5,689	5,327	5,333	4,623

The ASP of our 750 kW WTGs increased slightly during the years ended December 31, 2007, 2008 and 2009, mainly due to increased sales of the 750 kW WTGs which were sold together with complementary components such as towers, at a higher price. In addition, the increase in the ASP of our 750 kW WTGs in 2009 was also due to certain tax benefits granted by the PRC Government. The ASP of our 750 kW WTGs decreased in the six months ended June 30, 2010, primarily due to a decrease in market demand for 750 kW WTGs and us being more flexible in our pricing policy.

The ASP of our 1.5 MW WTGs decreased in the year ended December 31, 2008, primarily because the prices of our 1.5MW WTGs were reduced to reflect the significant decrease in our cost resulting from increased economies of scale achieved in our production. The ASP of our 1.5 MW WTGs increased in the year ended December 31, 2009, primarily because our 1.5 MW WTGs manufactured in Germany were sold at a higher price than those sold in the PRC. The ASP of our 1.5 MW WTGs decreased in the six months ended June 30, 2010, primarily to maintain our market competitiveness and because we continued to realize cost savings from greater economies of scale achieved.

During the Track Record Period, we had proactively adjusted our selling prices in the midst of competition, and implemented the following marketing strategies to address increasing competition: (i) increasing our R&D efforts to develop more advanced WTGs and improve the performance of our WTGs; and (ii) reducing costs through investment in cost control measures and optimization of our supply chain to further enhance our price competitiveness.

Supply and cost of raw materials and components

Our results of operations are affected by our ability to procure the raw materials and components necessary to manufacture our products. We have the in-house capabilities to develop, design and manufacture certain core components. We also purchase components from suppliers in the PRC, and have three to five designated suppliers for some of our core components. Although we have maintained stable relationships with most of our suppliers and believe that we are able to purchase the requisite components on reasonable commercial terms from other qualified suppliers when necessary, our results of operations may be materially and adversely affected if we were to encounter any shortages in our supply of components.

In addition, the primary raw materials used in our components include steel, copper and rare earth materials. Accordingly, our results of operations are affected by movements in prices for steel, copper and rare earth materials which have generally fluctuated during the Track Record Period. For instance, a significant fluctuation in the price of raw materials in China in 2008 affected the price of the components required for our products. The price of copper fluctuated significantly during the Track Record Period, especially in the second half of 2008 and early 2009. For instance, according to the London Metals Exchange, or the LME, the copper price reached a high of approximately US$8,900 per ton in July 2008 and dropped to a low of approximately US$2,800 per ton in late December 2008. In July 2010, the average LME copper price was around US$6,700 per ton. The price of steel also fluctuated significantly during the Track Record Period, especially in the second half of 2008 and the first half of 2009. For instance, according to Shanghai Wind Info, the spot price of 6mm steel plate in Beijing reached a high of approximately RMB7,000 per ton in May 2008 and dropped to a low of approximately RMB3,500 per ton in April 2009. In July 2010, the average spot price of 6mm steel plate in Beijing was around RMB4,300 per ton. Similar price trends have been observed for other raw steel products in the same period.

We do not hedge our exposure to movements in the prices of steel, copper, rare earth materials and other raw materials, as we generally do not directly purchase raw materials for our production and we have stable supply of parts and components at relatively favorable prices. We are thus exposed to the risk of increases in the prices of these raw materials and components and to the extent we cannot fully pass on the price increases in these raw materials and components to our customers, or at all, our business operations and financial performance could be affected. However, because we do not directly purchase steel, copper, rare earth materials and other raw materials, historically, the fluctuations of our costs had been much less than those of the foregoing raw materials.

Going forward, we believe the impact of the fluctuation in the prices of raw materials on our business is limited mainly because (i) we have signed contracts for a term of generally one to two years with suppliers of parts and components to ensure stable component prices; (ii) our suppliers are generally willing to grant us relatively favorable prices as we are often their largest customer, and we have maintained an outstanding credit rating and reputation with them; and (iii) our suppliers may not be able to pass on substantial cost increases to us due to the intense competition among them as a result of our lack of reliance on any particular suppliers.

Our results of operations have historically been subject to seasonal fluctuations

Sales from our WTG R&D, manufacturing and sales business segment have been subject to cyclical fluctuations during the Track Record Period. Depending primarily on the location of our customers' wind farms, our sales may be higher during the end months of the year due to our customers' wind farms being located mainly in northern China, where, because of weather conditions, the construction of wind farm projects tends to commence at the beginning of the year, with construction carried out through the year, and installation at the end of the year.

While we anticipate the cyclicality of our business may decrease due to increasing numbers of our customers located in regions other than northern China, our results of operations may continue to fluctuate from quarter to quarter. Comparisons of our sales and operating results between the different periods within a single year, or between the same periods in different financial years, are not necessarily meaningful and should not be relied on as indicators of our performance.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that require management to exercise judgment and make estimates that yield materially different results if management were to apply different assumptions or make different estimates. Our financial statements have been prepared in accordance with IFRS. Our principal accounting policies are set forth in Note 3.2 to Accountants' Report, attached as Appendix I to this prospectus. IFRS requires that we adopt accounting policies and make estimates that the Directors believe are most appropriate in the circumstances for the purpose of giving a true and fair view of our results and financial condition. We believe the most complex and sensitive judgments, because of their significance to our results of operations and financial condition, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results in these areas could differ from our estimates. The critical accounting policies we have adopted are described below.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably on the following bases:

(a) from the sale of individual wind turbines based on standard solutions (supply-only projects) as well as spare parts sales, when the significant risks and rewards of ownership have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the sale of electricity, upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically;

(c) from construction contracts, on the percentage of completion basis;

(d) from the rendering of wind power services, when the agreed services are performed, provided over the term of the agreement;

(e) rental income, on a time proportion basis over the lease terms;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders' right to receive payment has been established.

Basis of consolidation

The consolidated financial statements include the financial statements of our Company and our subsidiaries, including wind farm project companies. The results of subsidiaries are consolidated from the date of incorporation or the date of acquisition, being the date on which our Group obtains control, and continue to be consolidated until the date on which such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within our Group are eliminated on consolidation in full. Upon disposal of subsidiaries, including wind farm project companies, gains on disposal of subsidiaries are recorded in other income and gains in the statements of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress, semi-finished goods and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Impairment of trade and bills receivables

In determining impairment losses, we conduct regular reviews of the aging analysis and evaluation of collectibles on a case by case basis. We estimate that certain trade and bills receivables unsettled over one year are still recoverable based on our analyses of the respective credit histories and financial positions of the relevant customers. However, such estimates involve inherent uncertainties, and the actual unrecoverable amount may be higher than the amount estimated.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in “Finance costs” in the statement of comprehensive income.

Provisions for product warranties granted by us on certain products are recognized based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate.

Property, plant and equipment and depreciation

Property, plant and equipment, including wind farms under operation, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.4% to 3.2%
Machinery	4.8% to 19.2%
Vehicles	9.6% to 19.2%
Electronic equipment and others	9.6% to 19.2%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognized in profit or loss in the year the asset is derecognized and is equal to the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment (including wind farms under construction) which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the business combination over our interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognized in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial positions.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform our annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether our other assets or liabilities are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit, or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit, or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets, other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patent and licenses

Purchased patents and licenses are stated at cost less any impairment losses and are amortized on the straight-line basis over the shorter of their estimated useful lives of seven to ten years and the relevant license periods.

R&D costs

All research costs are charged to the statement of comprehensive income as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products commencing from the date when the products are put into commercial production.

Derivative financial instrument

We are exposed to foreign currency risk on cash and cash equivalents, receivables, payables and bank loans that are denominated in a currency other than the respective functional currencies of our entities. The currencies giving rise to this risk are primarily the Euro and U.S. dollar. We use forward currency contracts to hedge our foreign currency risk. Forward currency contracts are initially recognised at fair value on the date on which such derivative contracts are entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income. Since the hedge adopted by us could not meet the strict criteria for hedge accounting, all gains or losses arising from changes in fair value of the forward currency contracts are taken directly to profit or loss immediately.

RESULTS OF OPERATIONS FOR THE TRACK RECORD PERIOD

The following discussion addresses the principal trends that have affected our results of operations during the Track Record Period. The following table sets forth our results of operations for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
	RMB in million				
Revenue	3,089.0	6,417.3	10,666.5	3,783.1	6,265.0
Cost of sales	(2,177.2)	(4,895.9)	(7,908.9)	(2,887.2)	(4,749.3)
Gross profit	911.8	1,521.4	2,757.6	895.9	1,515.7
Other income and gains, net	38.2	337.3	335.6	134.9	115.4
Selling and distribution costs	(107.2)	(286.7)	(689.8)	(149.3)	(364.9)
Administrative expenses	(161.9)	(237.0)	(276.3)	(84.9)	(143.8)
Other expenses	(36.3)	(145.9)	(77.4)	(35.5)	(82.3)
Finance costs	(22.9)	(43.0)	(62.8)	(28.4)	(43.1)
Share of profits and losses of:					
Jointly-controlled entities	—	—	(0.3)	—	(0.0)
Associates	—	—	4.0	1.4	(2.6)
Profit before tax	621.7	1,146.1	1,990.6	734.1	994.4
Income tax	8.1	(120.9)	(200.0)	(174.1)	(181.1)
Profit for the year/period	629.8	1,025.2	1,790.6	560.0	813.3
Profit attributable to:					
Owners of the Company	624.6	906.4	1,745.6	535.3	772.8
Non-controlling interests	5.2	118.8	45.0	24.7	40.5
	629.8	1,025.2	1,790.6	560.0	813.3

Revenue

We generate revenue from our three business segments: (i) WTG R&D, manufacturing and sales, (ii) wind power services and (iii) wind farm investment, development and sales. We generate revenue in the WTG R&D, manufacturing and sales business segment from our R&D, manufacturing and sales activities relating to our WTGs. We generate revenue in the wind power services business segment primarily from services such as wind farm EPC, transportation and maintenance. We generate revenue in our wind farm investment, development and sales business segment from the tariffs received for the power generated by our wind farms in operation.

