



中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

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

Stock Code: 1798

GLOBAL OFFERING



Saihanba Wind Farm

Joint Global Coordinators



Joint Sponsors



Joint Bookrunners and Joint Lead Managers



J.P.Morgan



*For identification purpose only

IMPORTANT

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



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China Datang Corporation Renewable Power Co., Limited*

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 2,142,610,000 H Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	: 214,262,000 H Shares (subject to adjustment)
Number of International Offer Shares	: 1,928,348,000 H Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$3.18 per H Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing), plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%
Nominal value	: RMB1.00 per H Share
Stock code	: 1798

Joint Global Coordinators



China Everbright Securities (HK) Limited

Joint Sponsors



China Everbright Capital Limited

Joint Bookrunners and Joint Lead Managers



China Everbright Securities (HK) Limited



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

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

The Offer Price is expected to be determined by agreement between the Company and the Joint Bookrunners (on behalf of the Underwriters) on the Price Determination Date or such later date as may be agreed by the Company and the Joint Bookrunners but in any event no later than December 16, 2010 (Hong Kong time). The Offer Price will be not more than HK\$3.18 per Offer Share and is expected to be not less than HK\$2.33 per Offer Share. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$3.18 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK\$3.18. The Joint Bookrunners (on behalf of the Underwriters, and with the Company's consent) may reduce the number of Hong Kong Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of the Company (www.dtxny.com.cn) and the Stock Exchange (www.hkex.com.hk) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn. Details of the arrangement will then be announced by the Company as soon as practicable.

If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners (on behalf of the Underwriters) on or before December 16, 2010 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

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

Pursuant to the force majeure provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Bookrunners, on behalf of the Underwriters, have the right in certain circumstances to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the date when dealings in the Offer Shares first commence on the Stock Exchange (such first dealing date is currently expected to be December 17, 2010). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Underwriting Agreement – Grounds for termination" in this prospectus.

The Offer Shares have not been and will not be registered under the Securities Act and may not be offered or sold, pledged or transferred within the United States except that the Offer Shares may be offered, sold or delivered in the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the Securities Act and outside the United States in offshore transactions in reliance on Regulation S.

* For identification purpose only

December 7, 2010

EXPECTED TIMETABLE

The Company will issue an announcement in Hong Kong to be published on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) if there is any change in the following expected timetable of the Hong Kong Public Offering.

Date⁽¹⁾

Application lists of the Hong Kong Public Offering open⁽²⁾ 11:45 a.m. on
Friday, December 10, 2010

Latest time for lodging **WHITE** and **YELLOW**
Application Forms. 12:00 noon on
Friday, December 10, 2010

Latest time to give **electronic application instructions**
to HKSCC⁽³⁾ 12:00 noon on
Friday, December 10, 2010

Latest time to complete electronic applications
under **White Form eIPO** service through
the designated website www.eipo.com.hk⁽⁴⁾ 11:30 a.m. on
Friday, December 10, 2010

Latest time to complete payment for **White Form eIPO**
applications by effecting internet banking transfer(s)
or PPS payment transfer(s) 12:00 noon on
Friday, December 10, 2010

Application lists of the Hong Kong Public Offering close 12:00 noon on
Friday, December 10, 2010

Expected Price Determination Date⁽⁵⁾ Friday, December 10, 2010

Announcement of:

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

will be published on the website of the Stock Exchange
at www.hkex.com.hk and our website
at www.dtxny.com.cn on or before Thursday, December 16, 2010

EXPECTED TIMETABLE

Date⁽¹⁾

Results of allocations in the Hong Kong Public Offering
(with successful applicants' identification
document numbers, where appropriate) will be available
(please see "How to Apply for Hong Kong Offer Shares
– 10. Results of Allocations") from Thursday, December 16, 2010

Results of allocations in the Hong Kong Public Offering
will be available at www.iporesults.com.hk with
a "search by ID" function Thursday, December 16, 2010

H Share certificates in respect of wholly or partially
successful applications will be despatched or
deposited into CCASS on or before^(6 and 7) Thursday, December 16, 2010

Refund cheques (if applicable) will be
despatched on or before⁽⁸⁾ Thursday, December 16, 2010

White Form e-Refund Payment Instructions will be
despatched on or before⁽⁸⁾ Thursday, December 16, 2010

Dealings in H Shares on the Stock Exchange
to commence on Friday, December 17, 2010

Notes:

- (1) All dates and times refer to Hong Kong local time and dates unless otherwise stated.
- (2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on **Friday, December 10, 2010**, the application lists will not open on that day. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares – 7. When May Applications Be Made – (e) Effects of Bad Weather Conditions on the Opening of the Application Lists" in this prospectus.
- (3) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC" in this prospectus.
- (4) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, at which time the application lists will close.
- (5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about **Friday, December 10, 2010**, and in any event no later than **Thursday, December 16, 2010**. If, for any reason, the Offer Price is not agreed on or before **Thursday, December 16, 2010**, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
- (6) The Company will not issue any temporary documents of title in respect of the Offer Shares. H Share certificates will only become valid certificates of title at 8:00 a.m. on **Friday, December 17, 2010** (Hong Kong time), provided that (i) the Global Offering has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with their respective terms. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

EXPECTED TIMETABLE

- (7) Applicants who apply on **WHITE** Application Forms or through **White Form eIPO** service for 1,000,000 H Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect any refund cheques (where applicable) and H Share certificates in person may do so from the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on **Thursday, December 16, 2010**. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

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

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

Uncollected H Share certificates and refund cheques will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares – 11. Despatch/Collection of H Share Certificates and Refunds of Application Monies" in this prospectus.

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

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

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

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SUMMARY

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

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

OVERVIEW

We are a leading renewable energy generation company in China in terms of wind power installed capacity, with a primary focus on the development, management and operation of wind power projects. According to the BTM Report, China ranked second in the world in terms of cumulative wind power installed capacity as of December 31, 2009, and first in the world in terms of incremental wind power installed capacity in 2009. We ranked second in China and eighth in the world, in terms of total wind power installed capacity as of December 31, 2009, according to the BTM Report, which accounted for approximately 10.2% of the total wind power installed capacity of China as of December 31, 2009 based on the CWEA Report.

During the Track Record Period, we focused on the procurement and development of wind power resources in various areas in China, and achieved rapid growth. Our total wind power installed capacity was 919.1 MW, 1,768.1 MW, 2,619.5 MW and 2,717.0 MW as of December 31, 2007, 2008, 2009 and June 30, 2010, respectively, representing a CAGR of 68.8% from 2007 to 2009. As of the same dates, our total wind power generating capacity was 348.9 MW, 1,077.3 MW, 1,901.9 MW and 2,437.9 MW, respectively. Further, we had 22 wind power projects under construction as of June 30, 2010, with a total constructing capacity of approximately 1,462.4 MW. The average availability factor of our operating wind power projects was 97.5%, 98.4%, 98.8% and 98.9%, respectively, in 2007, 2008, 2009 and for the six months ended June 30, 2010.

In addition to the wind power projects in operation and under construction, we have secured abundant wind resource reserves by entering into development agreements with local governments in 22 provinces and municipalities in China, with a total prospective capacity of approximately 50.7 GW as of June 30, 2010, which we believe provide a solid foundation for our future growth. Of our total prospective capacity, we have obtained the necessary NDRC or provincial DRC approvals for 297.0 MW, and have carried out wind tests for approximately 5,627.0 MW, for which we are conducting feasibility studies and preliminary work relating to obtaining the necessary project approvals. By exploiting our abundant wind resource reserves, we aim to increase our total wind power installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011.

Our wind power projects are strategically located in geographically diverse areas in China with abundant wind resources, which we categorize into three development regions. The following table summarizes certain operating information on our wind power projects located in these three regions as of June 30, 2010.

SUMMARY

	Inner Mongolia and Northeastern	Central and Western	Southeastern Coastline	Total
Operating Projects				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Hebei, Henan and Gansu	Shandong and Shanghai	–
Number of projects	45	5	5	55
Installed capacity (MW)	2,198.2	218.8	300.0	2,717.0
Generating capacity (MW)	2,018.1	185.8	234.0	2,437.9
Projects Under Construction				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Gansu, Yunnan, Ningxia, Henan and Shanxi	Shandong	–
Number of projects	12	7	3	22
Constructing capacity (MW)	836.3	477.6	148.5	1,462.4
Pipeline Projects				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Hebei, Henan, Shanxi, Shaanxi, Ningxia, Gansu, Qinghai, Xinjiang, Chongqing and Yunnan	Shandong, Jiangsu, Anhui, Fujian, Guangdong, Guangxi and Hainan	–
Prospective capacity (GW)	34.3	13.2	3.2	50.7
Advanced (MW)	49.5	99.0	148.5	297.0
Intermediate (MW)	4,303.5	793.5	530.0	5,627.0
Early (GW)	29.9	12.3	2.6	44.8

Inner Mongolia, the region with the most abundant wind resources in China among all provinces, is the stronghold of our wind power business. Approximately 60% of our total wind power installed capacity and 52% of our prospective capacity as of June 30, 2010 were located in Inner Mongolia. Based on the CWEA Report, we had a market share of 17.6% in Inner Mongolia by the end of 2009 in terms of total wind power installed capacity. Our wind power projects located in the Saihanba area of Chifeng, east Inner Mongolia, had a total installed capacity of 814.9 MW as of June 30, 2010, and we expect to expand these projects into a 1,000 MW-level wind power base by the end of 2010. In addition, in June 2010, we successfully upgraded one wind farm in the Dongshan area of Chifeng, with a total installed capacity of 249.5 MW, to meet the new grid connection guidelines issued by State Grid Corporation in 2009. This wind farm became the first grid-friendly wind farm in China, from which we believe we gained valuable experience that will help us turn our other wind power projects into grid-friendly projects which deliver controlled and predictable electricity to the power grids in the future. Due to the geographic concentration of our wind power projects in Inner Mongolia, our wind power business is also subject to a variety of risks specific to such region. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Our wind power projects are concentrated in Inner Mongolia.” If we fail to make changes to our project mix in response to our business strategy, changes in government policy and other factors, our electricity sales and results of operations may be adversely affected over time.

SUMMARY

During the Track Record Period, we derived a substantial portion of our revenue from the sale of electricity generated by our wind power projects. Our electricity sales revenue in 2007, 2008, 2009 and for the six months ended June 30, 2010 was RMB285.9 million, RMB612.6 million, RMB1,384.2 million and RMB1,043.2 million, respectively, representing a CAGR of 120.0% from 2007 to 2009. We sell substantially all of the electricity that we generate to local grid companies that are directly or indirectly controlled by the PRC government. The weighted average on-grid tariff per kWh (including VAT) for our electricity sales in 2007, 2008, 2009 and for the six months ended June 30, 2010 was RMB0.586, RMB0.560, RMB0.562 and RMB0.559, respectively.

In addition to the revenue we generated from our sale of electricity, we generated income from the sale of CERs of RMB33.2 million, RMB71.6 million, RMB137.4 million and RMB101.6 million in 2007, 2008, 2009 and for the six months ended June 30, 2010, respectively. However, if the Kyoto Protocol is not renewed before its expiration on December 31, 2012 or should the verification standards or registration policies of CDM projects change materially, our future income from sales of CERs could decrease materially. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB, and the expiration of the Kyoto Protocol or any change to the registration policies could affect our income from the sales of CERs.”

In addition to our wind power business, we plan to develop other renewable energy projects, such as solar power and biomass energy projects. As of June 30, 2010, we had entered into development agreements with 11 local governments in China to develop other renewable energy projects, with a total prospective capacity of 7,828.0 MW, of which 7,655.0 MW were for solar power projects and 173.0 MW for biomass energy projects.