The table below sets forth our revenue by our three business segments and their percentage of our total revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	RMB in million	%	RMB in million	%	RMB in million	%	RMB in million (unaudited)	%	RMB in million	%
Revenue										
WTG R&D, manufacturing and sales	3,079.2	99.7	6,299.3	98.2	10,347.4	97.0	3,726.3	98.5	6,120.5	97.7
Wind power services. .	9.8	0.3	29.5	0.4	215.4	2.0	14.2	0.4	55.1	0.9
Wind farm investment, development and sales	—	—	88.5	1.4	103.7	1.0	42.6	1.1	89.4	1.4
Total	3,089.0	100.0	6,417.3	100.0	10,666.5	100.0	3,783.1	100.0	6,265.0	100.0

There was a change in our WTG product mix during the Track Record Period. For the years ended December 31, 2007 and 2008, our 750 kW WTGs accounted for 88.7% and 62.2% of our total installed capacity sold, respectively. For the year ended December 31, 2009, 1.5 MW WTGs became our primary product and accounted for 78.2% of our total installed capacity sold. For the six months ended June 30, 2010, our 1.5 MW WTG remained our main product and accounted for 93.1% of our total installed capacity sold.

Revenue from our wind power services segment primarily comprise wind farm maintenance and EPC revenue generated by our subsidiary, Beijing Tianyuan and transportation revenue generated by our subsidiary, XJ Tianyun.

Revenue from our wind farm investment, development and sales is generated from tariffs that our wind farms receive. We operate our wind farms and receive fees for the power generated before our wind farms are sold. Gains from the sales of our wind farms are recorded under other income and gains, net.

Cost of sales

Our cost of sales consists primarily of raw materials and components, labor, depreciation and amortization, other production costs and inventory changes and transferred fixed assets. Raw materials and components mainly include blades, generators, structural parts and electric control systems. Labor costs mainly include wages and salaries for our workers directly involved in our production processes and in the provision of wind power services. Depreciation expenses represent depreciation expenses for fixed assets we use in our business. Amortization represents amortization of certain intangible assets used in our business. Inventory changes represent the changes of work in progress and finished goods, and transferred fixed assets represent use of our WTGs as the fixed assets of our wind farms.

The following table provides a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	RMB in million	%	RMB in million	%	RMB in million	%	RMB in million (unaudited)	%	RMB in million	%
Cost of sales										
Raw materials and components	2,424.9	111.4	5,690.0	116.2	9,220.1	116.6	4,071.4	141.0	5,057.2	106.5
Labor	9.8	0.4	38.0	0.8	83.1	1.1	28.2	1.0	37.5	0.8
Depreciation and amortization	3.4	0.2	57.1	1.2	55.0	0.7	27.0	0.9	50.8	1.1
Other production costs	37.3	1.7	102.2	2.1	325.9	4.1	78.7	2.7	69.9	1.4
Inventory changes and transferred to fixed assets	(298.2)	(13.7)	(991.4)	(20.3)	(1,775.2)	(22.5)	(1,318.1)	(45.6)	(466.1)	(9.8)
Total	2,177.2	100.0	4,895.9	100.0	7,908.9	100.0	2,887.2	100.0	4,749.3	100.0

Gross profit and gross margin

Our gross profit is derived primarily from our WTG R&D, manufacturing and sales business segment. During the Track Record Period, our overall gross margin was 29.5%, 23.7%, 25.9% and 24.2%, respectively, and the gross profit margin for our WTG R&D, manufacturing and sales business segment was 29.3%, 23.0%, 25.4% and 23.6%, respectively. The following table shows the gross margins for our 750 kW WTGs and 1.5 MW WTGs during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
			%		
Gross margin					
750 kW WTG	31.8	28.0	32.8	26.5	34.0
1.5 MW WTG	16.4	18.5	24.1	22.7	22.9

The gross profit margin for our 750 kW WTGs decreased from 31.8% for the year ended December 31, 2007 to 28.0% for the year ended December 31, 2008, as a result of the increase in raw material prices in 2008. It increased to 32.8% for the year ended December 31, 2009 and 34.0% for the six months ended June 30, 2010, primarily due to the decrease in the prices of raw materials and components as well as the optimization of our supply chain.

The increase in gross profit margin for our 1.5 MW WTGs in 2008 was mainly due to the decrease in cost as a result of the improvement of our economies of scale, even though prices of raw materials and components rose in 2008. The increase in gross profit margin for our 1.5 MW WTGs in 2009 was mainly due to the decrease in the prices of raw materials and components as well as the optimization of our supply chain. The gross profit margin for our 1.5 MW WTGs decreased slightly to 22.9% for the six months ended June 30, 2010 due to the decrease in the ASP of our 1.5MW WTGs, which was largely offset by decreases in our 1.5 MW WTG unit production costs as a result of greater economies of scale and our in-house production of core components.

Other income and gains, net

Our net other income and gains consist primarily of gains from sales of wind farms under our wind farm investment, development and sales business segment, including gains realized from the sales of wind power equipment resulting from such sales of wind farms. Expenses to operate wind farms we own are accounted for as part of costs of sales in the income statement rather than being net against other income and gains in the income statement. Other income and gains also include bank interest income, value-added tax refund, insurance compensation on product warranty expenditures, gross rental income and government grants received as financial subsidies for our R&D projects and upgrading of our production facilities.

We sold two wind farms in November 2008 and another two wind farms in March and November 2009. Sales of our wind farms depend on many factors, including our ability to acquire sites with suitable wind resources, our ability to successfully develop and operate newly constructed wind farms, and prevailing market conditions. There is no trend or pattern in the timing of our sale of wind farms. We recognised gains on sales of wind farms through disposals of subsidiaries which own the relevant wind farms. We recognized income for the six months ended June 30, 2010 from sales of wind power equipment to a wind farm that had been deconsolidated due to a change in our voting control during the first half of 2010.

Selling and distribution costs

Our selling and distribution costs consist primarily of product warranty provisions, delivery charges, insurance expenses, bidding service fees, labor costs, loading and unloading fees, travel expenses and other selling and distribution costs.

Administrative expenses

Administrative expenses consist primarily of R&D expenses, labor costs, taxes, depreciation, consultant fees, travel expenses and other expenses.

Other expenses

Our other expenses consist primarily of impairment provisions in connection with our trade and bills receivables and bank processing fees.

Income tax

Under the New EIT Law, except for certain preferential tax treatment available to our Company and our subsidiaries, jointly-controlled entities and associates in the PRC, our PRC entities were subject to an enterprise income tax rate of 33%, 25%, 25% and 25% for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively. Our Company was exempt from enterprise income tax from the start of the Track Record Period to March 31, 2008 in accordance with certain preferential tax policies issued by the government of Xinjiang. From April 1, 2008 to December 31, 2008, our Company was taxed at the preferential tax rate of 15% in accordance with policies encouraging the development of the western regions of the PRC. In addition, our Company has been identified as a "high and new technology enterprise" and is thus entitled to a preferential tax rate of 15% for the year ended December 31, 2009 and the years ending December 31, 2010 and 2011.

Our overseas subsidiaries were subject to tax rates prevailing in those countries based on existing legislation, interpretations and practices in respect thereof during the Track Record Period. We did not pay any taxes in Hong Kong during the Track Record Period as we did not generate any assessable profits during this period.

SIX MONTHS ENDED JUNE 30, 2010 COMPARED TO SIX MONTHS ENDED JUNE 30, 2009

Revenue

Revenue increased by RMB2,481.9 million, or 65.6%, to RMB6,265.0 million for the six months ended June 30, 2010 from RMB3,783.1 million for the six months ended June 30, 2009. The increase in revenue was primarily due to the increase in revenue generated from our WTGs R&D, manufacturing and sales business segment.

Revenue for our WTG R&D, manufacturing and sales business segment increased by RMB 2,394.2 million, or 64.3%, to RMB6,120.5 million for the six months ended June 30, 2010 from RMB3,726.3 million for the six months ended June 30, 2009, primarily due to the increase in our total installed capacity sold and partially offset by a decrease in the ASP of our 1.5 MW WTGs. Our total installed capacity sold increased by 613.5 MW, or 86.1%, to 1,326.0 MW for the six months ended June 30, 2010 from 712.5 MW for the six months ended June 30, 2009, due to increased demand for our products as a result of greater market recognition of our direct-drive permanent magnet full-power rectification technology and the performance and quality of our WTGs.

Revenue from our wind power services business segment increased by RMB40.9 million, or 287.4%, to RMB55.1 million for the six months ended June 30, 2010 from RMB14.2 million for the six months ended June 30, 2009. The increase was primarily due to the increase in revenue of RMB41.9 million generated from wind farm EPC services as we only commenced our EPC business in the second half of 2009 and no revenue from EPC services was recognized for the six months ended June 30, 2009, as well as the increase in revenue of RMB5.1 million from wind-farm-related technical services provided by Beijing Tianyuan as a result of increased provision of our preliminary investment consultancy and pre-construction project services within and outside of China.

Revenue from our wind farm investment, development and sales business segment also increased by RMB46.8 million, or 109.6%, to RMB89.4 million for the six months ended June 30, 2010 from RMB42.6 million for the six months ended June 30, 2009. The increase was primarily due to the increase in the installed capacity of our wind farms in operation and increase in the period of time that these wind farms were operated by us before being sold.

Cost of sales

Our cost of sales increased by RMB1,862.1 million, or 64.5%, to RMB4,749.3 million for the six months ended June 30, 2010 from RMB2,887.2 million for the six months ended June 30, 2009. The increase in cost of sales was primarily due to our increased total installed capacity sold and partially offset by a decrease in our WTG unit production costs.

Gross profit and gross margin

Due to greater economies of scale, our in-house production of core components and the optimization of our supply chain, our gross profit was RMB1,515.7 million for the six months ended June 30, 2010, representing an increase of RMB619.8 million, or 69.2%, from RMB895.9 million for the six months ended June 30, 2009, and our gross margin increased to 24.2% for the six months ended June 30, 2010 from 23.7% for the six months ended June 30, 2009.

Other income and gains, net

Our net other income and gains decreased by RMB19.5 million, or 14.5%, to RMB115.4 million for the six months ended June 30, 2010 from RMB134.9 million for the six months ended June 30, 2009, primarily because we recorded a gain of RMB82.3 million from the sale of a wind farm with an installed capacity of 49.5 MW in March 2009 while we only recognized a gain of RMB29.0 million for the six months ended June 30, 2010 from sales of wind power equipment to a wind farm that had been deconsolidated due to a change in our voting control during the first half of 2010. The decrease in our net other income and gains was partially offset by an increase of RMB10.8 million in net exchange gain, due to the effect of the Euro's depreciation on our Euro-denominated bank borrowings and an increase of RMB12.4 million in government grants received.