PRC Government Policies

Our wind power business has benefited, and we expect may continue to benefit, from the regulatory support of the PRC government, including, among others, mandatory grid connection, and the guaranteed purchase and dispatch of our entire electricity generation; the generally higher on-grid tariffs; as well as certain tax benefits. For example, in 2007, 2008, 2009 and for the six months ended June 30, 2010, we received government grants of RMB24.5 million, RMB54.9 million, RMB60.8 million and RMB33.0 million, respectively, which primarily relate to the VAT reduction or refund, representing 11.8%, 11.9%, 7.1% and 5.1% of our operating profit during those periods. Given these beneficial government policies, together with the rapid growth of the wind power industry and the increasing demand for electricity consumption in China, our wind power business is operating in a favorable environment, which we believe may support our continued growth and development in the future.

However, the application of the preferential measures and favorable policies for wind power business may involve uncertainties and vary from region to region. Any reduction, discontinuation or unfavorable alteration of the policies and incentives for the wind power industry could materially and adversely affect our business, financial condition and results of operations, and could significantly limit our future prospects. Further, if we were to experience any adverse changes to the preferential measures and favorable policies for wind power business before we achieve economies of scale in a non-subsidized market, we could be forced to compete directly against traditional power companies or other renewable energy companies

SUMMARY

in the sale of electricity and the setting of on-grid tariffs. This could include competition with Datang, our controlling shareholder, and Datang's listed companies, which operate, among others, wind power, coal power and hydro power businesses in the PRC. Such competition could materially and adversely affect our business, financial condition, results of operations and prospects. For details of the power generating businesses of Datang and Datang's listed companies, see "Relationship with Datang Group – Delineation of Business and Competition." Also see "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – We depend on the PRC government's policies and regulatory framework supporting renewable energy development" for a description of major risks associated with these beneficial government policies.

Risks of over-expansion

Given our rapid expansion and development plans, together with the highly regulated environment and capital intensive nature of the wind power business, our ability to complete the projects in our development pipeline and achieve our targeted capacity is subject to a variety of risks, in particular:

- failure to secure interconnection to transmission lines with adequate capacity;
- failure to receive adequate bank borrowings on favorable terms; and
- failure to secure required regulatory permits or approvals on time or at all.

See "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – We may be unable to complete the construction of our wind power projects on time or at all, and increased construction and other costs could make a new wind power project unprofitable to operate."

Transmission Limitations – A Major Obstacle in the PRC Wind Power Industry

As of June 30, 2010, all of our operating wind power projects were connected to the local power grid, and substantially all of the electricity we generated during the Track Record Period was purchased and dispatched by the local grid companies in accordance with their mandatory purchase obligations. However, we consider the technical transmission limitations imposed by the local power grids as a major obstacle affecting a wind power company's business in China.

Various technical transmission limitations, such as grid congestion caused by the underdevelopment of local grids in remote areas and temporary transmission interruption caused by system upgrades, may curtail our production of electricity, impairing our ability to fully capitalize on a particular wind power project's potential. A large number of our operating wind power projects are located in remote areas in China with abundant wind reserves, primarily Inner Mongolia, Jilin and Gansu, where the local grids have insufficient transmission capacity to deliver all the potential electricity that our wind power projects could generate when operating under full load, especially at peak seasons, such as winter. Rapid construction of wind power projects in recent years, attracted by favorable government policies and abundant wind resources in areas such as Inner Mongolia, Jilin and Gansu, combined with weaker economic condition and infrastructure development in such remote areas, caused the local wind power installed capacity to outpace the transmission capacity of local power grids. Therefore, since electricity cannot be stored and must be transmitted or used once generated, we may temporarily suspend some of our operating wind turbines to accommodate such transmission limitations from time to time.

SUMMARY

In August 2010, the State Grid Corporation of China announced its 12th five-year plan to construct ultra high voltage transmission lines in north, east and central China to ease the transmission limitations in areas such as Inner Mongolia by 2015. In light of the PRC government's increasing investments and commitments to improve the national power grid infrastructure, and the recent policies that encourage the development of smart grid technology and grid-friendly wind power projects, our Directors expect that the risk of transmission limitations is temporary and could be effectively mitigated in the foreseeable future. See "Business – Our Business – Transmission Limitations" and "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity."

The following tables set out our key operational and financial information as of the dates or for the periods presented.

Key Operating Data (I)	As of December 31,						As of June 30,	
	2007		2008		2009		2010	
	(MW)	(%)	(MW)	(%)	(MW)	%	(MW)	(%)
Total installed capacity	919.1	100.0	1,768.1	100.0	2,619.5	100.0	2,717.0	100.0
Inner Mongolia	597.2	65.0	1,123.7	63.6	1,618.1	61.8	1,618.1	59.6
The Three Northeastern Provinces . .	148.1	16.1	326.6	18.5	575.6	22.0	580.1	21.4
Central and Western	74.8	8.1	169.3	9.6	218.8	8.4	218.8	8.1
Southeastern Coastline	99.0	10.8	148.5	8.4	207.0	7.9	300.0	11.0
Attributable installed capacity . .	691.0	100.0	1,409.7	100.0	2,090.7	100.0	2,118.9	100.0
Inner Mongolia	449.6	65.1	919.6	65.2	1,310.6	62.7	1,310.6	61.9
The Three Northeastern Provinces . .	89.8	13.0	214.4	15.2	402.9	19.3	405.1	19.1
Central and Western	52.5	7.6	127.2	9.0	176.7	8.5	176.7	8.3
Southeastern Coastline	99.0	14.3	148.5	10.5	200.5	9.6	226.6	10.7
Generating capacity	348.9	100.0	1,077.3	100.0	1,901.9	100.0	2,437.9	100.0
Inner Mongolia	199.5	57.2	654.9	60.8	1,164.5	61.2	1,438.0	59.0
The Three Northeastern Provinces . .	100.1	28.7	248.6	23.1	418.1	22.0	580.1	23.8
Central and Western	49.3	14.1	119.8	11.1	185.8	9.8	185.8	7.6
Southeastern Coastline	–	–	54.0	5.0	133.5	7.0	234.0	9.6
Average generating capacity . . .	280.9	100.0	622.8	100.0	1,400.9	100.0	2,162.4	100.0
Inner Mongolia	148.4	52.8	413.9	66.5	846.2	60.4	1,356.4	62.7
The Three Northeastern Provinces . .	96.4	34.3	134.6	21.6	308.9	22.1	466.4	21.6
Central and Western	36.1	12.9	69.8	11.2	149.6	10.7	185.8	8.6
Southeastern Coastline	–	–	4.5	0.7	96.4	6.9	153.8	7.1
Constructing capacity	–	–	–	–	–	–	1,462.4	100.0
Inner Mongolia	–	–	–	–	–	–	347.3	23.7
The Three Northeastern Provinces . .	–	–	–	–	–	–	489.0	33.4
Central and Western	–	–	–	–	–	–	477.6	32.7
Southeastern Coastline	–	–	–	–	–	–	148.5	10.2

SUMMARY

Key Operating Data (II)	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Gross power generation (MWh)	602,335.2	1,404,249.4	3,024,680.5	2,373,300.6
Inner Mongolia	324,220.0	989,836.7	1,884,600.7	1,461,709.9
The Three Northeastern Provinces	206,470.0	294,195.9	668,571.1	544,519.7
Central and Western	71,645.2	120,216.5	288,120.7	193,315.8
Southeastern Coastline	–	0.3	183,388.0	173,755.2
Electricity sales (MWh)	570,833.1	1,279,194.3	2,880,272.6	2,182,530.1
Inner Mongolia	300,274.0	904,310.4	1,796,712.9	1,381,109.7
The Three Northeastern Provinces	199,940.0	273,380.0	635,065.6	476,610.5
Central and Western	70,619.1	101,503.9	271,349.2	176,643.0
Southeastern Coastline	–	–	177,145.0	148,166.9
Average utilization hours	2,144.0	2,254.6	2,159.0	1,097.6⁽¹⁾
Inner Mongolia	2,185.1	2,391.2	2,227.2	1,077.7 ⁽¹⁾
The Three Northeastern Provinces	2,140.9	2,185.7	2,164.7	1,167.4 ⁽¹⁾
Central and Western	1,983.3	1,722.3	1,926.6	1,040.5 ⁽¹⁾
Southeastern Coastline	–	–	1,902.9	1,130.1 ⁽¹⁾
Average utilization hours of wind power projects in China ⁽²⁾	2,000.0	1,800.0	1,800.0	N/A ⁽³⁾

Notes:

- (1) As this number is calculated based on the amount of gross power generation for the six month period rather than a year, it is not directly comparable to the average utilization hours in 2007, 2008 or 2009.
- (2) According to the BTM Report. (Regional information is not available).
- (3) The average utilization hours of wind power projects in China for the six months ended June 30, 2010 are not available in the BTM Report.

Key Financial Data	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
(RMB in millions, except for percentages)				
Revenue	390.9	860.3	1,428.1	1,043.2
– Sales of electricity	285.9	612.6	1,384.2	1,043.2
Operating profit	207.1	461.8	859.8	646.6
Adjusted operating margin (%) ⁽¹⁾	49.0	54.4	47.0	51.8
Profit for the year/period	90.4	218.5	366.9	289.8

Note:

- (1) Our adjusted operating margin represents the difference between operating profit and other net income and other gains, as divided by the difference between total revenue and service concession construction revenue. Adjusted operating margin is not a standard measurement under IFRSs, but we present it here because we believe that, after excluding the effects of service concession construction revenue and other major non-recurring income items, such measurement provides a more accurate indicator of our wind power business's profitability. Prospective investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to other similarly titled measures reported by other companies, due to different calculation methods or assumptions. Please see "Financial Information – Components of Major Income Statement Line Items – Operating profit and adjusted operating margin" for a detailed analysis of our adjusted operating margin.

SUMMARY

OUR STRENGTHS

We believe that our leading position in the wind power business in China is underpinned by the following principal strengths:

- we are a leading renewable energy generation company in the PRC in terms of wind power installed capacity, with a primary focus on the wind power generation business, with rapid growth during the Track Record Period;
- we have a strategically located wind power project portfolio, and have secured abundant wind resource reserves for future development;
- our comprehensive development and management capabilities in the wind power business allow us to maximize operational efficiency and profitability;
- we have outstanding research capabilities, and have competitive advantages in the development and operation of offshore wind farms and grid-friendly wind power projects;
- we operate in the PRC's rapidly growing wind power sector, which benefits from regulatory support and increasing domestic demand for electricity; and
- we have an experienced and innovative management team and highly skilled and specialized technical staff.

OUR STRATEGIES

We aim to strengthen our position as a leading renewable energy generation company in China with global prominence with the following strategies:

- further expand our scale and strengthen our leading position in the PRC wind power sector;
- further increase our research and development efforts and promote grid-friendly wind power projects;
- continue to enhance cooperation with leading wind turbine suppliers and expand our business chain;
- explore opportunities to develop other renewable energy projects;
- diversify financing sources and reduce financing costs; and
- seek business opportunities in international markets.

SUMMARY

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth our summary combined financial information for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 (unaudited) and 2010, and as of December 31, 2007, 2008 and 2009 and June 30, 2010. We have derived the summary from our combined financial information set forth in the Accountants' Report in Appendix I to this prospectus. The below summary should be read together with the combined financial information in Appendix I to this prospectus, including the accompanying notes. Our combined financial information was prepared in accordance with IFRSs.

Combined Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
	(RMB in millions)				
Revenue					
Sales of electricity	285.9	612.6	1,384.2	687.8	1,043.2
Service concession construction revenue ⁽¹⁾	90.9	233.5	38.9	38.9	—
Others	14.1	14.2	5.0	—	—
	390.9	860.3	1,428.1	726.7	1,043.2
Other net income and other gains	60.0	120.6	206.8	86.7	106.3
Operating expenses					
Depreciation and amortization	(117.1)	(212.5)	(552.7)	(243.1)	(395.4)
Service concession construction costs ⁽¹⁾	(90.9)	(233.5)	(38.9)	(38.9)	—
Labor costs	(9.8)	(20.5)	(52.7)	(19.9)	(34.4)
Repairs and maintenance	(2.9)	(7.0)	(19.6)	(7.2)	(8.8)
Material costs	(2.2)	(3.2)	(9.4)	(3.8)	(6.1)
Other operating expenses	(20.9)	(42.4)	(101.8)	(43.4)	(58.3)
	(243.8)	(519.1)	(775.1)	(356.3)	(503.0)
Operating profit	207.1	461.8	859.8	457.1	646.5
Finance income	0.5	2.2	5.9	2.8	3.5
Finance expenses	(110.3)	(223.8)	(480.7)	(216.3)	(318.0)
Net finance expenses	(109.8)	(221.6)	(474.8)	(213.5)	(314.5)
Share of losses of an associate	—	—	(0.8)	(0.4)	(0.9)
Profit before taxation	97.3	240.2	384.2	243.2	331.1
Income tax	(6.9)	(21.7)	(17.3)	(24.4)	(41.3)
Profit for the year/period	90.4	218.5	366.9	218.8	289.8
Total comprehensive income for the year/period	90.4	218.5	366.9	218.8	289.8

SUMMARY

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
	(RMB in millions)				
Profit attributable to:					
Equity owners of the Company	56.1	139.8	248.4	141.0	202.6
Non-controlling interests	34.3	78.7	118.5	77.8	87.2
Profit for the year/period	90.4	218.5	366.9	218.8	289.8
Earnings per share for profit attributable to equity owners of the Company					
Basic and diluted	N/A	N/A	N/A	N/A	N/A
Dividends	—	28.7	128.8	—	185.2

Note:

- (1) We, as an operator of wind power projects under the service concession arrangement between the government and us, are responsible for both the construction of the concession project and subsequent service in a specified period after the construction. In accordance with IFRIC-Int 12 "Service Concession Arrangements," we recognize a concession asset, included in the category of intangible asset, arising from a service concession arrangement when we have the rights to charge for the usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. In this connection, service concession construction revenue is recognized. As we sub-contracted all of our related construction work, the same amount of costs, represented the fair value of services received, are also recognized. As a result, the recognition of service concession construction revenue and costs has no net effect on our operating profit during the Track Record Period. See "Financial Information – Components of Major Income Statement Line Items."

SUMMARY

Combined Statements of Financial Position

	As of December 31,			As of
	2007	2008	2009	June 30,
	(RMB in millions)			2010
Non-current assets				
Property, plant and equipment	6,091.1	13,714.0	21,414.9	24,882.4
Land use rights	8.1	19.1	56.9	245.0
Intangible assets	91.1	384.1	409.9	404.6
Investment in an associate	—	—	14.3	13.4
Available-for-sale financial assets	—	—	51.2	51.2
Deferred income tax assets	—	0.2	3.0	3.9
Other non-current assets	0.2	0.6	0.6	0.9
Total non-current assets	6,190.5	14,118.0	21,950.8	25,601.4
Current assets				
Inventories	—	0.7	6.0	7.6
Trade and bills receivable	196.2	438.0	861.7	1,069.4
Prepayments, other receivables and other current assets	133.2	479.2	1,178.0	1,479.7
Current income tax prepayments	—	—	12.0	27.8
Restricted deposits	199.5	—	—	—
Cash and cash equivalents	148.1	545.1	531.2	1,023.6
Total current assets	677.0	1,463.0	2,588.9	3,608.1
TOTAL ASSETS	6,867.5	15,581.0	24,539.7	29,209.5
Equity				
Combined equity attributable to equity owners of the Company	1,247.0	2,826.0	3,852.1	3,956.7
Non-controlling interests	953.0	1,485.3	1,793.2	1,879.9
Total equity	2,200.0	4,311.3	5,645.3	5,836.6
Non-current liabilities				
Borrowings	3,203.2	7,573.9	14,290.0	17,749.8
Deferred income tax liabilities	—	68.7	64.3	61.0
Total non-current liabilities	3,203.2	7,642.6	14,354.3	17,810.8
Current liabilities				
Borrowings	540.9	1,172.4	1,527.5	2,086.2
Trade and bills payable	1.6	8.6	6.1	8.4
Current income tax liabilities	4.4	26.2	28.2	58.2
Other payables	917.4	2,419.9	2,978.3	3,409.3
Total current liabilities	1,464.3	3,627.1	4,540.1	5,562.1
Total liabilities	4,667.5	11,269.7	18,894.4	23,372.9
Total equity and liabilities	6,867.5	15,581.0	24,539.7	29,209.5
Net current liabilities	(787.3)	(2,164.1)	(1,951.2)	(1,954.0)
Total assets less current liabilities	5,403.2	11,953.9	19,999.6	23,647.4

SUMMARY

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

Forecast consolidated profit attributable to equity owners of the Company ⁽¹⁾	not less than RMB405 million (approximately HK\$471 million)
Unaudited pro forma forecast earnings per Share ⁽²⁾	not less than RMB0.0567 (approximately HK\$0.0659)

Notes:

- (1) The forecast consolidated profit attributable to equity owners of our Company for the year ending December 31, 2010 is extracted from the section headed "Financial Information – Profit Forecast for the Year Ending December 31, 2010" in this prospectus. The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus. Our Directors have prepared the forecast consolidated profit attributable to equity owners of our Company for the year ending December 31, 2010 based on the audited combined result for the six months ended June 30, 2010 as well as unaudited management accounts for the three months ended September 30, 2010 and the forecast results of the consolidated results for the remaining three months ending December 31, 2010. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by our Group as set out in Note 3 of Section II of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The calculation of unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 is based on the forecast consolidated profit attributable to equity owners of our Company for the year ending December 31, 2010 and on the basis that 7,142,610,000 Shares were in issue during the entire year and assuming that the Global Offering had been completed on January 1, 2010. The calculation takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) For the purpose of this unaudited pro forma forecast earnings per Share, the translation of Renminbi into Hong Kong dollars was made at the rate of HK\$1.00 to RMB0.8598 prevailing on the Latest Practicable Date.

OFFER STATISTICS

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

	Based on an Offer Price of HK\$2.33	Based on an Offer Price of HK\$3.18
Market capitalization of our Shares ⁽¹⁾	HK\$16,642 million	HK\$22,713 million
Forecast price/earnings multiple on a pro forma basis ⁽²⁾	35.4 times	48.3 times
Unaudited pro forma adjusted net tangible asset value per Share ⁽³⁾	HK\$1.25	HK\$1.50

Notes:

- (1) The calculation of market capitalization is based on 2,142,610,000 H Shares expected to be issued under the Global Offering, and assuming that 7,142,610,000 Shares are issued and outstanding following the Global Offering.
- (2) The calculation of the forecast price/earnings multiple on a pro forma basis is based on each indicative offer price and the forecast pro forma earnings per Share for the year ending December 31, 2010 of HK\$0.0659 per Share as set out in Appendix II to this prospectus.
- (3) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 7,142,610,000 Shares are in issue following the Global Offering.

SUMMARY

DIVIDEND POLICY

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

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

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

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

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

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

DISTRIBUTION

Pursuant to an ordinary resolution passed by our shareholders on July 12, 2010, our shareholders approved a distribution of our distributable profit for the period from March 31, 2010 (our asset valuation date) to July 31, 2010 to Datang and Datang Jilin (the "Distribution"). Our Company did not distribute any cash dividend from January 1, 2010 to the date of this prospectus.

We currently estimate this Distribution to be approximately RMB107 million. The actual amount of the Distribution will be determined based on the distributable profit of our Company from April 1, 2010 to July 31, 2010, which will be determined based on the audited financial statements prepared in accordance with PRC GAAP or IFRSs, whichever is a lower amount. We expect to pay the Distribution to Datang and Datang Jilin in April 2011 from our available cash and cash equivalents (approximately RMB1.7 billion as of October 31, 2010) after the actual amount of the Distribution is determined. We will make an announcement regarding the actual amount of the Distribution before we pay such Distribution to Datang and Datang Jilin.

SUMMARY

The holders of our H Shares are not entitled to share the Distribution. Any distributable profit for distribution to our shareholders after the Global Offering will exclude the Distribution we will pay to Datang and Datang Jilin. You should not rely on the Distribution as an indication of our future dividends distribution policy or practice.

USE OF PROCEEDS

Assuming an Offer Price of HK\$2.76 per H Share (being the mid-point of the stated Offer Price range), we estimate that we will receive net proceeds of approximately HK\$5,671 million from the Global Offering after deducting the underwriting commissions and other estimated expenses (excluding any discretionary incentive fee which may be payable by us), if the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to us from the offering of these additional H Shares will be approximately HK\$865 million, after deducting the underwriting commissions and other estimated expenses (excluding any discretionary incentive fee which may be payable by us), assuming an Offer Price of HK\$2.76 per H Share.

In line with our strategies, we intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 45%, or HK\$2,552 million, will be used for the construction of wind power projects in our three development regions as follows:
 - (i) approximately 57% of the above, or HK\$1,455 million, will be allocated to projects in the Inner Mongolia and Northeastern development region;
 - (ii) approximately 27% of the above, or HK\$689 million, will be allocated to projects in the Central and Western development region; and
 - (iii) approximately 16% of the above, or HK\$408 million, will be allocated to projects in the Southeastern Coastline development region.
- approximately 25%, or HK\$1,418 million, will be used for the repayment of bank loans, including, among other things, (i) two short-term loans from China Everbright Bank and China Construction Bank, respectively, with an aggregate principal amount of RMB850 million, at an annual interest of 4.779% each, which will mature in August and September 2011, respectively; (ii) a two-year term loan from China Merchants Bank of RMB600 million, at an annual interest rate of 4.860%, which will mature in August 2012; and (iii) a 15-year term loan from Bank of Communication, with a principal amount of RMB280 million, at an annual interest of 5.526%, which will mature in 2020;
- approximately 20%, or HK\$1,134 million, will be used primarily for the purchase of wind turbines and, to a lesser extent, key components and spare parts, produced by manufacturers overseas; and
- approximately 10%, or HK\$567 million, will be used for working capital and other general corporate uses.

SUMMARY

The allocation of the proceeds described above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price. Assuming the Over-allotment Option is not exercised, if the Offer Price is fixed at HK\$3.18 per H Share, being the high end of the stated Offer Price range, the net proceeds will be increased by approximately HK\$878 million. In such circumstances, we presently intend to use such additional proceeds to finance our potential acquisitions. Our criteria for identifying and selecting a potential acquisition target is largely based on whether such target business or asset meets our required internal rate of return. As of the Latest Practicable Date, we had not identified any suitable acquisition targets. If the Offer Price is fixed at HK\$2.33 per H Share, being the low end of the stated Offer Price range, the net proceeds will be decreased by approximately HK\$898 million. In such circumstances, we presently intend to reduce the net proceeds applied to same purposes above (other than for the repayment of bank loans and as general working capital) on a pro rata basis.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK\$865 million (assuming the Offer Price is determined at the mid-point of the stated Offer Price range), approximately HK\$996 million (assuming the Offer Price is determined at the high end of the stated Offer Price range) or approximately HK\$730 million (assuming the Offer Price is determined at the low end of the stated Offer Price range) will be applied to finance our potential acquisitions.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC.

RISK FACTORS

Our Directors consider that there are risks and uncertainties relating to our wind power business and the wind power industry, our general business, the PRC and the Global Offering:

Risks Relating to Our Wind Power Business and the Wind Power Industry

- We depend on the PRC government's policies and regulatory framework supporting renewable energy development.
- We rely on local grid companies for grid connection.
- Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity.
- Our wind power projects are concentrated in Inner Mongolia.
- Our electricity generation and results of operations are dependent on the operating performance of our wind turbines.
- Our wind power business is subject to the fluctuation of turbine prices.
- Sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB, and the expiration of the Kyoto Protocol or any change to the registration policies could affect our income from the sales of CERs.