Selling and distribution costs

Selling and distribution costs for the six months ended June 30, 2010 was RMB364.9 million, an increase of RMB215.6 million, or 144.4%, from RMB149.3 million for the six months ended June 30, 2009. The increase in our selling and distribution costs was primarily due to the increase in product warranty provisions by RMB180.9 million, or 234.8%, to RMB257.9 million for the six months ended June 30, 2010 from RMB77.0 million for the six months ended June 30, 2009, as a result of the substantial increase in our WTG sales volume.

Administrative expenses

Administrative expenses increased by RMB58.9 million, or 69.3%, to RMB143.8 million for the six months ended June 30, 2010 from RMB84.9 million for the six months ended June 30, 2009, primarily due to an increase in our R&D expenses, salaries and benefits for our administrative staff and an increase in consulting fees. Our R&D expenses increased by RMB16.2 million, 105.7%, to RMB31.6 million for the six months ended June 30, 2010 from RMB15.4 million for the six months ended June 30, 2009, due to an increase in our R&D investments and development of advanced WTG models. The salaries and benefits for our administrative staff increased by RMB14.1 million, or 55.0%, to RMB39.8 million for the six months ended June 30, 2010 from RMB25.7 million for the six months ended June 30, 2009, as a result of the increase in staff in connection with the expansion of our business. Our consulting fees increased by RMB4.3 million, or 256.3%, to RMB6.0 million for the six months ended June 30, 2010 from RMB1.7 million for the six months ended June 30, 2009, primarily as a result of market research expenses and the expansion of our overseas business.

Other expenses

Our other expenses increased by RMB46.8 million, or 131.4%, to RMB82.3 million for the six months ended June 30, 2010 from RMB35.5 million for the six months ended June 30, 2009. The increase in our other expenses was primarily due to an increase in impairment provisions in connection with our trade and bills receivables.

Finance costs

Finance costs increased by RMB14.7 million, or 52.0%, to RMB43.1 million for the six months ended June 30, 2010 from RMB28.4 million for the six months ended June 30, 2009, primarily due to an increase of RMB33.8 million, or 70.5%, in our interest expenses to RMB81.6 million for the six months ended June 30, 2010 from RMB47.8 million for the six months ended June 30, 2009, in connection with an increase in our bank and other borrowings to RMB2,922.2 million as at June 30, 2010 from RMB1,688.9 million as at June 30, 2009. This increase is partially offset by an increase of RMB19.0 million, or 97.7%, in our capitalized interest to RMB38.5 million for the six months ended June 30, 2010 from RMB19.5 million for the six months ended June 30, 2009 as a result of expansion of our wind farm investment, development and sale business. Our effective interest rate[(1)] decreased to 6.0% for the six months ended June 30, 2010 from 6.4% for the six months ended June 30, 2009.

Share of losses of jointly-controlled entities

Share of losses of our jointly-controlled entities was RMB0.03 million for the six months ended June 30, 2010 versus nil for the six months ended June 30, 2009.

Share of profit/losses of associates

Share of losses of associates was RMB2.6 million for the six months ended June 30, 2010, while share of profit of associates was RMB1.4 million for the six months ended June 30, 2009.

Profit before tax

Due to the foregoing, profit before tax increased by RMB260.3 million, or 35.4%, to RMB994.4 million for the six months ended June 30, 2010 from RMB734.1 million for the six months ended June 30, 2009.

Income Tax

We had a tax charge of RMB181.1 million for the six months ended June 30, 2010 while we had a tax charge of RMB174.1 million for the six months ended June 30, 2009. Our effective tax rate was 23.7% and 18.2% for the six months ended June 30, 2009 and 2010, respectively. The decrease in our effective tax rates was primarily because our Company was not entitled to the preferential enterprise income tax rate of 15% for high-and-new technology enterprises as at June 30, 2009.

Profit for the period

Due to the foregoing, profit for the period increased by RMB253.3 million, or 45.2%, to RMB813.3 million for the six months ended June 30, 2010 from RMB560.0 million for the six months ended June 30, 2009.

Profit attributable to non-controlling interests

Our profit attributable to non-controlling interests increased by RMB15.8 million, or 64.1%, to RMB40.5 million for the six months ended June 30, 2010 from RMB24.7 million for the six months ended June 30, 2009.

Profit attributable to owners of the Company and net profit margin[(2)]

Due to the foregoing, profit attributable to owners of our Company increased by RMB237.5 million, or 44.4%, to RMB772.8 million for the six months ended June 30, 2010 from RMB535.3 million for the six months ended June 30, 2009. Our net profit margin decreased to 12.3% for the six months ended June 30, 2010 from 14.2%

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(1) Effective interest rates are calculated in the following manner: Finance cost (interest capitalized included) divided by average balance of interest-bearing bank and other borrowings (total interest-bearing bank and borrowings at the beginning of the period plus total interest-bearing bank and other borrowings at the end of the period divided by two).

(2) Net profit margin is calculated in the following manner: profit attributable to owners of our Company divided by revenue.

for the six months ended June 30, 2009, mainly due to the decrease in gains on sale of wind farms, as well as the increase in our selling and distribution costs for the six months ended June 30, 2010, but partially offset by lower tax expenses.

YEAR ENDED DECEMBER 31, 2009 COMPARED TO YEAR ENDED DECEMBER 31, 2008

Revenue

Revenue increased by RMB4,249.2 million, or 66.2%, to RMB10,666.5 million for the year ended December 31, 2009 from RMB6,417.3 million for the year ended December 31, 2008. The increase in revenue was primarily due to the increase in revenue generated from our WTG R&D, manufacturing and sales business segment.

Revenue from our WTG R&D, manufacturing and sales business segment increased by RMB4,048.1 million, or 64.3%, to RMB10,347.4 million for the year ended December 31, 2009 from RMB6,299.3 million for the year ended December 31, 2008, primarily due to the increase in our total installed capacity sold and an increase in our ASP resulting from the increased sales of our 1.5 MW WTGs. Our total installed capacity sold increased by 663.0 MW, or 48.3%, to 2,035.5 MW for the year ended December 31, 2009 from 1,372.5 MW for the year ended December 31, 2008, mainly due to market recognition of our direct-drive permanent magnet full-power rectification technology and the subsequent increase in demand for our products. Our ASP also increased, primarily due to an increase in installed capacity sold generated from sales of our 1.5 MW WTGs, which have higher ASP than our 750 kW WTGs. Sales of 1.5 MW WTGs accounted for 78.2% of our total installed capacity sold for the year ended December 31, 2009, as compared to 37.8% of our total installed capacity sold for the year ended December 31, 2008, in line with our strategy of increasing the proportion of our 1.5 MW WTGs in our installed capacity sold.

Revenue from our wind power services increased by RMB185.9 million, or 628.5%, to RMB215.4 million for the year ended December 31, 2009 from RMB29.5 million for the year ended December 31, 2008. The increase was due in part to the RMB110.3 million increase in revenue, as compared to nil in the prior period as EPC services were not provided by Beijing Tianyuan until 2009. The increase was also due to the over twenty fold increase in revenue, from RMB3.4 million for the year ended December 31, 2008 to RMB97.9 million for the year ended December 31, 2009, generated by XJ Tianyun in connection with the transportation services it provides for our customers. This significant increase occurred because beginning in the fourth quarter of 2008, XJ Tianyun began to contract directly with wind farm operators for the transportation of our WTGs, and we began accounting for this revenue separately from our sales of WTGs.

Revenue from our wind farm investment, development and sales also increased by RMB15.2 million, or 17.3%, to RMB103.7 million for the year ended December 31, 2009 from RMB88.5 million for the year ended December 31, 2008 due to the increase in the installed capacity of our wind farms in operation and increase in the period of time that these wind farms were operated by us before being sold.

Cost of sales

Our cost of sales increased by RMB3,013.0 million, or 61.5%, to RMB7,908.9 million for the year ended December 31, 2009 from RMB4,895.9 million for the year ended December 31, 2008. The increase in cost of sales was primarily due to the increase in our total installed capacity sold, particularly as a result of the substantial increase in installed capacity sold from our 1.5 MW WTGs which has higher ASPs. This increase was partially offset by decreases in the costs of our raw materials and components as well as improved economies of scale in connection with the production of our 1.5 MW WTGs as a result of the improvement of technologies and our expansion of production facilities using part of the proceeds we received from our A Share offering in December 2007.

Gross profit and gross margin

Due to the foregoing, our gross profit was RMB2,757.6 million for the year ended December 31, 2009, representing an increase of RMB1,236.2 million, or 81.3%, from RMB1,521.4 million for the year ended December 31, 2008, and our gross margin increased to 25.9% for the year ended December 31, 2009 from 23.7% for the year ended December 31, 2008.

Other income and gains, net

Our net other income and gains decreased by RMB1.7 million, or 0.5%, to RMB335.6 million for the year ended December 31, 2009 from RMB337.3 million for the year ended December 31, 2008, primarily due to a decrease of gain on disposals of subsidiaries of RMB73.3 million, offset partly by an increase in the government grants we received of RMB41.1 million, or 386.2%, from RMB10.7 million for the year ended December 31, 2008 to RMB51.8 million for the year ended December 31, 2009, and an increase in gain on disposal of available-for-sale investments of RMB12.8 million for the year ended December 31, 2009 in connection with the sale of some of our interests in investee companies as compared to nil for the year ended December 31, 2008.

Selling and distribution costs

Selling and distribution costs for the year ended December 31, 2009 was RMB689.8 million, an increase of RMB403.1 million, or 140.6%, from RMB286.7 million for the year ended December 31, 2008. The increase in our selling and distribution costs was primarily due to the increase in product warranty provisions by RMB327.1 million, or 248.3%, to RMB458.8 million for the year ended December 31, 2009 from RMB131.7 million for the ended December 31, 2008. Product warranty provisions represent provisions for product warranties granted by us on certain products recognized based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate. The increase in product warranty provision was primarily due to the substantial increase in sales of 1.5 MW WTGs, which generally require more expensive raw materials and components than those used for 750 kW WTGs. In addition, our insurance premium increased by RMB33.3 million, or 340.7%, from RMB9.8 million for the year ended December 31, 2008 to RMB43.1 million for the year ended December 31, 2009, primarily due to the increase in our total installed capacity sold.

Administrative expenses

Administrative expenses increased by RMB39.3 million, or 16.6%, to RMB276.3 million for the year ended December 31, 2009 from RMB237.0 million for the year ended December 31, 2008 primarily due to an increase in labor costs for our administrative staff. The salaries and benefits for our administrative staff increased by RMB21.1 million, or 26.2%, to RMB101.8 million for the year ended December 31, 2009 from RMB80.7 million for the year ended December 31, 2008, as a result of the increase in staff in connection with the expansion of our business.

Other expenses

Our other expenses decreased by RMB68.5 million, or 46.9%, to RMB77.4 million for the year ended December 31, 2009 from RMB145.9 million for the year ended December 31, 2008. The decrease in our other expenses was primarily due to a decrease in impairment provisions as a result of our improved collections in the year ended December 31, 2009.

Finance costs

Finance costs increased by RMB19.8 million, or 46.1%, to RMB62.8 million for the year ended December 31, 2009 from RMB43.0 million for the year ended December 31, 2008 primarily due to an increase of RMB32.1 million, or 45.3%, in our interest expenses to RMB102.9 million for the year ended December 31, 2009 from RMB70.8 million for the year ended December 31, 2008, in connection with an increase in our bank and other borrowings to RMB2,624.0 million as at December 31, 2009 from RMB1,331.7 million as at December 31, 2008. Our effective interest rate decreased to 5.2% for the year ended December 31, 2009 from 7.2% for the year ended December 31, 2008.

Share of loss of jointly-controlled entities

Share of loss of our jointly-controlled entities was RMB0.3 million for the year ended December 31, 2009 versus nil for the year ended December 31, 2008 as we did not have any jointly-controlled entities during the year ended December 31, 2008. We established or acquired jointly-controlled entities during the year ended December 31, 2009.

Share of gains of associates

Share of gains of associates increased to RMB4.0 million for the year ended December 31, 2009 versus nil for the year ended December 31, 2008 as we did not have any associates during the year ended December 31, 2008. We established one associate during the year ended December 31, 2009 and a second became an associate during the year ended December 31, 2009 due to an increase in its registered capital contributed by us.

Profit before tax

For the foregoing reasons, profit before tax increased by RMB844.5 million, or 73.7%, to RMB1,990.6 million for the year ended December 31, 2009 from RMB1,146.1 million for the year ended December 31, 2008.

Income tax

We had a tax charge of RMB200.0 million for the year ended December 31, 2009 while we had a tax charge of RMB120.9 million for the year ended December 31, 2008. Our effective tax rates were 10.0% and 10.5% for the years ended December 31, 2009 and 2008, respectively.

Profit for the year

As a result of the foregoing, profit for the year increased by RMB765.4 million, or 74.7%, to RMB1,790.6 million for the year ended December 31, 2009 from RMB1,025.2 million for the year ended December 31, 2008.

Profit attributable to non-controlling interests

Our profit attributable to non-controlling interests decreased by RMB73.8 million, or 62.1%, to RMB45.0 million for the year ended December 31, 2009 from RMB118.8 million for the year ended December 31, 2008.

Profit attributable to owners of the Company and net profit margin

As a result of the foregoing, profit attributable to owners of our Company increased by RMB839.2 million, or 92.6%, to RMB1,745.6 million for the year ended December 31, 2009 from RMB906.4 million for the year ended December 31, 2008. Our net profit margin increased to 16.4% for the year ended December 31, 2009 from 14.1% for the year ended December 31, 2008, mainly due to our gross margin expansion.

YEAR ENDED DECEMBER 31, 2008 COMPARED TO YEAR ENDED DECEMBER 31, 2007

Revenue

Revenue increased by RMB3,328.3 million, or 107.7%, to RMB6,417.3 million for the year ended December 31, 2008 from RMB3,089.0 million for the year ended December 31, 2007. The increase in our revenue was primarily due to the increase in revenue from our WTG R&D, manufacturing and sales business segment.

Revenue from our WTG R&D, manufacturing and sales business segment increased by RMB3,220.1 million, or 104.6%, to RMB6,299.3 million for the year ended December 31, 2008 from RMB3,079.2 million for the year ended December 31, 2007, primarily due to the increase in our total installed capacity sold and an increase in our ASP. Our total installed capacity sold increased by 618.0 MW, or 81.9%, to 1,372.5 MW for the year ended December 31, 2008 from 754.5 MW for the year ended December 31, 2007, mainly due to market recognition of our direct-drive permanent magnet full-power rectification technology and general increase in demand for our products. Our ASP also increased primarily due to an increase in installed capacity sold generated from sales of our 1.5 MW WTGs, which have higher ASP than our 750 kW WTGs, to 37.8% of our total installed capacity sold for the year ended December 31, 2008 from 11.3% of our total installed capacity sold for the year ended December 31, 2007.

Revenue from our wind power services business segment increased by RMB19.7 million, or 200.7%, to RMB29.5 million for the year ended December 31, 2008 from RMB9.8 million for the year ended December 31, 2007. The increase was primarily due to an increase in wind power services fees generated by our subsidiary, Beijing Tianyuan, by RMB16.3 million, or 165.6%, to RMB26.1 million for the year ended December 31, 2008, from RMB9.8 million for the year ended December 31, 2007, as Beijing Tianyuan did not become our subsidiary until May 2007 and thus we did not consolidate Beijing Tianyuan's revenues into our accounts until then.

Revenue from our wind farm investment, development and sales business segment was nil for the year ended December 31, 2007 and RMB88.5 million for the year ended December 31, 2008, as a result of our wind farms' commencement of operations during 2008, two of which were sold in November of the same year.

Cost of sales

Our cost of sales increased by RMB2,718.7 million, or 124.9%, to RMB4,895.9 million for the year ended December 31, 2008 from RMB2,177.2 million for the year ended December 31, 2007. The increase was primarily due to the increase in our installed capacity sold from both our 750 kW and 1.5 MW WTGs and corresponding increase in our purchase of raw materials and components. In addition, our cost of sales increased more than our revenue in part because of significant fluctuations in the prices of raw materials in China in 2008 and because our 1.5 MW WTG was still a new product in 2008 and had not yet achieved significant economies of scale.

Gross profit and gross margin

Due to the foregoing, our gross profit increased by RMB609.6 million, or 66.8%, to RMB1,521.4 million for the year ended December 31, 2008 from RMB911.8 million for the year ended December 31, 2007 and our gross margin decreased to 23.7% for the year ended December 31, 2008 from 29.5% for the year ended December 31, 2007.

Other income and gains, net

Other net income and gains increased by RMB299.1 million, or 783.7%, to RMB337.3 million for the year ended December 31, 2008 from RMB38.2 million for the year ended December 31, 2007. The increase was primarily due to the RMB263.1 million in gains from the sale of two wind farms, each with an installed capacity of 49.5 MW in November 2008. In addition, our bank interest income increased by RMB15.1 million, or 310.8%, to RMB19.9 million for the year ended December 31, 2008 from RMB4.8 million for the year ended December 31, 2007, primarily due to the interest received from our net proceeds in connection with our listing on the SZSE in December 2007.

Selling and distribution costs

Selling and distribution costs increased by RMB179.5 million, or 167.4%, to RMB286.7 million for the year ended December 31, 2008 from RMB107.2 million for the year ended December 31, 2007 primarily as a result of a RMB99.9 million increase, or 314.1%, in our product warranty provisions to RMB131.7 million for the year ended December 31, 2008 from RMB31.8 million for the year ended December 31, 2007. The increase in product warranty provisions was primarily the result of the increased installed capacity sold from our 1.5 MW WTGs. In addition, our delivery charges increased by RMB33.3 million, or 285.4%, to RMB45.0 million for the year ended December 31, 2008 from RMB11.7 million for the year ended December 31, 2007, as a result of the increase in our total installed capacity sold, mainly due to market recognition of our direct-drive permanent magnet full-power rectification technology and general increase in demand for our products. Our selling and distribution costs also increased because of an increase in our bidding service fees, labor costs in relation to selling and distribution, and loading and unloading fees by RMB48.7 million, or 148.3%, to RMB81.5 million for the year ended December 31, 2008 from RMB32.8 million for the year ended December 31, 2007, due to the increase in our sales.

Administrative expenses

Administrative expenses increased by RMB75.1 million, or 46.4%, to RMB237.0 million for the year ended December 31, 2008, from RMB161.9 million for the year ended December 31, 2007. The increase in our administrative expenses was primarily due to a substantial increase in our R&D expenses by RMB47.1 million, or 149.0%, to RMB78.7 million for the year ended December 31, 2008 from RMB31.6 million for the year ended December 31, 2007, in connection with R&D expenses incurred with respect to our 2.5 MW and 3.0 MW WTGs.

Other expenses

Other expenses increased by RMB109.6 million, or 302.7%, to RMB145.9 million for the year ended December 31, 2008 from RMB36.3 million for the year ended December 31, 2007 primarily as a result of an increase in impairment provisions in connection with an increase in our trade and bills receivables and bank processing fees.

Finance costs

Finance costs increased by RMB20.1 million, or 87.3%, to RMB43.0 million for the year ended December 31, 2008 from RMB22.9 million for the year ended December 31, 2007 primarily due to the increase in our interest expenses by RMB44.4 million, or 168.2%, to RMB70.8 million for the year ended December 31, 2008 from RMB26.4 million for the year ended December 31, 2007 as a result of the increase in our bank and other borrowings to RMB1,331.7 million as at December 31, 2008 from RMB623.0 million as at December 31, 2007. Our effective interest rate increased to 7.2% for the year ended December 31, 2008 from 6.4% for the year ended December 31, 2007.

Profit before tax

As a result of the foregoing, profit before tax increased by RMB524.4 million, or 84.4%, to RMB1,146.1 million for the year ended December 31, 2008 from RMB621.7 million for the year ended December 31, 2007.

Income tax

We had a tax charge of RMB120.9 million for the year ended December 31, 2008 while we had a tax credit of RMB8.1 million for the year ended December 31, 2007. Our effective tax rate was 10.5% and (1.3)% for the years ended December 31, 2008 and 2007, respectively. During the years ended December 31, 2008 and 2007, we had current taxes in the amount of RMB210.5 million and RMB0.1 million, respectively, primarily due to our Company being exempt from enterprise income tax in 2007 and the first three months of 2008 and subject to a preferential tax rate of 15% during the remaining nine months of 2008 in accordance with certain preferential tax policies issued by the government of Xinjiang.