SUMMARY

- The profitability of our future offshore wind power projects depends on the promulgation and development of a pricing mechanism for offshore wind power, and the availability and price of offshore wind turbines.
- The weighted average on-grid tariff of our onshore wind power projects is subject to fluctuations.
- Our wind farms' commercial viability and profitability are highly dependent on suitable wind and associated weather conditions.
- To expand our wind power business, we must find, and obtain land use rights for, suitable wind farm sites.
- We may be unable to complete the construction of our wind power projects on time or at all, and increased construction and other costs could make a new wind power project unprofitable to operate.
- We face competition from other wind power developers, as well as other renewable energy companies.
- Renewable energy sources face competition from conventional energy sources.
- We may need to purchase and install additional equipment to comply with grid safety and stability requirements.
- Technological changes in the energy industry could render existing wind power projects and technologies uncompetitive or obsolete.
- The basis and underlying assumptions we use to classify our wind power projects are internally developed, and have not been audited or verified by any third party.
- Nearby objects may interfere with our wind power projects.

Risks Relating to Our General Business

- The growth of our business depends upon our ability to convert our pipeline projects into operating projects.
- We rely on a limited number of key customers.
- We rely on a limited number of qualified wind turbine manufacturers.
- We operate in a capital-intensive business, and a significant increase in capital costs could have a material adverse effect on our business, financial condition or results of operations.
- Our borrowing levels, interest payment obligations and net current liabilities could limit the funds available to us for various business purposes.
- Our business may be affected by fluctuations in interest rates and the availability of credit.

SUMMARY

- Our revenue primarily depends on our sale of electricity we generate from our wind power projects.
- We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy.
- We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of power projects.
- We may fail to manage successfully the assets, projects and subsidiaries in which we do not have majority interests, or our relationships with local partners.
- We rely on third-party suppliers, contractors and our in-house team to construct and maintain our key equipment and structures.
- Future acquisitions may be expensive and may ultimately fail.
- We are subject to risks associated with changes in preferential tax treatment.
- We depend on certain senior managers and key employees.
- Our assets and operations are subject to hazards customary to the wind power industry, and we may not have adequate insurance to cover all these hazards.
- We will continue to be controlled by Datang, whose interests may differ from those of our other shareholders.

Risks Relating to the PRC

- Adverse changes in the PRC's economic, political and social conditions, as well as governmental policies, could affect financial markets in China, our liquidity and access to capital and our ability to operate our business.
- The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect us.
- Legal protections available to you under the PRC legal system may be limited.
- Fluctuation of the Renminbi could adversely affect our financial condition and results of operations.
- The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payment on our H Shares.
- It may be difficult to enforce any judgments obtained from non-PRC courts against our Company or our Directors, Supervisors or senior executive officers residing in China.
- Investors may be subject to PRC taxation.

SUMMARY

- Payment of dividends is subject to restrictions under PRC law.
- There may be an occurrence of a widespread public health problem.

Risks Relating to the Global Offering

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

DEFINITIONS

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

"Application Form(s)"	WHITE application form(s), YELLOW application form(s) and GREEN applications form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of the Company adopted on July 12, 2010, which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in Appendix IX to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"BTM"	BTM Consult ApS
"BTM Report"	BTM World Market Update 2009, issued in March 2010 by BTM Consult ApS and updated Top 15 utilities/IPP wind farm operators issued in August 2010 by BTM Consult ApS which effectively updated the Top 15 utilities/IPP wind farm operators in the BTM World Market Update 2009 following our establishment on July 9, 2010
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CWEA Report”	the “2009 China Wind Power Installed Capacity Statistics” issued by the China Wind Energy Association
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” and the “PRC” do not apply to, Taiwan, Macau and Hong Kong
“Company”, “our Company”, “we” or “us”	China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源股份有限公司), a joint stock company established under the laws of the PRC with limited liability on July 9, 2010 and, except where the context otherwise requires, includes (1) its predecessor; (2) all of its subsidiaries; and (3) with respect to the period before the Company became the holding company of its present subsidiaries, the businesses operated by its present subsidiaries or (as the case maybe) their predecessors
“Company Law”	Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People’s Congress on October 27, 2005 and effective on January 1, 2006
“connected person”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules, and in the context of the Company, means Datang and Datang Jilin
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Datang”	China Datang Corporation (中國大唐集團公司), a state-owned enterprise established in the PRC and a controlling shareholder and one of the Promoters of our Company

DEFINITIONS

“Datang Group”	the businesses and companies in which Datang and its subsidiaries (other than the Group) are interested
“Datang Huayin”	Datang Huayin Electric Power., LTD (大唐華銀電力股份有限公司), a joint stock company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600744). As of June 30, 2010, Datang has a 33.34% interest in Datang Huayin’s total share capital
“Datang Jilin”	Datang Jilin Power Generation Company Limited (大唐吉林發電有限公司), a wholly-owned subsidiary of Datang and together with Datang, our controlling shareholders and one of the Promoters of our Company
“Datang Power”	Datang International Power Generation Co., Ltd (大唐國際發電股份有限公司), a joint stock company incorporated in the PRC and whose shares are listed on the Shanghai Stock Exchange (Stock Code: 601991), the Stock Exchange (Stock Code: 0991) and the London Stock Exchange (DAT). As of June 30, 2010, Datang Group has a 36.07% interest in Datang Power’s total share capital
“Director(s)”	director(s) of our Company
“Dispatch Regulations”	the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (電網調度管理條例) issued by the State Council, effective on November 1, 1993
“Domestic Shares”	ordinary shares of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EIT”	enterprise income tax
“Electric Power Law”	Electric Power Law of the PRC, adopted by the Standing Committee of the Eighth National People’s Congress on December 28, 1995, and amended and effective on August 27, 2009
“Euro” or “EUR”	the lawful currency of the European Union
“Gamesa”	Gamesa Energía, S.A.U, an Independent Third Party to our Company

DEFINITIONS

“Gamesa Tianjin”	Gamesa Wind (Tianjin) Co., Ltd., an Independent Third Party to our Company
“GDP”	gross domestic product (except as otherwise specified, all references to GDP growth rates are to real, as opposed to nominal, rates of GDP growth)
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Goldwind”	Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司), an Independent Third Party to our Company
“Green application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider designated by the Company
“Group”	the Company and its subsidiaries
“Guangxi Guiguan”	Guangxi Guiguan Electric Power Co., Ltd (廣西桂冠電力股份有限公司), a joint stock company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600236). As of June 30, 2010, Datang has a 50.51% interest in Guangxi Guiguan’s total share capital
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“HK\$” or “Hong Kong dollars” or “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong at this time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Hong Kong Offer Shares”	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering

DEFINITIONS

“Hong Kong Public Offering”	the offering by the Company of initially 214,262,000 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) for cash at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 6, 2010 relating to the Hong Kong Public Offering and entered into among our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses” in this prospectus
“H Shares”	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HydroChina Corporation”	HydroChina Corporation (中國水電工程顧問集團公司), an independent consultancy service provider for power generation projects in China, which is an Independent Third Party to our Company
“IFRSs”	International Financial Reporting Standards
“Independent Third Party”	a person or persons or a company or companies that is or are independent of, and not connected with, any directors, supervisors, promoters, chief executive or substantial shareholders (within the meaning under the Listing Rules) of our Company or any of its subsidiaries or any of their respective associate(s)
“International Offer Shares”	the H Shares offered pursuant to the International Offering

DEFINITIONS

“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, as further described in the section headed “Structure of the Global Offering” in this prospectus, and in the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or about December 10, 2010 by, among others, the Joint Global Coordinators, the Joint Bookrunners, the International Underwriters and us in respect of the International Offering, as further described in the section headed “Underwriting – International Offering”
“Joint Bookrunners”	in relation to the Hong Kong Public Offering, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited, Macquarie Capital Securities Limited; in relation to the International Offering, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities Ltd., Macquarie Capital Securities Limited
“Joint Global Coordinators”	UBS AG, Hong Kong Branch and China Everbright Securities (HK) Limited
“Joint Lead Managers”	in relation to the Hong Kong Public Offering, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited, Macquarie Capital Securities Limited; in relation to the International Offering, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities Ltd., Macquarie Capital Securities Limited

DEFINITIONS

“Joint Sponsors”	UBS AG, Hong Kong Branch and China Everbright Capital Limited
“KEPCO Hong Kong”	KEPCO International Hong Kong Ltd., a connected person to our Company under the Listing Rules
“Latest Practicable Date”	November 30, 2010, the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
“Listing”	listing of our H Shares on the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about December 17, 2010, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the Main Board of the Stock Exchange
“Mandatory Provisions”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and other PRC government departments on August 27, 1994, as amended, supplemented or otherwise modified from time to time
“MEP”	Ministry of Environmental Protection of the PRC, formerly known as State Environmental Protection Administration (“SEPA”) (中華人民共和國環境保護部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

DEFINITIONS

“Nomination Committee”	the nomination committee of the Board
“Non-Competition Agreement”	the non-competition agreement dated July 30, 2010 entered into between Datang and our Company, as amended by a supplemental agreement dated November 15, 2010
“Non-PRC Resident Enterprise”	as defined under the current PRC income tax laws, means companies established pursuant to a non-PRC law with their de facto management conducted outside the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC
“NSSF”	National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section headed “Structure of the Global Offering – Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option we granted to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters pursuant to the International Underwriting Agreement
“PBOC”	People’s Bank of China (中國人民銀行)
“People’s Congress”	the PRC’s legislative apparatus, including the National People’s Congress and all the local people’s congresses (including provincial, municipal and other regional or local people’s congresses) as the context may require, or any of them
“PRC GAAP”	generally accepted accounting principles in the PRC

DEFINITIONS

“PRC government” or “State”	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
“Price Determination Agreement”	the agreement to be entered into by the Joint Bookrunners (on behalf of the Underwriters) and the Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about December 10, 2010 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Bookrunners (on behalf of the Underwriters) and we may agree, but in any event no later than December 16, 2010
“Promoters”	the promoters of our Company, namely Datang and Datang Jilin
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“provincial DRC”	provincial development and reform commission of the PRC
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the Securities Act
“Remuneration and Assessment Committee”	the remuneration and assessment committee of the Board
“Renewable Energy Law”	the Renewable Energy Law of the PRC (中華人民共和國可再生能源法), adopted by the Standing Committee of the Tenth National People’s Congress on February 28, 2005, effective on January 1, 2006, as amended on December 26, 2009 and effective on April 1, 2010
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the reorganization arrangements undergone by our Group in preparation for the Listing as described in the section headed “History, Reorganization and Corporate Structure – Reorganization” to this prospectus
“Rule 144A”	Rule 144A under the Securities Act

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange of the PRC (國家外匯管理局)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (國家稅務總局)
“SAWS”	State Administration of Work Safety of the PRC (國家安全生產監督管理總局)
“Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SERC”	State Electricity Regulatory Commission of the PRC (國家電力監管委員會)
“SETC”	State Economic and Trade Commission of the PRC (中華人民共和國國家經濟貿易委員會), a former ministry of the PRC government that was dissolved in 2003
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares
“Sinovel”	Sinovel Wind Group Co., Ltd., an Independent Third Party to our Company
“Special Regulations”	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Committee”	the strategic committee of the Board

DEFINITIONS

“subsidiaries”	has the meaning ascribed thereto in section 2 of the Hong Kong Companies Ordinance
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Supervisor(s)”	one (or all) of our supervisors
“Track Record Period”	the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010
“Underwriters”	the International Underwriters and the Hong Kong Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
“United Kingdom” or “U.K.”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars” or “US\$”	United States dollars, the lawful currency for the time being of the United States
“VAT”	value-added tax
“Vestas”	Vestas Wind Systems A/S, a Danish manufacturer, seller, installer, and servicer of wind turbines
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“WTO”	World Trade Organization
“Xiangdian Wind Power”	Xiangdian Wind Power (Fujian) Company Limited (湘電風能（福建）有限公司), an associated company of our Company since 2009