Profit for the year

As a result of the foregoing, profit for the year increased by RMB395.4 million, or 62.8%, to RMB1,025.2 million for the year ended December 31, 2008 from RMB629.8 million for the year ended December 31, 2007.

Profit attributable to non-controlling interests

Our profit attributable to non-controlling interests increased by RMB113.6 million, or 2,221.5% to RMB118.8 million for the year ended December 31, 2008 from RMB5.2 million for the year ended December 31, 2007.

Profit attributable to owners of the Company and net profit margin

As a result of the foregoing, profit attributable to owners of the Company increased by RMB281.8 million, or 45.1%, to RMB906.4 million for the year ended December 31, 2008 from RMB624.6 million for the year ended December 31, 2007. Our net profit margin decreased to 14.1% for the year ended December 31, 2008 from 20.2% for the year ended December 31, 2007, mainly due to our gross margin shrinkage.

CERTAIN BALANCE SHEET ITEMS

We had net current assets of RMB2,639.1 million, RMB3,557.0 million, RMB4,403.5 million and RMB4,231.9 million as at December 31, 2007, 2008 and 2009 and at June 30, 2010, respectively.

Our current assets consisted mainly of inventories, trade and bills receivables, cash and cash equivalents and prepayments, deposits and other receivables. Our current liabilities consisted mainly of trade and bills payables, other payables and interest-bearing bank and other borrowings.

The tables below show our current assets and current liabilities as at the dates indicated:

	As at December 31,			As at June 30,	As at July 31,
	2007	2008	2009	2010	2010
					(unaudited)
	RMB in million				
Current assets					
Inventories	971.6	2,119.2	2,853.5	4,074.8	4,947.7
Trade and bills receivables	764.1	2,619.0	2,919.6	5,487.0	4,755.0
Prepayments, deposits and other receivables	498.3	1,036.1	830.4	1,302.3	1,616.2
Derivative financial instruments	—	—	4.7	—	—
Pledged deposits	—	—	218.5	145.9	127.9
Cash and cash equivalents	2,679.7	3,286.4	4,459.0	1,709.4	1,532.8
Total	4,913.7	9,060.7	11,285.7	12,719.4	12,979.6

	As at December 31,			As at June 30,	As at July 31,
	2007	2008	2009	2010	2010
					(unaudited)
	RMB in million				
Current liabilities					
Trade and bills payables	934.5	2,544.5	3,760.2	5,420.4	5,676.2
Derivative financial instruments	—	2.3	10.7	2.8	0.4
Interest-bearing bank and other borrowings	470.0	50.0	601.9	881.8	1,439.9
Tax payable	—	184.4	212.3	178.8	107.2
Dividend and other payables	862.2	2,671.4	2,055.8	1,693.5	1,381.5
Provision	7.9	51.1	241.3	310.2	318.5
Total	2,274.6	5,503.7	6,882.2	8,487.5	8,923.7
Net current assets	2,639.1	3,557.0	4,403.5	4,231.9	4,055.9

Our net current assets were significantly affected by our rapid growth during the Track Record Period. The increase in our net current assets position during the years ended December 31, 2007, 2008 and 2009 was primarily attributable to the expansion of our business and the resulting increase in inventories, trade and bills receivables as our sales volume increased, offset by increases in our trade and bills payables and other payables. The slight decrease in our net current assets position as at June 30, 2010 mainly reflected the greater increase in our total current liabilities than our total current assets due to the seasonality of our business. Our inventories and trade and bills receivables as at June 30, 2010 had increased as a result of increased sales that were mostly concluded in the last two months with delivery of WTGs to be effected later in the year. However, we had to purchase raw materials and components to meet the orders for our WTGs. As such, the combination of the foregoing led to a significant decrease in our cash and cash equivalents as at June 30, 2010. The increase in our total current liabilities as at June 30, 2010 was primarily attributable to the increase in our trade and bills payables corresponding to our purchases of more raw materials and components. In addition, we declared during the first half of 2010 the distribution of a cash dividend of RMB784.0 million. Despite the decrease in our net current assets position as at June 30, 2010, we have not experienced any financial difficulty with respect to our cash flow and our Directors believe that there is no deterioration in our financial position.

Inventories

The following table sets forth a breakdown of our inventories as at the date indicated:

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Inventories				
Raw materials	412.5	760.5	927.6	1,843.1
Work in progress	340.4	942.8	1,239.1	769.3
Finished and semi-finished goods	198.1	279.7	543.9	1,322.5
Consigned processing materials	19.5	130.2	137.6	127.1
Low-value consumables and others	1.1	6.0	5.3	12.8
Total	971.6	2,119.2	2,853.5	4,074.8

Inventories are stated at the lower of cost and net realizable value. We had inventories in the amount of RMB971.6 million, RMB2,119.2 million, RMB2,853.5 million and RMB4,074.8 million as at December 31, 2007, 2008 and 2009 and at June 30, 2010 respectively. In order to fulfill increased customer orders, the quantity of our WTGs under production increased significantly over the Track Record Period. As a result, our inventories increased during the same period. In particular, the substantial increase in our inventory level for finished and semi-finished goods as at June 30, 2010 was primarily because our production process operates on a full-year basis while delivery of our WTGs is mainly concentrated in the later half of the year. For inventories as of June 30, 2010, an amount of RMB2,074.6 million was sold or used in July 2010. As of July 31, 2010, we had inventory balance in the amount of RMB4,947.7 million.

Our accounting policy is to make provision on inventories when obsolete inventories are identified. In addition, we also assess inventory provisions on major inventory items and makes specific provisions where necessary. We made provisions for inventories in the amount of RMB9.0 million and RMB1.4 million for the years ended December 31, 2008 and 2009, respectively. We made no provision for inventories for the year ended December 31, 2007 and the six months ended June 30, 2010.

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Inventory turnover days[(1)]	106	115	115	132

Note:

(1) Inventory turnover days are derived by dividing cost of sales by the arithmetic mean of the opening and closing balances of inventory for the relevant period and multiplying by 365 days (or 181 days for the six-month period in 2010).

Trade and bills receivables

The following table shows the breakdown of our trade and bills receivables as at the dates indicated:

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Trade and bills receivables				
Trade receivables	619.6	2,539.5	2,624.7	5,161.0
Bills receivables	—	39.0	209.7	124.0
Retention money receivables	189.2	189.3	272.2	451.1
Provision for impairment	(44.7)	(148.8)	(187.0)	(249.1)
Total	764.1	2,619.0	2,919.6	5,487.0

Our trade and bills receivables as at December 31, 2007, 2008 and 2009 and at June 30, 2010 amounted to RMB764.1 million, RMB2,619.0 million, RMB2,919.6 million and RMB5,487.0 million, respectively, and comprised trade receivables, bills receivables and retention money receivables less impairment for doubtful debts. Our trade and bills receivables increased during the Track Record Period primarily as a result of the increase in our revenue from our WTG R&D, manufacturing and sales business segment. In particular, trade receivables increased by RMB1,919.9 million, or 309.9%, to RMB2,539.5 million as at December 31, 2008 from RMB619.6 million as at December 31, 2007, primarily due to the seasonality we experienced in 2008 where the majority of our revenue for the year ended December 31, 2008 was recognized during the last three months and we did not collect payment on some of these sales until 2009. Our trade receivables increased by RMB2,536.4 million, or 96.6%, to RMB5,161.0 million as at June 30, 2010 from RMB2,624.7 million as at December 31, 2009, primarily because most of our sales for the first half of 2010 were concluded in the last two months and we did not collect payment on these sales as the payment milestones under the relevant sales contracts had not been reached as at June 30, 2010. Retention money receivables reflect retention monies retained by our customers to secure our performance of obligations during the warranty period of our products. We may also alternatively choose to provide our customers letters of guarantee against fulfillment of our warranty obligations. For trade and bills receivables in the amount of RMB5,487.0 million as at June 30, 2010, only an amount of RMB797.5 million was settled in July 2010, since payment milestones under part of our sales contracts have not been reached.

Our credit policy towards customers varies for each of our business segments, but for our core business of WTG sales, we generally grant contractual credit terms of around three months. We make provisions for impairment against trade and bills receivables to the extent amounts are considered to be uncollectible or unlikely to be collectible within a reasonable period of time, assessed by us on individual customer basis. This is primarily due to some customers facing temporary cash flow difficulties under certain circumstances, which affects their timely settlement of payment, despite many of them being subsidiaries of China's large power producers. In addition, for certain outstanding trade and bills receivables still outstanding beyond the credit period granted that are not impaired after carrying out a separate impairment test, as a matter of prudence, we made provisions for impairment estimated based on the length of time exceeded. For the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, our provisions for impairment amounted to RMB44.7 million, RMB148.8 million, RMB187.0 million and RMB249.1 million, respectively, representing 5.8%, 5.7%, 6.4% and 4.5% of our trade and bills receivables after deducting provision for impairment. The provision for impairment increased during the Track Record Period, primarily due to the increased size of total trade and bills receivables and the increase in all aging levels of trade and bills receivables as at December 31, 2007, 2008 and 2009 and at June 30, 2010.

The aging analysis of our trade and bills receivables as at the dates indicated is as follows:

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Trade and bills receivables				
Within three months	586.8	1,898.1	1,453.0	3,261.9
Three to six months	8.2	51.4	398.6	532.9
Six months to one year	97.6	505.4	484.1	1,085.3
One to two years	69.4	131.6	455.7	543.5
Two to three years	0.1	31.2	107.4	47.4
Over three years	2.0	1.3	20.8	16.0
Total	764.1	2,619.0	2,919.6	5,487.0

Our trade and bills receivables turnover days increased for 2008 from 2007 primarily due to the increase in sales volume of our 1.5 MW WTGs, a significant portion of which have longer periods between revenue recognition, which occurs upon product delivery, and the date of the last installment payment, which occurs upon completion of preliminary acceptance and inspection. Our trade and bills receivables turnover days remained stable for 2009. Our trade and bills receivable turnover days increased for the six months ended June 30, 2010 from the year ended December 31, 2009, primarily because most of our sales for the first half of 2010 were concluded in the last two months and we did not collect payment on these sales as the payment milestones under the relevant sales contracts had not been reached as at June 30, 2010.