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

"attributable installed capacity"	the aggregate installed capacity of our wind power projects in which we have an interest in proportion to the level of our ownership in those projects. It is calculated by multiplying our percentage ownership in each project in which we have an interest by its installed capacity
"auxiliary electricity"	electricity consumed by a wind power project in the course of power generation and transmission
"availability factor"	the amount of time that a wind turbine is able to produce electricity over a certain period, divided by the amount of time in such period
"average generating capacity"	the aggregate amount of generating capacity by the end of each month in a specified period divided by the number of months in such period
"average utilization hours"	the gross power generation in a specified period divided by the average generating capacity in such period
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"capacity"	if used alone, is an abbreviated form of installed capacity for operating projects, constructing capacity for projects under construction, or prospective capacity for pipeline projects (as the case may be)
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"CDM EB"	the CDM Executive Board, which supervises the clean development mechanism under the authority and guidance of the Conference of the Parties to the United Nations Framework Convention on Climate Change
"CERs"	certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a designated operating entity under the Kyoto Protocol
"constructing capacity"	the capacity of projects under construction

GLOSSARY OF TECHNICAL TERMS

"dispatch"	as a noun, the schedule of production for all the generating units on a power system, generally varying at short notice to match production with power requirements. As a verb, to direct a power project to operate
"DOE"	designated operating entity accredited for monitoring CDM projects under the Kyoto Protocol
"electricity sales" or "net power generation"	gross power generation less (i) auxiliary electricity; and (ii) the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the electricity sales revenue, but is offset against the cost of property, plant and equipment
"emission reduction factors"	factors used to measure the CER credit generated. The NDRC publishes emission reduction factors for each regional power grid annually determined according to the requirements and standards promulgated by the CDM Executive Board of the United Nations. Each relevant wind farm project applies the appropriate emission reduction factor as published by the NDRC at the time the project was approved
"generating capacity"	the capacity of wind turbines that have started to produce electricity, which capacity corresponds to the amount of electricity sold to the power grid companies plus the auxiliary electricity
"grid-friendly wind power projects"	wind power projects with capacities of, among others, low voltage ride through, active and reactive power remote control and power prediction, which are designed to deliver controlled and predictable electricity to the power grids
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, including electricity sales, auxiliary electricity and electricity generated during the construction and testing period
"GW"	unit of energy, gigawatt. 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh

GLOSSARY OF TECHNICAL TERMS

"installed capacity"	the capacity of those wind power projects in which the wind turbines have been completely assembled and erected
"IPP"	Independent Power Producer. A corporation, person, agency, authority, or other legal entity or instrumentality that owns or operates facilities for the generation of electricity for use primarily by the public
"km"	kilometers
"kV"	unit of voltage, kilovolt. 1 kV = 1,000 volts
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"Kyoto Protocol"	a protocol to the United Nations Framework Convention on Climate Change, effective on February 16, 2005
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"on-grid tariff"	the price of electricity per kWh for which a power project could sell the electricity it generated to the power grid companies. On-grid tariff includes (1) benchmark or approved on-grid tariff; (2) tariff premiums for wind power companies to compensate the costs of transmission lines that wind power companies constructed and owned (if applicable); and/or (3) discretionary tariff subsidies granted by the local government (if applicable)
"operating projects" or "projects in operation"	projects in which the wind turbines have been completely assembled and erected
"O&M"	operations and maintenance
"pipeline projects"	wind power projects that we reserved for future development

GLOSSARY OF TECHNICAL TERMS

"PPA"	power purchase agreement entered into between a power producer and a power grid company
"projects under construction"	projects for which the construction work on the roads, foundations or electrical infrastructure has commenced, and the project has received the project approval of the NDRC or provincial DRC and detailed engineering and construction blueprints have been completed
"prospective capacity"	the capacity of pipeline projects reserved for future development
"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, sunlight or water (based on industry consensus, hydro power less than 50 MW is categorized as renewable energy, which is encouraged by the Renewable Energy Law)
"smart grid"	generally used in the power industry to refer to a new type of power grid based on integrated, high-speed and two-way communication network, which is expected to lead to improvements in the reliability, compatibility, safety and efficiency of the power grids and cost reduction through the application of advanced sensor and measurement technologies, equipment technologies, control method and decision-making support system
"technically exploitable capacity"	the amount of the gross theoretical capacity that can be exploited within the limits of current technology
"total installed capacity," "total generating capacity" or "total constructing capacity"	the aggregate amount of installed capacity, generating capacity or constructing capacity of our projects that we fully consolidate in our combined financial statements
"TWh"	unit of energy, terawatt-hour. 1 TWh = 1 billion kWh
"weighted average on-grid tariff"	electricity sales revenue in a period divided by the corresponding electricity sales in such period
"%"	per cent.
"sq. m." or "m ² "	square meter(s)
"m ³ "	cubic meter(s)

FORWARD LOOKING STATEMENTS

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

- our ability to successfully implement our business plan and strategies;
- PRC government’s policies and regulatory framework supporting renewable energy;
- future development and other trends in the PRC renewable energy industry;
- cost, fluctuations in the price and availability of wind turbines;
- changes to our expansion plans and estimated capital expenditures;
- our operations and business prospects;
- our financial condition and performance;
- the actions and development of our competitors;
- our dividend policy;
- general political and economic conditions, including those related to the PRC;
- exchange rate fluctuations and developing legal system, in each case pertaining to the PRC and the industry and markets in which we operate;
- regulations and restrictions, including tariffs and environmental regulations in the PRC; and
- macroeconomic measures taken by the PRC government to manage economic growth.

FORWARD LOOKING STATEMENTS

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

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the PRC and most of our business is conducted in the PRC. There are risks associated with investing in our H Shares not typical of investment in the capital stock of companies incorporated and/or engaging in business in Hong Kong or the United States. For more information concerning the PRC and certain related matters discussed below, see “Regulatory Environment,” “Appendix VIII – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” and “Appendix IX – Summary of the Articles of Association.” The risks described below are those that we believe are material, but these may not be the only risks and uncertainties that we face.

RISKS RELATING TO OUR WIND POWER BUSINESS AND THE WIND POWER INDUSTRY

We depend on the PRC government’s policies and regulatory framework supporting renewable energy development.

The development and profitability of wind power projects in the PRC, including our wind farms, is significantly dependent on policies and regulatory frameworks that support such development. According to the NDRC’s Draft Plan for the Promotion of Renewable Energy Industry (《新能源產業振興規劃草案》), the PRC’s wind power generation capacity is expected to reach 150 GW by 2020. Since 2005, the PRC government has been increasing its efforts to promulgate a series of laws and regulations, such as the Renewable Energy Law, its implementing rules and recent amendments, which provide preferential measures that support the development of wind power projects in the PRC. These preferential measures include, among others, mandatory grid connection and the guaranteed purchase of all the electricity generated from wind power projects, subsidized on-grid tariffs (which are higher than the benchmark tariffs for coal-generated electricity), and tax-related incentives such as a reduction or refund of 50% of the VAT levied on electricity generation from wind power projects. See “Regulatory Environment – Regulatory Requirements Relating to Renewable Energy.” For example, our government grants, which primarily relate to the VAT reduction or refund, represented 11.8%, 11.9%, 7.1% and 5.1% of our operating profit in 2007, 2008 and 2009 and for the six months ended June 30, 2010.

While the PRC government has repeatedly reaffirmed its intention to continue and strengthen the support to the wind power industry, and our Directors are not aware of any indication of any potential changes to the existing wind power policies in the PRC that may materially and adversely affect us in the foreseeable future, we cannot assure you that the PRC government will not, at any time and without notice, change or eliminate the preferential measures, favorable policies and tax incentives currently available to us at any time. In addition, as the regulatory framework in the PRC for renewable energy is relatively new and still evolving, the implementation and enforcement measures of these policies, laws and regulations may involve uncertainties and may differ from region to region in the PRC. Any reduction, discontinuation or unfavorable application of the measures, policies and incentives for wind power companies like us could reduce our revenues and/or increase our costs, which could have a material

RISK FACTORS

adverse effect on our business, financial condition, results of operations and prospects. In particular, if the PRC government were to reduce or discontinue its current VAT refund policy, our income from government grants would decrease, which could have a material adverse effect on our wind power business. Further, if these favorable measures, policies and incentives were changed or discontinued to our detriment before our wind power projects reach the economies of scale necessary to become cost-effective in a non-subsidized market place, we could be forced to compete directly against producers of electricity from other energy companies in the sale of electricity and the setting of tariffs. Such potential competitors include Datang, our controlling shareholder, and Datang's listed companies, which operate, among others, wind power, coal power and hydro power businesses in the PRC. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

We rely on local grid companies for grid connection.

We must obtain a local grid company's consent to connect our wind farms to its power grids before constructing a wind power project. Such consent is dependent on a number of external factors, including the availability of existing grids with adequate transmission capacity, progress of grid construction or system upgrades, the distance between our preferred wind sites and the local grids, and the cost of additional interconnection facilities. Further, wind farms and other renewable energy facilities of our competitors located near our wind power projects may compete with us to secure grid connection. Many of these factors are beyond our control, and we may not be able to obtain all necessary consents for our new wind power projects in a timely manner, or at all. Any failure to obtain such grid company's consent for grid connection may delay or prevent the construction of our wind power projects, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

In addition, we typically rely on local grid companies to construct the interconnection facilities and to provide the electricity transmission and dispatch services necessary to connect our wind power projects to their grids. We cannot assure you that the local grid companies will do so in a timely manner, or at all, and therefore we may not be able to dispatch electricity when our wind power projects commence operations, which could have a material adverse effect on our revenue and results of operations.

Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity.

We depend on the power grids owned and operated by local grid companies to transmit the electricity we generate. Although under the current regulatory framework in the PRC, grid companies generally must purchase and dispatch all electricity generated by wind power companies within the coverage of their grids, we cannot assure you that local grid companies will comply with this obligation at all times. Further, as the statutory purchase obligation is a relatively new concept under PRC law, it is uncertain as to how the local governments may choose to enforce this requirement against grid companies, which may also negatively affect the statutory support from which we currently benefit. Any non-compliance with the statutory purchase obligation by local grid companies may materially and adversely affect our electricity sales and our future prospects.

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In addition, some of our wind power projects are located in remote areas, primarily Inner Mongolia, Jilin and Gansu, where the local power grids have insufficient transmission capacity to deliver all the potential electricity that our wind farms could generate when operating under full load, especially at peak seasons, such as winter. Various transmission limitations, such as grid congestion caused by the underdevelopment of the local power grids and temporary transmission interruption caused by system upgrades, may curtail our electricity generation, impairing our ability to fully capitalize on a particular wind power project's potential. As electricity generated from our wind farms is not stored and must be transmitted or used once generated, we may temporarily suspend some of our operating wind turbines to accommodate the transmission limitations from time to time. Such events could adversely affect our electricity generation, and in turn, our results of operations.

We consider the transmission limitations imposed by the local power grid as a major obstacle affecting a wind power company's business. Depending on the construction progress and system upgrade of the grid infrastructure in areas where the construction of wind farms has outpaced the transmission capacity of existing grids, we expect that some of our wind farms in these areas may continue to experience transmission limitations in the future. Further, compared to traditional fossil fuel power plants, whose electricity output is normally consistent and predictable, the electricity output of a wind power project may fluctuate significantly from time to time. In addition to the transmission limitation, a number of other factors may also cause a decrease in our electricity generation, including wind speed, wind direction and other wind patterns, the design and build quality of wind turbines, the location of each project, wake effects and topographical characteristics of the wind sites. Given that these contributing factors are often interrelated and cannot be quantifiably distinguished from each other, and there is no established industry standard to evaluate the effect of each factor and their interrelationship, we cannot reliably estimate the possible financial effect on our wind power projects attributable to transmission limitations alone. In addition, neither the PPAs nor the applicable PRC regulatory framework pursuant to which we sell electricity specifically provide for any compensation from the respective local grid companies for any financial losses caused by transmission limitations, and we received no such compensation from the grid companies during the Track Record Period. Any future transmission limitations in the existing grids may reduce our electricity generation, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our wind power projects are concentrated in Inner Mongolia.