	Year ended December 31,			Six months ended June 30
	2007	2008	2009	2010
Debtor turnover days[1]	62	96	95	121

Note:

(1) Debtor turnover days are derived by dividing revenue by the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period and multiplying by 365 days (or 181 days for the six-month period in 2010).

Our management closely monitors the levels of risk exposure to ensure that proper actions are promptly taken to recover our overdue trade and bills receivables, and, when appropriate, provides for impairment of these receivables. We have an effective credit policy with adequate procedures in place, and our contracts with customers are generally standard with similar credit periods and payment terms. This has enabled us to sell to a superior customer base with many of our customers being subsidiaries of China's large power producers. Further, the high quality of our products and lack of product defects ensures timely payment by our customers. Our Directors are of the view that we have made adequate provision on trade and bills receivables during the Track Record Period.

Prepayments, deposits and other receivables

The following table shows the breakdown of our prepayments, deposits and other receivables as at the dates indicated.

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Prepayments, deposits and other receivables				
Advances to suppliers	480.5	760.3	736.6	779.2
Prepayments	—	1.1	8.5	11.3
Deposits and other receivables	18.8	289.9	92.5	522.3
Provision for impairment	(1.0)	(14.9)	(5.3)	(5.5)
Total	498.3	1,036.4	832.3	1,307.3

Prepayments, deposits and other receivables consisted primarily of advances to suppliers and deposits and other receivables. Advances to suppliers comprise deposits made to our suppliers in respect of our orders for raw materials and components. Deposits and other receivables consisted primarily of bidding deposit fees, receivables from sales of our wind farms and VAT input. Prepayments, deposit and other receivables increased to RMB1,036.4 million as at December 31, 2008 from RMB498.3 million as at December 31, 2007, primarily due to a RMB279.8 million, or 58.3%, increase in our advances to suppliers from RMB480.5 million as at December 31, 2007 to RMB760.3 million as at December 31, 2008 in connection with our greater demand for raw materials and components from our increased WTG sales as well as our sale of two wind farms in November 2008 for RMB263.1 million, amounts which we did not receive as at December 31, 2008. Prepayments, deposit and other receivables decreased to RMB832.3 million as at December 31, 2009 from RMB1,036.4 million as at December 31,2008, primarily because we collected the amount of RMB263.1 million from our sale of the two wind farms. Prepayments, deposit and other receivables increased to RMB1,307.3 million as at June 30, 2010 from RMB832.3 million as at December 31, 2009, primarily due to a RMB429.8 million, or 464.3%, increase in our deposits and other receivables mainly as a result of increased VAT input from our wind farm investments and an increase in advance to suppliers.

Available-for-sale investments

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Hebei Goldwind Electric Equipment Co., Ltd.	3.2	3.2	—	—
China Water Baotou	1.0	1.0	1.0	1.0
China Water Xi'an	—	22.0	7.0	7.0
Jiuquan Xinmao Technology Wind Power Equipment Co., Ltd.	—	—	1.0	1.0
Yichun TianRun Wind Power Co., Ltd.	—	—	—	0.2
Total	4.2	26.2	9.0	9.2

The above five companies in which we invest are engaged in the manufacturing and sales of wind power equipment and accessories as well as wind farm development. Save for Yichun TianRun Wind Power Co., Ltd., the remaining companies were either our suppliers during the Track Record Period or will be our potential suppliers in the future. We make investments in these companies in order to ensure a stable supply of core parts and components from them.

Trade and bills payables

The following table shows the breakdown of our trade and bills payables as at the dates indicated.

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Trade and bills payables				
Trade payables	442.4	1,332.4	1,997.6	3,557.9
Bills payables	492.1	1,212.1	1,762.6	1,862.5
Total	934.5	2,544.5	3,760.2	5,420.4

Our trade and bills payables as at December 31, 2007, 2008 and 2009 and at June 30, 2010 amounted to RMB934.5 million, RMB2,544.5 million, RMB3,760.2 million and RMB5,420.4 million, respectively, and comprised trade payables and bills payables. The general upward trend for our trade and bills payables during the Track Record Period was primarily due to our increased WTG sales and thus our purchases of raw materials and components.

The aging analysis of our trade and bills payables as at the dates indicated is as follows:

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Trade and bills payables				
Within three months	797.7	2,409.9	3,142.6	4,477.0
Three to six months	134.0	104.9	478.5	348.7
Six months to one year	0.5	24.4	66.2	524.5
One to two years	1.6	3.6	70.9	64.8
Two to three years	0.5	1.4	0.9	4.2
Over three years	0.2	0.3	1.1	1.2
Total	934.5	2,544.5	3,760.2	5,420.4

Our suppliers generally granted us an average credit period of three months. During the Track Record Period, the increase in our trade and bills payables turnover days was primarily due to the expansion of our business and the commencement of sales of our 1.5 MW WTGs. As we expanded the scale of our operations, our trade and bills payables increased due to the higher level of production and longer credit periods granted by our suppliers. Our trade and bills payables turnover days increased because certain suppliers granted us favorable credit period terms to allow us to fund our extended production cycle, which was lengthened given we commenced in-house manufacturing of certain components for our 1.5MW WTGs.

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Creditor turnover days[(1)]	99	130	146	175

Note:

(1) Creditor turnover days are derived by dividing cost of sales by the arithmetic mean of the opening and closing balances of trade and bills payables for the relevant period and multiplying by 365 days (or 181 days for the six-month period in 2010).

Other payables

Other payables were RMB862.2 million, RMB2,671.4 million, RMB2,055.8 million and RMB909.5 million as at December 31, 2007, 2008 and 2009 and at June 30, 2010 and consisted primarily of advances from customers, accrued salaries, wages and benefits and other tax payable.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal sources of liquidity and capital resources have been, and are expected to be, cash from our operating activities and various forms of financing, including bank borrowings. We expect to increase our liquidity and capital resources with the net proceeds from the Global Offering.

The following table sets forth certain information about our consolidated cash flows for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
	RMB in million				
Net cash flows from operating activities	551.3	1,374.9	1,301.8	(1,503.7)	(2,762.6)
Net cash flows used in investing activities	(274.1)	(1,456.5)	(1,616.5)	(89.1)	(463.0)
Net cash flows from financing activities	2,063.7	702.6	1,405.3	226.9	511.8
Net increase in cash and cash equivalents	2,340.9	621.0	1,090.6	(1,365.9)	(2,713.8)
Cash and cash equivalents at beginning of year/period	339.8	2,679.7	3,286.4	3,286.4	4,379.0
Effect of foreign exchange rate changes, net	(1.0)	(14.3)	2.0	0.0	(37.6)
Cash and cash equivalents at end of year/period	2,679.7	3,286.4	4,379.0	1,920.5	1,627.6

Net cash flows from operating activities

Our net cash flows from operating activities primarily represent profit before tax adjusted for non-cash items, movements in working capital and other income and gains.

For the six months ended June 30, 2010, our net cash flows used in operating activities was RMB2,762.6 million, principally contributed by profit before tax of RMB994.4 million adjusted for a RMB64.4 million impairment of trade and other receivables and a RMB1,814.6 million increase in trade and bills payables. These cash inflows were offset by a RMB1,237.4 million increase in inventories as a result of the increases in our raw materials and finished and semi-finished goods due to increased customer orders, a RMB2,720.0 million increase in trade and bills receivables as a result of increased sales on which payment had yet to become due under relevant sales contracts and a RMB1,641.8 million decrease in other payables due to a decrease in advances from customers. Compared to the six months ended June 30, 2009, the increase in net cash flows used in operating activities for the six months ended June 30, 2010 was mainly due to the aforementioned significant increase in our trade and bills receivables and a greater decrease in our other payables in the six months ended June 30, 2010 compared with the six months ended June 30, 2009. Our net cash flows used in operating activities was RMB1,503.7 million for the six months ended June 30, 2009, principally contributed by profit before tax of RMB734.1 million and a RMB126.0 million increase in provision. These cash inflows were offset by a

RMB1,096.8 million increase in inventories as a result of the increase in our works in progress, raw materials and finished and semi-finished goods due to our business expansion to meet the increased demand for our products.

For the year ended December 31, 2009, our net cash flows from operating activities was RMB1,301.8 million, principally contributed by profit before tax of RMB1,990.6 million for the year ended December 31, 2009 and a RMB1,069.8 million increase in trade and bills payables as a result of our increased WTG sales and thus our purchases of raw materials and components. These cash inflows were offset by a RMB733.4 million increase in inventories as a result of the increases in our works in progress, raw materials and finished and semi-finished goods due to our business expansion to meet the increased demand for our products, a RMB394.2 million increase in trade and bills receivables as a result of the increase in our revenue from our WTG R&D, manufacturing and sales business segment and a RMB659.0 million decrease in other payables as a result of the decrease in advances from customers.

For the year ended December 31, 2008, our net cash flows from operating activities was RMB1,374.9 million, principally contributed by profit before tax of RMB1,146.1 million adjusted for a RMB119.1 million impairment of trade and other receivables, a RMB1,940.7 million increase in trade and bills payable as a result of our increased WTG sales and thus our purchases of raw materials and components and a RMB1,778.0 million increase in other payables as a result of the increase in advances from customers. These cash inflows were offset by an adjustment of RMB263.1 million gain from the disposal of two wind farms, a RMB1,829.7 million increase in trade and bills receivables as a result of the increase in our revenue from our WTG R&D, manufacturing and sales business segment and a RMB1,156.1 million increase in inventories as a result of the increases in our works in progress, raw materials and finished and semi-finished goods due to our business expansion to meet the increased demand for our products.

For the year ended December 31, 2007, our net cash flows from operating activities was RMB551.3 million, principally contributed by profit before tax of RMB621.7 million, a RMB759.1 million increase in other payables as a result of the increase in advances from customers and a RMB686.9 million increase in trade and bills payable as a result of our increased WTG sales and thus our purchases of raw materials and components. These cash inflows were offset by a RMB679.1 million increase in inventories as a result of the increases in our works in progress, raw materials and finished and semi-finished goods due to our business expansion to meet the increased demand for our products and a RMB510.6 million increase in trade and bills receivables as a result of the increase in our revenue from our WTG R&D, manufacturing and sales business segment.