As of June 30, 2010, approximately 60% of our total installed capacity, and therefore a substantial portion of electricity sales, was attributable to wind power projects located in Inner Mongolia. Due to the geographic concentration of our wind power projects, our wind power business is subject to a variety of risks specific to Inner Mongolia. Although with abundant wind resources for developing wind power projects, Inner Mongolia provides wind power companies with relatively low benchmark on-grid tariffs (RMB0.51/kWh or RMB0.54/kWh, including VAT) compared to other regions in the PRC (from RMB0.51/kWh to RMB0.61/kWh, including VAT). In addition, wind power projects in Inner Mongolia are currently adversely affected by transmission limitations due to the underdevelopment of local power grids. Rapid construction of wind power projects in recent years, attracted by favorable government policies and abundant wind resources in Inner Mongolia, combined with weaker economic conditions and infrastructure development in such region, caused the local wind power installed capacity to outpace the transmission capacity of local power grids. Any changes adversely affecting the

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local wind conditions, local grid transmission capacity, on-grid tariffs and changes in government policy in Inner Mongolia, could reduce the amount of electricity we generate and cause our wind power business to suffer. In addition, if we fail to make changes to our project mix in response to our business strategy, changes in government policy and other factors, our electricity sales and results of operations may be adversely affected over time.

Our electricity generation and results of operations are dependent on the operating performance of our wind turbines.

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

To optimize our cost structure and meet the then-effective turbine localization requirements imposed by the PRC government, we have, since 2005, increased our purchase of wind turbines manufactured by domestic or foreign joint venture suppliers in the PRC. Some domestically manufactured wind turbines, in particular new models, have relatively short track records, and the operating performance of these new models may not be comparable to that of wind turbines made by leading international brands with more established operating history. Wind farms installing newly developed wind turbines may experience performance and availability shortfalls. Furthermore, wind turbine quality testing and certification by professional third parties is a relatively new concept in the PRC, and regulatory or mandatory requirements for quality testing and certification of domestically manufactured wind turbines using international standards are not well established.

When we purchase our wind turbines, we also enter into warranty agreements with the turbine suppliers, covering two or three years after each wind turbine successfully completes a non-stop trial run. Indemnification payable by the turbine suppliers under these agreements is typically capped at a portion of the total purchase price of the turbines. Any losses in excess of these caps will be our responsibility. Therefore, we cannot assure you that such indemnification will be adequate to cover any potential adverse effect on our financial performance due to wind turbines' non-performance or under-performance.

Our wind power business is subject to the fluctuation of turbine prices.

The cost of wind turbines represents approximately 60% to 70% of the total cost of a wind power project, thus directly affecting the profitability of our entire wind power business operation. The turbine prices are largely dependent on market demand. Historically, the combined effect of a limited number of qualified turbine suppliers, rising commodity prices and the increasing demand for turbines has led to escalating turbine prices. Expanded turbine production capacity, the global financial crisis, and increased competition among turbine suppliers in the PRC and overseas have significantly reduced turbine prices since the second half of 2008. However, if turbine prices were to increase significantly in the future, investment costs of our wind power business may increase and our results of operations would be materially and adversely affected. Further, the turbine prices for leading domestic and foreign-invested brands are generally higher than other brands, and if we continue to choose leading wind turbine suppliers for their higher quality, we may have limited ability to further reduce our project investment costs by using lower-priced turbines made by domestic turbine manufacturers.

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Sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB, and the expiration of the Kyoto Protocol or any change to the registration policies could affect our income from the sales of CERs.

Under the Kyoto Protocol, which the PRC government ratified in 2002, from the effective date of the Kyoto Protocol to December 31, 2012, countries listed in Annex I of the Kyoto Protocol, usually through private entities, can purchase the CERs generated from CDM projects and use those CERs to comply with their domestic emission reduction targets or sell them in the open market. In 2007, 2008 and 2009 and for the six months ended June 30, 2010, we derived income from our registered CDM projects of RMB33.2 million, RMB71.6 million, RMB137.4 million and RMB101.6 million, respectively, representing 16.0%, 15.5%, 16.0% and 15.7% of our operating profit during those periods. See “Business – Our Business – Carbon Credit Transactions.” As we generate income from our CDM projects to improve the economic viability of our wind power projects, our sales of CERs depend on the CDM arrangements under the Kyoto Protocol. If the Kyoto Protocol is not renewed before its expiration on December 31, 2012 or if the PRC government discontinues its support for CDM arrangements, it could have a material adverse effect on our income from sales of CERs.

In addition, since the process to register CDM projects with the CDM EB is relatively complicated, the timing and outcome of our registration applications are uncertain. Historically, the CDM EB has made decisions not to register wind power projects as CDM projects. In July, 2010, CDM EB declined the registration application of one of our wind power projects in Shandong. According to the official notification by CDM EB, CDM EB declined our initial application as it could not assess the suitability of the applied on-grid tariff of such wind power project based on the initial project documentation we submitted. We intend to reapply for registration with supplemental documentation(s). We cannot assure you that the CDM EB will not decline any of our pending or future applications for CDM projects. Further, should there be any material changes to the verification standards or registration policies, we may be unable to register our wind and other renewable energy projects as CDM projects in the future, which in turn could have a material adverse effect on our income from the sales of CERs, and our financial condition and results of operations.

The profitability of our future offshore wind power projects depends on the promulgation and development of a pricing mechanism for offshore wind power, and the availability and price of offshore wind turbines.

Currently, there is no fully developed pricing mechanism in China for electricity generated by offshore wind power projects, and on-grid tariffs are determined on a project-by-project basis. Completed in June 2010, our pilot offshore wind power project, Shanghai Dongdaqiao Offshore Wind Power Project, became the first offshore wind farm in the PRC. Approved by the NDRC on a stand-alone basis, our pilot offshore wind power project is currently entitled to an on-grid tariff of RMB0.9745/KWh (including VAT). The offshore concession wind power project that we won in October 2010 will apply its concession tendering price of RMB0.737/kWh (including VAT). Given that the current on-grid tariff for wind power in the PRC only extends to onshore wind power projects, the on-grid tariff for our future offshore wind power projects depends on the promulgation and development of a new pricing mechanism by the PRC's pricing authorities.

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Offshore wind power projects require more capital expenditure due to complexity in construction and sophistication in technology than onshore wind power projects, whose construction costs are falling due to the expanded production of wind turbines and improvements in technology. Currently, there are only a few major turbine suppliers worldwide that manufacture wind turbines for offshore wind power projects, and their prices are higher than onshore wind turbines. If the future on-grid tariff for offshore wind power is insufficient to justify the increased construction costs that we have incurred for our offshore wind power projects, or the price of offshore wind turbines can not be reduced, our future offshore wind power projects may not achieve the investment return we expect, which may materially and adversely affect the profitability and future prospects of our offshore wind power business.

The weighted average on-grid tariff of our onshore wind power projects is subject to fluctuations.

The weighted average on-grid tariff (including VAT) of our onshore wind power projects was RMB0.586/kWh, RMB0.560/kWh, RMB0.562/kWh and RMB0.559/kWh in 2007, 2008, 2009 and for the six months ended June 30, 2010, respectively. Such fluctuations in tariffs were primarily caused by the changes in the pricing policies in China, as well as changes in our project mix.

Historically, on-grid tariffs for onshore wind power projects were either determined by concession tendering or approved by the PRC pricing authorities, a system known as the government guided pricing. The average on-grid tariffs for onshore wind power projects varied significantly across regions during this period. Since August 1, 2009, the NDRC replaced the previous government guided pricing with government fixed pricing, and divided China into four wind resource zones, applying the same benchmark on-grid tariff to all onshore wind power projects in each zone. Specifically, onshore wind power projects in zone one to zone four are entitled to a benchmark on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively. In addition, our project mix during a period depends on our wind power generation in each region or wind resource zone in relation to our total electricity generation across China. As the electricity we generate in each wind resource zone applies different benchmark on-grid tariffs, when our project mix changes, the weighted average on-grid tariff of our entire project portfolio changes accordingly.

In response to our business strategy, government policy and other factors, we may change our project mix from time to time, and therefore our weighted average on-grid tariff may continue to experience fluctuations in the foreseeable future. In the event of any material reduction in our weighted average on-grid tariff, or any material change in the current pricing policies for onshore wind power projects, the business prospects and results of operations of our onshore wind power business may be materially and adversely affected.

Our wind farms' commercial viability and profitability are highly dependent on suitable wind and associated weather conditions.

The electricity and revenue generated at a wind power project are highly dependent on climatic conditions, particularly wind conditions, which vary across seasons and regions and are difficult to predict. Turbines will only start to operate when the wind speed reaches a certain minimum velocity, and must be disconnected when the wind speed exceeds a certain maximum velocity to avoid damage. If wind speed falls outside the wind speed ranges, which vary by turbine model and manufacturer, the amount of electricity we generate will decrease or cease. We cannot assure you that the wind conditions at any given wind site will always fall within such ranges.

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We base our investment decisions for each wind power project on the findings of feasibility studies conducted onsite before starting construction. However, actual climatic conditions at a wind site, particularly wind conditions, may not conform to the findings of these feasibility studies, and, therefore, our wind power projects may not meet anticipated production levels, which could adversely affect our forecasted profitability.

As most of our wind power projects are located in northern China, our power generation normally peaks from October to April when local wind speed peaks, and bottoms out from July to August when local wind speed reaches a trough. In addition, if the seasonal fluctuations of wind conditions do not conform to our historical observations or correspond to our assumptions, it may result in unexpected fluctuations in the power generation of our wind farms and consequently, our results of operations. Similarly, one or more accidents, severe weather or other natural disasters, particularly those affecting multiple wind power projects and wind sites, could damage our wind farms and related facilities and decrease production levels, which could have a material adverse effect on our revenue.

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

Wind power projects require wind conditions that are found in limited geographic areas and particular sites. Further, wind power projects must be interconnected to electricity transmission grids in order to deliver electricity.

Once we have identified a suitable wind site, our ability to obtain requisite land use rights with respect to the site is subject to growing competition from other wind energy producers that may have better access to local government support, financial or other resources to locate and obtain land use rights of such sites. Our competitors may impede our development efforts by acquiring control of all or a portion of a wind site we seek to develop. If a competitor were to obtain land use rights critical to our project development efforts, we could incur losses as a result of stranded development costs.

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

We may be unable to complete the construction of our wind power projects on time or at all, and increased construction and other costs could make a new wind power project unprofitable to operate.

Given our rapid expansion and development plans, together with the highly regulated environment and capital extensive nature of the wind power business, we may experience delays in the completion of our wind power projects and the total construction costs of these wind power projects may exceed our initial budget. We may suffer significant construction delays or construction cost increases as a result of a variety of factors, including:

- failure to secure interconnection to transmission lines;
- failure to receive adequate bank borrowings on favorable terms;
- failure to secure required regulatory permits or approvals on time;

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- failure to receive wind turbines or other critical components and equipment from third parties on schedule and according to design specifications;
- failure to receive quality and timely performance of third-party services;
- inclement weather conditions;
- adverse environmental and geological conditions; and
- *force majeure* or other events beyond our control.

Any of these factors could give rise to construction delays and construction costs in excess of our budgets, which may prevent us from completing construction of a project, or operating such project profitably, and impair our business, financial condition and results of operations.

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

In the wind power industry, competition is focused on bidding for new wind farms, or acquiring existing project sites (in particular sites with favorable wind conditions and adequate transmission capacity), securing delivery of key equipment, and outsourced construction and installation work. Although we evaluate these competitive factors carefully, certain competitors (including foreign companies and other large PRC utility companies) may have better access to local government support, financial, infrastructure or other resources than us in some areas, enabling them to be more competitive in the development and acquisition of new wind power projects.

In addition, we may encounter competition from producers of electricity from other renewable energy sources. In particular, competition from such producers may increase if the technology used to generate electricity becomes more sophisticated and cost-effective, or if the PRC government chooses to further strengthen its support of such renewable energy sources. While we are actively exploring opportunities in other renewable energy sectors, such as solar power, we cannot assure you that we will successfully develop projects utilizing such other renewable energy sources. If we are unable to increase our competitiveness in the future, or to incorporate more competitive renewable energy projects into our portfolio, our business, financial condition, and results of operations could be adversely affected.

Renewable energy sources face competition from conventional energy sources.