Net cash flows used in investing activities

Our net cash flows used in investing activities has principally been used for purchases of property, plant and equipment, acquisition of subsidiaries, pledged deposits, non-pledged time deposits with original maturity of three months or more when acquired and purchases of investment properties.

For the six months ended June 30, 2010, our net cash flows used in investing activities was RMB463.0 million principally due to purchases of property, plant and equipment in the amount of RMB548.9 million, offset partly by a RMB72.6 million increase in pledged deposits and government grants received in the amount of RMB41.1 million. Our net cash flows used in investing activities was RMB89.1 million for the six months ended June 30, 2009, principally contributed by purchases of property, plant and equipment in the amount of RMB274.2 million, offset by RMB199.4 million from disposals of subsidiaries, net of cash disposed of.

For the year ended December 31, 2009, our net cash flows used in investing activities was RMB1,616.5 million principally due to purchases of property, plant and equipment in the amount of RMB1,540.1 million, a

RMB218.5 million increase in pledged deposits and additions of prepaid land lease payments of RMB95.2 million, offset partly by RMB304.8 million from disposals of subsidiaries, net of cash disposed of.

For the year ended December 31, 2008, our net cash flows used in investing activities was RMB1,456.5 million principally due to purchases of property, plant and equipment in the amount of RMB1,398.0 million and our acquisition of two subsidiaries including Vensys AG, net of cash acquired, in the amount of RMB330.0 million, offset by RMB253.5 million from the disposals of subsidiaries, net of cash disposed of.

For the year ended December 31, 2007, our net cash flows used in investing activities was RMB274.1 million principally due to purchases of property, plant and equipment in the amount of RMB296.4 million and additions of prepaid land lease payments in the amount of RMB45.9 million, offset partly by RMB22.1 million from acquisitions of subsidiaries, net of cash acquired, and government grants received in the amount of RMB58.7 million.

Net cash flows from financing activities

Our cash flows from financing activities were primarily used to repay our bank and other borrowings and to pay dividends to the Shareholders, and our cash inflow from financing activities was generally derived from new bank and other borrowings.

For the six months ended June 30, 2010, our net cash flows from financing activities was RMB511.8 million, principally contributed by new bank and other borrowings in the amount of RMB1,291.8 million, offset by RMB561.0 million in repayment of bank and other borrowings and RMB140.0 million in dividends paid to owners of our Company. Our net cash flows from financing activities was RMB226.9 million for the six months ended June 30, 2009, principally contributed by new bank and other borrowings in the amount of RMB937.0 million, offset partly by RMB296.2 million in repayment of bank and other borrowings and RMB280.0 million in dividends paid to owners of our Company.

For the year ended December 31, 2009, our net cash flows from financing activities was RMB1,405.3 million, principally contributed by new bank and other borrowings in the amount of RMB2,249.8 million, offset by RMB424.5 million in repayment of bank and other borrowings and RMB280.0 million in dividends paid to owners of our Company and RMB93.9 million in dividends paid to our non-controlling shareholders.

For the year ended December 31, 2008, our net cash flows from financing activities was RMB702.6 million principally contributed by new bank and other borrowings in the amount of RMB1,627.4 million and RMB94.7 million in capital contributions from non-controlling shareholders, offset by RMB918.7 million in repayment of bank and other borrowings.

For the year ended December 31, 2007, our net cash flows from financing activities was RMB2,063.7 million, principally contributed by the RMB1,752.0 million in net proceeds we received in connection with our listing on the SZSE in December 2007 and new bank and other borrowings in the amount of RMB825.0 million, offset by RMB422.0 million in repayment of bank and other borrowings.

WORKING CAPITAL

Taking into account our internal resources, our cash flow from operations, presently available banking facilities and the estimated net proceeds from the Global Offering, the Directors confirm that the working capital available to our Company and our subsidiaries is sufficient for at least the next 12 months from the date of this prospectus.

CONTRACTUAL OBLIGATIONS

As at June 30, 2010, we had total capital expenditure and operating lease commitments in the amount of RMB1,894.6 million. The following table sets forth our capital expenditure and operating lease commitments for the periods indicated.

	As at December 31,			As at June 30,
	2007	2008	2009	2010
	RMB in million			
Capital expenditure commitments				
Contracted but not provided for property, plant and equipment and land use rights	976.8	514.4	609.1	1,349.5
Authorized but not contracted for property, plant and equipment and land use rights	1,186.1	268.9	397.8	517.0
Equity investment	—	34.0	—	—
Sub-total	2,162.9	817.3	1,006.9	1,866.5
Operating lease commitments				
Within one year	0.2	2.2	6.0	12.5
In the second to fifth years, inclusive	0.0	4.3	5.9	10.6
Beyond five years	—	—	—	5.0
Sub-total	0.2	6.5	11.9	28.1
Total	2,163.1	823.8	1,018.8	1,894.6

As at June 30, 2010, we had total capital commitments in respect of the purchase of fixed assets and land use rights in the amount of RMB1,866.5 million.

CAPITAL EXPENDITURE

Our capital expenditure was RMB395.8 million, RMB2,043.0 million, RMB2,078.3 million and RMB569.0 million for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, respectively.

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
	RMB in million			
Historical capital expenditure				
WTG R&D, manufacturing and sales	271.5	698.9	269.8	154.1
Wind power services	19.2	4.4	4.5	1.7
Wind farm investment, development and sales	105.1	1,495.3	2,023.2	471.4
Elimination	—	(155.6)	(219.2)	(58.2)
Total	395.8	2,043.0	2,078.3	569.0

Capital expenditure for our WTG R&D, manufacturing and sales business segment during the Track Record Period comprised primarily construction of production, R&D and assembly facilities. Capital expenditure for our wind power services business segment comprised primarily purchases of equipment. Capital expenditure for our wind farm investment, development and sales business segment comprised primarily purchases of land and WTGs.

INDEBTEDNESS

The following table shows our total bank and other borrowings as at the dates indicated:

	As at December 31,			As at June 30,	As at July 31,
	2007	2008	2009	2010	2010
					(unaudited)
	RMB in million				
Bank and other borrowings					
Secured	68.0	865.7	2,160.5	2,209.4	1,943.4
Unsecured	555.0	466.0	463.5	712.8	1,285.9
Total	623.0	1,331.7	2,624.0	2,922.2	3,229.3
Bank and other borrowings are repayable as follows:					
Within one year	470.0	50.0	601.9	881.8	1,439.9
After one year	153.0	1,281.7	2,022.1	2,040.4	1,789.4
Total	623.0	1,331.7	2,624.0	2,922.2	3,229.3

Our total bank and other borrowings amounted to RMB623.0 million, RMB1,331.7 million, RMB2,624.0 million and RMB2,922.2 million, as at December 31, 2007, 2008 and 2009 and at June 30, 2010, respectively. As at July 31, 2010, being the latest practicable date for determining our indebtedness, we had utilized banking facilities of RMB10,061.4 million and unutilized banking facilities of RMB5,375.3 million.

Bank and other borrowings increased by RMB708.7 million, or 113.8%, from RMB623.0 million as at December 31, 2007 to RMB1,331.7 million as at December 31, 2008, primarily in connection with financing the construction of our wind farms, our acquisition of Vensys AG, phase two of the construction of our production base in Xinjiang and the construction of a factory that we subsequently rented to one of our suppliers, as well as the overall expansion of our business. Bank and other borrowings increased by RMB1,292.3 million, or 97.0%, from RMB1,331.7 million as at December 31, 2008 to RMB2,624.0 million as at December 31, 2009 and by RMB 298.2 million, or 11.4%, to RMB 2,922.2 million as at June 30, 2010, primarily in connection with financing the construction of our wind farms as well as the overall expansion of our business.

Certain of our bank and other borrowings were secured by (i) mortgages over our property, plant and equipment and land use rights, and certain of our subsidiaries' assets, (ii) pledges of electricity charge rights, future income and our bank deposits, or guaranteed by Independent Third Parties. Certain unsecured bank borrowings in the amount RMB20.0 million as at December 31, 2009 were guaranteed by China Three Gorges New Energy, a Shareholder of our Company. Such guarantees were released in March 2010.

A majority of our bank and other borrowings were denominated in RMB and the effective interest rates of our bank and other borrowings as at December 31, 2007, 2008 and 2009 and at June 30, 2010 were 6.4%, 7.2%, 5.2% and 6.0%, respectively. As at the Latest Practicable Date, we did not and have not breached any covenants in our loan agreements.

During the Track Record Period, no bank has withdrawn any of the banking facilities previously extended to us and have not demanded early repayment. Given our ability to access new bank borrowings and our strong credit profile, we believe we will not be subject to any risk of potential withdrawal of banking facilities, early repayment of outstanding loans or increase in amount of pledged deposits for secured bank borrowings. We also confirm that as at the Latest Practicable Date, we have not received any requests for early repayment of the principal and/or interests on any of our loan agreements.

The table below sets forth the maturity profiles of our bank borrowings as at the dates indicated:

	As at December 31,			As at June 30,	As at July 31,
	2007	2008	2009	2010	2010
					(unaudited)
	RMB in million				
Within one year	470.0	50.0	599.0	879.3	1,437.2
Between one and two years	55.0	105.0	454.5	111.4	101.2
Between two and five years	98.0	529.3	408.0	377.6	387.2
Five years or more	—	610.0	1,127.3	1,525.4	1,273.3
Total	623.0	1,294.3	2,588.8	2,893.7	3,198.9

As at December 31, 2007, 2008 and 2009 and June 30, 2010, our gearing ratio[(1)] was (9.9)%, 46.9%, 42.1% and 59.7%, respectively. The gearing ratio of (9.9)% as at December 31, 2007 was primarily due to the receipt of proceeds from our A Share offering of RMB1,745 million, net of the issue expenses, by our Company in late 2007. The gearing ratio increased from (9.9)% as at December 31, 2007 to 46.9% as at December 31, 2008, primarily due to increases in our trade and bills payables, other payables and interest-bearing bank and other borrowings. Our gearing ratio decreased slightly from 46.9% as at December 31, 2008 to 42.1% as at December 31, 2009, primarily due to increases in our cash and cash equivalents and profit generated for the year ended December 31, 2009. Our gearing ratio increased from 42.1% as at December 31, 2009 to 59.7% as at June 30, 2010, primarily as a result of decreases in our cash and cash equivalents.