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

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In addition, local grid companies in northern China, such as Inner Mongolia and Northeastern provinces, may give priority to dispatch electricity generated by coal based thermal power plants in winter. Such dispatch mechanism could have a material adverse effect on our wind power business if the electricity generated by thermal power plants and wind power projects within the coverage of the local grid companies exceeds the local electricity demand.

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

The recent amendments to the Renewable Energy Law and related grid safety regulations require wind power companies to protect the safety and stability of the grids, and therefore, we expect to purchase and install, at our own expense, additional equipment at our wind farms, after some of our wind power projects are constructed and connected to the power grid. In the future, if we become subject to stricter grid safety and stability requirements, we may need to incur additional costs to upgrade our existing facilities and wind turbines, which could have a material adverse effect on our business, financial condition and results of operations.

Technological changes in the energy industry could render existing wind power projects and technologies uncompetitive or obsolete.

The energy industry is evolving rapidly and is highly competitive. Technological advances may result in lower costs for different sources of energy, and may render existing wind energy projects and technologies uncompetitive or obsolete. Our failure to timely adopt new technologies as they are developed could have a material adverse affect on our business, financial condition and results of operations.

The basis and underlying assumptions we use to classify our wind power projects are internally developed, and have not been audited or verified by any third party.

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

Nearby objects may interfere with our wind power projects.

The operational performance of our wind power projects depends on wind speeds and other climatic conditions at our wind sites. However, objects such as buildings, trees or other wind turbines near our projects, especially in more built-up areas such as the Southeastern Coastline development region, may reduce our wind resources due to the disruption of wind flows, known as “wake effects.” Although we exercise care when selecting our wind sites, we typically only acquire land use rights for the land underlying our wind turbine pylons and the nearby infrastructure. The PRC government could grant land use rights for nearby land which, when developed, would have a negative wake effect on our wind power projects. Further, we

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cannot assure you that the holders of the land use rights related to land near our project sites will not lease or transfer their land use rights to other developers who may construct wind turbines or other structures that would have negative wake effects. Such events may reduce the operational performance of our wind power projects, which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR GENERAL BUSINESS

The growth of our business depends upon our ability to convert our pipeline projects into operating projects.

We began our wind power business in 2004, and our rapid growth and expansion have placed, and are expected to continue to place, significant demands on our capital, management, administrative and human resources. Our prospects must be considered in light of the risks and uncertainties encountered by rapidly growing companies competing in rapidly evolving markets, such as the renewable energy market. We may not be successful in completing our pipeline projects as anticipated or at all. Our total wind power installed capacity was 919.1 MW, 1,768.1 MW, 2,619.5 MW and 2,717.0 MW as of December 31, 2007, 2008, 2009 and June 30, 2010, respectively, representing a CAGR of 68.8% from 2007 to 2009. Our goal is to increase our total installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011.

The development and construction of wind energy projects involves numerous risks and uncertainties. These risks and uncertainties may prevent some projects from progressing to construction, cause us to fail to meet the targets of our development plan, and may prevent us from achieving our goals. Our ability to develop wind power projects is dependent on, among other things, the availability of transmission lines with adequate capacity, negotiation and signing of PPAs, turbine procurement, availability of financing and weather conditions, all of which may be beyond our control. In addition, we may choose not to proceed with a project currently in our portfolio of pipeline projects. Finally, those projects that are constructed may not meet our return expectations due to transmission limitations, schedule delays, cost overruns or revenue shortfalls or they may not generate the production levels that we anticipate or result in revenue in the originally anticipated time period.

We rely on a limited number of key customers.

We sell electricity to our key customers, the local grid companies, either based on PPAs we enter into with them or in accordance with the applicable PRC regulatory framework. Currently, our wind power projects sell substantially all of the electricity they generate to the grid companies to whose grids they are connected, rather than selling directly to any industrial or residential end-users. Therefore, we are highly dependent upon such key customers' fulfilling their obligations under the applicable PRC regulatory framework and/or the PPAs. In 2007, 2008, 2009 and for the six months ended June 30, 2010, our electricity sales to our five largest customers accounted for 100.0%, 97.8%, 89.6% and 91.2% of our total revenue (excluding service concession construction revenue) during those periods, respectively. During the same periods, in particular, our electricity sales to our single largest customer accounted for 48.1%, 50.9%, 40.3% and 42.3% of our total revenue (excluding service concession construction revenue) respectively.

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Although all of these grid company counterparties are state-owned enterprises that we believe to be creditworthy, we cannot assure you that the grid companies will comply with the applicable PRC regulatory framework by purchasing all our electricity generation and making full and timely payments according to the on-grid tariffs fixed by the PRC government. Further, our key customers with whom we have entered into PPAs may not comply with their contractual obligations under the PPAs or become subject to insolvency or liquidation proceedings during the term of the relevant PPA. An inability or failure by such customers to meet their statutory purchase obligations or contractual commitments or the insolvency or liquidation of our key customers could have a material adverse effect on our business, financial position and results of operations.

We rely on a limited number of qualified wind turbine manufacturers.

The PRC wind power industry has seen accelerated development since the introduction of a series of wind power incentives in 2005, and there are an increasing number of wind turbine manufacturers that have entered the PRC market after 2008. However, to ensure the quality of our turbine supplies, we usually prefer to buy quality wind turbines from domestic or foreign joint venture brands with longer track records, and therefore, our wind turbine suppliers have in the past been relatively concentrated. For example, our purchases from our largest wind turbine supplier, Sinovel, in 2007, 2008 and 2009, represented 38.5%, 37.8% and 47.9% of our total wind turbine purchase amount during those years. For the six months ended June 30, 2010, our purchases from our largest wind turbine supplier, Shenyang China Creative Wind Energy Co., Ltd, represented 25.5% of our total wind turbine purchase amount during the period. See “Business – Top Five Customers and Suppliers.” Although we have not experienced any material delay in turbine delivery or shortage in turbine supplies during the Track Record Period, we cannot assure you that we would be able to purchase a sufficient quantity of turbines from our key suppliers in the future, and they may give priority to other customers, including our competitors. Any significant delay in turbine delivery, the inability of our key suppliers to meet their quantity and quality obligations or the unavailability of alternative supplies could hinder our development plan, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Even though we would expect our suppliers to compensate us for delays in delivery or other failures to perform their contractual obligations, we cannot assure you that such compensation would be adequate to cover the shortfall in revenue. Although we seek to expand and diversify our supplier base, our reliance on a few leading turbine suppliers exposes us to certain risks, including the loss of any of these key suppliers, the inability to find alternative suppliers at commercially acceptable terms, or an adverse change in the terms of our existing contractual agreements with our suppliers. The occurrence of any such events could delay our commercial operation, which in turn could materially and adversely affect our business, financial condition and results of operations.

We operate in a capital-intensive business, and a significant increase in capital costs could have a material adverse effect on our business, financial condition or results of operations.

We have significant construction and capital expenditure requirements, and the recovery of the capital investment in a wind farm or other renewable energy facility occurs over a long period of time. The capital investment required to develop and construct a wind power project generally varies based on the cost of the necessary fixed assets, such as wind turbines, which

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represents approximately 60% to 70% of our total costs of a wind power project. The price of such equipment and/or civil construction works may increase if the market demand for such equipment or works is greater than the available supply, or if the prices of key component commodities and raw materials used to build such equipment were to increase. Other factors affecting the amount of capital investment required include, among other things, construction and finance expenses. A significant increase in the costs of developing and constructing our wind power projects could have a material adverse effect on our ability to achieve our targets and on our business, financial condition and results of operations.

Our goal is to increase our total installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011. To achieve these targets, we estimated, as of June 30, 2010, that we would incur approximately RMB7.5 billion and RMB12.5 billion of capital expenditure during the second half of 2010 and in 2011, respectively, to complete construction of these additional projects in 2010 and 2011. Historically, we have financed our wind power projects with a combination of bank borrowings and operating cash flow. We cannot assure you that, at the time of developing our new wind power projects or other renewable energy projects, we will be able to secure financing from the above mentioned sources on commercially viable terms to fund our planned capital requirements. If we fail to obtain adequate financing, our ability to expand our business may be hindered and the prospects of our future operations may be materially and adversely affected.

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

Due to the rapid expansion of our business during the Track Record Period, we have relied on both long-term and short-term borrowings to fund a substantial portion of our capital requirements, and expect to continue to do so in the foreseeable future. Our long-term and short-term borrowings increased from RMB3,744.1 million as of December 31, 2007, to RMB8,746.3 million as of December 31, 2008, to RMB15,817.5 million as of December 31, 2009 and further to RMB19,836.0 million as of June 30, 2010. As a result, our gearing ratio was 62.0%, 65.5%, 73.0% and 76.3%, respectively, during the same periods. See “Financial Information – Indebtedness.”

As of December 31, 2007, 2008 and 2009 and June 30, 2010, our net current liabilities totaled RMB787.3 million, RMB2,164.1 million, RMB1,951.2 million and RMB1,954.0 million, respectively. We may continue to have net current liabilities in the foreseeable future. Our leverage and the high level of net current liabilities could constrain our operational flexibility and have significant consequences, including (i) requiring us to use a substantial portion of our cash flow from operations to service our debt, thereby reducing the cash flow available for working capital, capital expenditure or other general corporate uses, (ii) increasing our exposure to interest rate fluctuations, and (iii) limiting our ability to obtain, and increasing the cost of, additional financing to fund future working capital, capital expenditures or general corporate uses.

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

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

We are exposed to interest rate risk resulting from fluctuations in interest rates on our borrowings, and changes in interest rates affect our finance expenses and, ultimately, our results of operations. As we rely heavily on external sources to secure investment capital to finance the expansion of our wind power business, we are sensitive to the cost of capital in securing these loans. Our finance expenses were RMB110.3 million, RMB223.8 million, RMB480.7 million and RMB318.0 million in 2007, 2008 and 2009 and for the six months ended June 30, 2010, respectively. The PBOC has abolished the upper limit on Renminbi lending rates, which could result in us paying higher interest rates, and permitted banks to offer deposit rates below the PBOC benchmark rate, which could cause us to earn lower interest income on our cash deposits. On October 20, 2010, the PBOC announced a 25 basis points increase in the benchmark interest rate on general lending in China. If the PBOC were to continue to raise benchmark lending rates, our finance expenses would increase, which would have a material adverse effect on our business, financial condition and results of operations.

Our revenue primarily depends on our sale of electricity we generate from our wind power projects.

We primarily engage in the operation of wind power projects and sale of electricity to the local grid companies. During the Track Record Period, electricity sales revenue accounted for a substantial portion of our total revenue for a period. We expect that our electricity sales revenue will continue to account for a substantial portion of our revenue in the foreseeable future. Due to such revenue concentration, an investment in our Company may entail more risks than investments in other companies that rely on sales of a more diversified business or product line. Any factors adversely affecting the pricing of or demand for our electricity as well as the profitability of our wind power business as a whole, including changes in government policies, could cause our revenue to decline and our business and future operating results to suffer.

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

As of the Latest Practicable Date, we had not obtained proper land use rights for three parcels of land with a site area of 32,794.5 m², accounting for 0.7% of our total site areas (excluding land for project construction) in which we operate our business. In addition, we had not obtained proper building ownership certificates for three buildings with a gross floor area of 1,653.7 m², accounting for 2.3% of the total gross floor area of the buildings (excluding buildings under construction and leased buildings) that we operate our business. As of the same date, we also had not obtained proper land use rights for 562 parcels of land for project construction with a total site area of 414,621.6 m², accounting for 7.0% of our total site areas in which we operate our business. In addition, we had not obtained or were applying for the construction permits for 26 buildings under construction with a gross floor area of 28,463.1 m². See “Business – Properties,” and “Appendix IV – Property Valuation Report.”