CONTINGENT LIABILITIES

We had contingent liabilities not provided for in the Accountants' Report in Appendix I to this prospectus in the amount of RMB65.5 million, RMB176.1 million, RMB176.5 million and RMB251.7 million as at December 31, 2007, 2008 and 2009 and at June 30, 2010, respectively, in connection with letters of credit we issued relating to our purchases of components from foreign suppliers.

In addition, we had contingent liabilities in the amount of RMB971.6 million, RMB2,365.1 million, RMB3,645.7 million and RMB4,299.7 million as at December 31, 2007, 2008 and 2009 and at June 30, 2010, mainly in connection with our provision of letters of guarantee issued by banks to our customers against our performance and fulfilment of contractual obligations, principally pertaining to product delivery, in the course of our sales activities. The issuing bank assumes the payment obligation on behalf of us as specified in the letter of guarantee, and subsequently recovers any paid amount, if any, from us. As such, the potential liability of the issuing bank is regarded as our contingent liability. Upon expiry of the letters of guarantee, the issuing banks are released from their payment obligations and correspondingly, there will be a decrease in our contingent liabilities.

Our Directors evaluated the current status of our sales orders, fulfillment of our sales orders for the previous year and incidence of payment pursuant to the letters of guarantee during the Track Record Period, and estimated that as at the Latest Practicable Date, the likelihood of any payment arising from or in connection with the letters of guarantee which are still valid was relatively low. The fair value of the guarantees is not significant and therefore the

(1) Gearing ratio is net debt divided by the capital plus net debt. Net debt includes trade and bills payables, other payables, interest-bearing bank and other borrowings and other long-term liabilities, less cash and cash equivalents and pledged deposits. Capital includes the equity attributable to owners of the Company as stated in the consolidated statements of financial position.

Directors are of the view that no provision for financial guarantees should be made. Consequently, such contingent liabilities do not have a material impact on our financial results.

In December 2009, we provided a guarantee for Beijing On-off Electric Equipment Company Limited ("**Beijing On-off**"), which is a Connected Person of our Group, in respect of its bank loans of RMB21.0 million. Such guarantee will be released in December 2012.

Except as described herein, as at July 31, 2010, 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.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements. We do not engage in trading activities involving non-exchange traded contracts. In the course of our business operations, we do not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

RELATED PARTY TRANSACTIONS

With respect to related parties transactions as set out in Note 42 of Section II in the Accountants' Report attached as Appendix I to this Prospectus, our Directors have confirmed that the transactions were conducted on normal commercial terms and entered into in the ordinary course of business.

MARKET RISKS

Interest rate risk

We have bank and other borrowings subject to both fixed and floating interest rates and thus are subject to interest rate risk. We regularly review and monitor the mix of our fixed and floating interest rate borrowings in order to manage our interest rate risk. Our interest-bearing bank loans and short term deposits are stated at amortized cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited or charged to our statement of comprehensive income as earned or incurred.

Foreign currency risk

We are exposed to foreign currency risk on purchases and bank loans that are denominated in a currency other than the respective functional currency of our entities. We had exposure to foreign currencies as at December 31, 2007, 2008 and 2009 and at June 30, 2010. We anticipate our foreign currency risk will continue to increase in connection with the overseas expansion of our business.

Credit risk

We have a credit policy in place and will perform credit evaluations on all customers requiring credit over a certain amount.

We establish an allowance for impairment that represents our estimate of losses to be incurred in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless we are satisfied that no recovery of the amount owing is possible. At that point, the impaired financial asset is considered irrecoverable, and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Our management evaluates the credit-worthiness of our existing and prospective customers and ensures that the customers have adequate financing for the projects as well as the source of financing. We believe our customers are creditworthy.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash and bank balances are placed with banks and financial institutions which are regulated.

Liquidity risk

Our liquidity risk is primarily dependent on our ability to maintain adequate cash inflows from operations to meet our debt obligations as they fall due and our ability to obtain external financing to meet our committed future capital expenditure. With regard to our future capital commitments and other financing requirements, we have already obtained banking facilities with several banks of up to RMB15,748 million as at June 30, 2010, of which an amount of approximately RMB8,811 million has been utilized.

PROPERTY INTERESTS AND PROPERTY VALUATION

Particulars of our property interests are set out in Appendix IV to this prospectus. Jones Lang LaSalle Sallmanns Limited, an independent property valuer had valued our property interests as at June 30, 2010. The full text of the letter, summary of values and valuation certificates in connection with such property interests are set out in Appendix IV to this prospectus.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

Barring unforeseen circumstances, and based on the bases set out in Appendix II to this prospectus, the Directors forecast that the consolidated profit attributable to owners of our Company for the year ending December 31, 2010 to be not less than RMB2,236 million.

On the basis of the above profit forecast and on the assumption that our Company had been listed since January 1, 2010 and a total of 2,635,294,000 shares were in issue during the entire year ending December 31, 2010, the unaudited pro forma forecast earnings per share will be RMB0.85, representing a forecast fully diluted price/earnings multiple on a pro forma basis of approximately 17.2 times (assuming an Offer Price of HK$16.98 being the mid-point of our indicative Offer Price range).

DIVIDEND POLICY

After completion of the Global Offering, our Shareholders will be entitled to receive dividends declared by us. The proposal of payment and the amount of our dividends will be made at the discretion of the Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, interests of the Shareholders, taxation conditions, statutory and regulatory restrictions and other factors that the

Board deems relevant. Any dividend distribution shall also be subject to the approval of the Shareholders in the Shareholders' meeting.

Under the PRC Company Law and the Articles of Association, we will pay dividends out of our after-tax profit only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory reserve fund equivalent to 10% of our Company and its subsidiaries after-tax profit; and
- allocations, if any, to a discretionary reserve fund approved by the shareholders in a shareholders' meeting.

When the statutory reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory fund will be required. Our profit distributable for the above-mentioned allocations and our dividend distribution shall be our after-tax profit as determined by PRC GAAP or IFRS, whichever is lower. All of our Shareholders have equal rights to dividends and distributions in the form of stock or cash. For holders of our H Shares, cash dividend payments, if any, will be declared in Renminbi and paid in Hong Kong dollars. According to the Articles of Association, the cumulative profit distribution in cash by our Company for any last-three-most-recent-years period shall be not less than 30% of the average of the same three year's annual distributable profits.

We distributed dividends in the form of shares and cash amounting to RMB500.0 million and RMB680.0 million during the years ended December 31, 2007 and 2008, respectively. The Board of Directors on August 31, 2009 and the Shareholders in general meeting on September 25, 2009 approved a resolution that holders of our A Shares are entitled to our distributable profits accumulated prior to January 1, 2010, and holders of our H Shares and A Shares upon the completion of the Global Offering will be equally entitled to our distributable profits accumulated between January 1, 2010 and the Listing Date. On March 25, 2010, our Company's 2009 annual general meeting approved the Distribution. As partial settlement of the Distribution, on April 6, 2010, our Company issued 840 million A Shares and paid cash of RMB140.0 million to holders of our A Shares funded with cash from profits generated by our business. The Board of Directors on May 26, 2010 and the Shareholders in general meeting on June 12, 2010 approved the distribution of RMB784.0 million (out of the remaining unpaid amount of the Distribution) in the form of a cash dividend financed by our internal cash resources, which was settled in full prior to the date of this prospectus. Our PRC legal advisor has confirmed that the declaration and payment of the foregoing dividend distribution is legal and valid under applicable PRC laws and regulations and our Articles of Association. Our historical dividends may not be indicative of the amount of our future dividends.

DISTRIBUTABLE RESERVES

As at June 30, 2010, our Company had a reserve available for distribution to its shareholders in the amount of RMB580.5 million.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company which has been prepared for the purpose of illustrating the effect of the Global Offering as if it had been taken place on June 30, 2010 and based on our audited consolidated net assets attributable to the owners of our Company as at June 30, 2010 as shown in the Accountants' Report set forth in Appendix I to this prospectus and is adjusted as follows:

	Audited consolidated net tangible assets attributable to owners of our Company as at June 30, 2010	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB in million(1)	**RMB in million(2)**	**RMB in million**	**RMB(3)**	**HK$(5)**
Based on Offer Price of HK$15.98 per Offer Share	4,504.2	5,205.5	9,709.7	3.68	4.26
Based on Offer Price of HK$17.98 per Offer Share	4,504.2	5,857.0	10,361.2	3.93	4.55

Notes:

(1) The consolidated net tangible assets attributable to owners of our Company as at June 30, 2010, was determined as follows:

		RMB in million
Audited consolidated net assets of our Company as set out in Appendix I		5,352.2
Less:	Non-controlling interests as set out in Appendix I	342.8
Less:	Goodwill as set out in Appendix I.	211.9
Less:	Other intangible assets as set out in Appendix I	305.8
Add:	Other intangible assets attributable to non-controlling interests	12.5
Consolidated net tangible assets attributable to owners of our Company		4,504.2

(2) The estimated net proceeds from the Global Offering are based on the offer price of HK$15.98 per H Share and HK$17.98 per H Share after deduction of the underwriting fees and other related expenses payable by our Company, and do not take into account of any H Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted at the PBOC Rate from Hong Kong dollars into Renminbi at an exchange rate of HK$1.00 to RMB0.8629 prevailing on the Latest Practicable Date.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share are determined after the adjustments as described in note 2 above and on the basis that 2,635,294,000 shares (being the number of shares expected to be in issue immediately after completion of the Global Offering, without taking into account of any H Shares which may be issued upon the exercise of the Over-allotment Option) are issued and outstanding during the six months ended June 30, 2010. If the Over-allotment Option is exercised in full, the adjusted net tangible assets per Share will increase.

(4) Details of the valuations of our Company's properties as at June 30, 2010 are set out in "Appendix IV — Property Valuation" to this prospectus. The revaluation surplus or deficit of properties included in buildings held for own use, assets under construction, land use rights and investment properties will not be incorporated in our Company's financial statements for the year ending December 31, 2010. If such revaluation surplus is incorporated in our Company's financial statements for the year ending December 31, 2010, the annual depreciation charges would increase by approximately RMB3.9 million.

(5) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.8629 to HK$1.00, the PBOC Rate prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as at 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 ON NO MATERIAL ADVERSE CHANGE

The Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date in this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2010, and there is no event since June 30, 2010 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.