We are currently in the process of applying for and obtaining valid land use rights certificates and building ownership certificates for most of the land and buildings having title defects. Based on the advice from our PRC legal advisor, our Directors are uncertain whether we can obtain the relevant certificates or permits in a timely manner, or at all. In addition, we cannot assure you that our use and occupation of the relevant land and buildings will not be

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challenged. If we cannot obtain the relevant certificates or permits in a timely manner and our legal right to use or occupy the relevant land and buildings is challenged, our operations or construction on the affected land or in the affected buildings could be interrupted, which in turn could have an adverse effect on our business, financial condition and results of operations.

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

The development, construction and operation of our wind power projects and other renewable energy projects are highly regulated activities subject to strict PRC laws and regulations. These laws and regulations relate to, among other things, project approvals and other government approvals and licensing requirements for wind power companies, building and construction of new projects, landscape conservation and electricity dispatch and transmission.

In particular, before we construct and operate our wind power projects, we must first obtain operational and construction permits from various authorities. Procedures for granting such permits vary by region to region, and certain provinces may not timely grant our requests for permits for a variety of reasons. Further, third parties may challenge a decision to grant us operational and construction permits in some provinces after local authorities have granted us such permits. Finally, we must comply with laws and regulations as well as the conditions contained in the operational and construction permits, and failure to do so may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licenses or permits. These factors could have an adverse effect on our business, financial condition and results of operations. See “Regulatory Environment.”

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

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

Further, for some of our wind power projects, we conduct our project development activities through one or more joint venture companies with local partners. In general, local partners may be involved in sourcing new projects and carrying out various activities during the development phase. We generally enter into such partnerships where we believe we are able to benefit from the strong local insight and experience of local partners.

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

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

According to the turbine purchase agreements we entered into, our wind turbine suppliers are obligated to provide O&M services for two or three years after each wind turbine successfully completes a non-stop trial run, and they are responsible for conducting scheduled and unscheduled maintenance in accordance with day-to-day operation guidelines and maintenance routines, and component repair or replacement. Our in-house team generally performs O&M activities following the expiration of such warranty period. In addition, we also rely on third-party design institutes and contractors to complete the design and construction of our wind power projects. The total fees we paid to these external parties amounted to approximately RMB315.7 million, RMB658.7 million, RMB1,863.9 million and RMB538.2 million in 2007, 2008, 2009 and for the six months ended June 30, 2010, respectively.

Although, during the Track Record Period, our electricity generation has not been interrupted or delayed as a result of failure of key structures and equipment, we cannot assure you the same in the future if third-party suppliers, contractors or our in-house team were to fail to provide construction, inspection, maintenance or repair works for our key equipment and structures in a timely manner or at all. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

Future acquisitions may be expensive and may ultimately fail.

In addition to organic growth, our current strategy involves growth through acquisitions of complementary technologies, businesses, services and entry into strategic alliances. We may be unable to continue to implement our growth strategy, or this strategy may ultimately be unsuccessful. Any potential acquisitions or alliances may result in material transaction expenses, increased interest and amortization expenses, increased depreciation expenses and increased operating expenses, any of which could have a material adverse effect on our operating results. Acquisitions may entail integration and management of the new businesses to realize economies of scale and control costs, as well as other risks, including diversion of management resources otherwise available for ongoing development of our business and risks associated with entering new markets. Although we would from time to time consider potential investment opportunities or potential acquisition targets, as of the Latest Practicable Date, we had not identified any definitive investment or acquisition targets nor had we entered into any definitive agreements with respect to any acquisitions or strategic investments.

We may be unable to identify suitable acquisition candidates, obtain financing on acceptable terms or consummate any future acquisitions. Further, any acquisitions or alliances may expose us to the risk of unanticipated business uncertainties or legal liabilities relating to those acquired businesses or alliances for which the sellers of the acquired business or alliance partners may not indemnify us. Future acquisitions may also cause us to issue securities that will have a dilutive effect on our shareholders. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

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We are subject to risks associated with changes in preferential tax treatment.

We are subject to various PRC taxes, including the current statutory PRC enterprise income tax of 25% as determined in accordance with the relevant PRC tax rules and regulations. See “Appendix VII – Taxation and Foreign Exchange” to this prospectus for further details. However, PRC tax laws and regulations provide certain preferential tax treatments applicable to different enterprises, industries and locations. Some of our subsidiaries are currently taxed at preferential rates due to the nature of our business activities and/or the location of our projects. For instance, assessable profit from wind power projects approved on or after January 1, 2008 were entitled to a three-year EIT exemption commencing from the first year with assessable revenue, followed by a three-year 50% EIT reduction. Some of our subsidiaries, were entitled to a two-year EIT exemption commencing from the first year with assessable profit, followed by a three-year 50% EIT reduction. In addition, our subsidiaries engaged in wind power generation were also entitled to a 50% reduction or refund of the VAT levied on their electricity sales during the Track Record Period. Our weighted average effective income tax rate fluctuated during the Track Record Period as the preferential tax treatment for our subsidiaries commenced and expired at different times. In 2007, 2008, 2009 and for the six months ended June 30, 2010, our weighted average effective income tax rate was 7%, 9%, 5% and 12%, respectively. See “Financial Information – Significant Factors Affecting Our Results of Operations – PRC preferential tax treatments,” and “Financial Information – Components of Major Income Statement Line Items – Income tax.” Any change or elimination of such preferential tax treatments may materially and adversely affect our results of operations and financial condition.

We depend on certain senior managers and key employees.

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

Our assets and operations are subject to hazards customary to the wind power industry, and we may not have adequate insurance to cover all these hazards.

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

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

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

Upon the completion of the Global Offering, Datang will own directly and indirectly an aggregate of approximately 67.0% of our Shares assuming no exercise of the Over-allotment Option (or approximately 63.7% if the Over-allotment Option is exercised in full). Subject to our Articles of Association and applicable laws and regulations, Datang will, through its representatives on our Board or by voting at the general meetings of shareholders, be able to influence our major policy decisions, including our senior management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment to our Articles of Association and other actions that require the approval of our Board of Directors and shareholders. It is possible that differences in opinion may arise between Datang and any of the remaining shareholders from time to time. Although we are acting as Datang's platform for the development of wind power, biomass and solar power businesses, Datang also retained certain business that may compete with our business, in terms of, for instance, securing grid connection and electricity transmission in the event of transmission limitations. Further, if the PRC favorable policies promoting the development of renewable energy projects, in particular the Renewable Energy Law, were changed or discontinued to our detriment before our wind power projects reach the economies of scale necessary to become cost-effective in a non-subsidized market place, we could be forced to compete directly against the conventional power business of Datang. See "Relationship with Datang Group." We cannot guarantee that Datang will influence our Company to pursue actions that are in the best interests of the other shareholders.

RISKS RELATING TO THE PRC

Adverse changes in the PRC's economic, political and social conditions, as well as governmental policies, could affect financial markets in China, our liquidity and access to capital and our ability to operate our business.

All of our wind farms are located in, and we derive all of our revenue from our operations in, the PRC. Accordingly, our results of operations, financial condition and prospects are subject to economic, political and legal developments in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

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China's economy was a planned economy, and a substantial portion of productive assets in China is still owned by the PRC government. The government also exercises significant control over China's economic growth by allocating resources, setting monetary policy and providing preferential treatment to particular industries or companies. Although the government has implemented economic reform measures to introduce market forces and establish sound corporate governance in business enterprises, such economic reform measures may be adjusted, modified or applied inconsistently from industry to industry, or across different regions of the country. As a result, we may not benefit from certain of such measures.

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

Substantially all of our revenue is derived from electricity sales in the PRC. We rely on domestic demand for electric power, especially demand for wind power, to achieve growth in our revenue. Domestic demand for electric power is materially affected by industrial development, growth of private consumption and overall economic growth in China. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy. Although the global and Chinese economies have largely recovered, there is no assurance that any such recovery is sustainable. In addition, if the crisis in global financial services and credit markets was to recur, there is no certainty as to its impact on the global economy, especially the Chinese economy. Any slowdown of the Chinese economy may have a negative effect on our results of operations and financial condition.

Legal protections available to you under the PRC legal system may be limited.

We are organized under the laws of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be quoted for reference but have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations dealing with such economic matters as securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as these laws and regulations are relatively new and the development of products, instruments and environment in the PRC banking industry continue to evolve, the effect of these laws and regulations on the rights and obligations of the parties involved may involve uncertainty. As a result, the legal protections available to you under the PRC legal system may be limited.

Our Articles of Association provide that disputes between holders of Domestic H Shares and us, our directors, supervisors or senior officers or holders of A shares arising out of our Articles of Association or any rights or obligations conferred or imposed thereupon by the PRC Company Law and related rules and regulations concerning our affairs are to be resolved through arbitration. Our Articles of Association further provide that such arbitral award will be final, conclusive and binding on all parties. A claimant may elect to submit a dispute to arbitration organizations in Hong Kong or the PRC. Awards that are made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements. However, to our knowledge, no action has been brought in the PRC by any holder of H shares to enforce an arbitral award, and we cannot assure you that any action brought in the PRC by any holder of H shares to enforce a Hong Kong arbitral award made in favor of holders of H shares would succeed.

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Fluctuation of the Renminbi could adversely affect our financial condition and results of operations.

We conduct substantially all of our business operations in China and our functional currency is Renminbi. A substantial portion of our revenue were denominated in Renminbi during the Track Record Period. However, we also derive revenue from foreign currencies from the sales of CERs, and we convert Renminbi into foreign currencies to purchase foreign equipment and services, make investments and acquisitions overseas, or pay dividends to our shareholders. Further, we incurred a U.S. dollar denominated long-term loan in the principal amount of US\$90 million in 2008 to finance the development and construction of our wind farms. We are therefore subject to risks associated with foreign currency fluctuations.

Fluctuations in the value of RMB against foreign currencies may reduce our Renminbi revenue from the sales of CERs, increase our Renminbi costs for foreign acquisitions and foreign currency borrowings, or affect the prices of our imported equipment and materials. Specifically, an appreciation of Renminbi against the U.S. dollar or Euro could result in a foreign exchange loss for our assets denominated in U.S. dollar or Euro, such as our CER receivables, and a foreign exchange gain for our liabilities denominated in the U.S. dollar or Euro. Conversely, a devaluation of RMB against U.S. dollar or Euro could result in a foreign exchange gain for assets denominated in U.S. dollar or Euro and a foreign exchange loss for liabilities denominated in U.S. dollar or Euro. We recorded foreign exchange net gains of RMB1.5 million and RMB6.1 million in 2007 and 2009, respectively, and foreign exchange net losses of RMB4.4 million in 2008. For the six months ended June 30, 2010, due to the substantial depreciation of Euro against Renminbi during the first half of 2010, a direct result of the financial and political trouble in the euro-zone economies, we recorded foreign exchange net losses of RMB28.3 million.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand and reference to a basket of currencies. From July 21, 2005 to December 31, 2009, the value of the Renminbi appreciated by approximately 21.2% against the U.S. dollar. In August 2008, China revised the PRC Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例) to promote the reform of its exchange rate regime. On June 19, 2010, the PBOC announced that the PRC government would reform the RMB exchange rate regime and increase the flexibility of the exchange rate.

The recent change in the PRC currency policy has resulted in the appreciation of Renminbi against U.S. dollar from approximately RMB6.8267 to US\$1.00 on June 18, 2010 to approximately RMB6.6675 to US\$1.00 on November 26, 2010. We cannot assure you that such exchange rate will remain stable against the U.S. dollar or other foreign currencies. There remains significant pressures on the PRC government to adopt an even more flexible currency policy and allow Renminbi to appreciate further and more significantly against U.S. dollar or

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other foreign currencies. In the event of significant change in the exchange rates of Hong Kong and U.S. dollar against Renminbi, our ability to pay dividends in foreign currencies and our U.S. dollar denominated revenue may be adversely affected. In addition, in the event of further depreciation of Euro against Renminbi, we may continue to record foreign exchange losses on our sales of CERs, which, in turn, would adversely affected our operating profit and margin.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to any foreign currency exchange risk.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payment on our H Shares.

The Renminbi cannot be freely converted into any foreign currency. Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under a certain exchange rate, we may not have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account we conduct, including the payment of dividends, do not require advance approval from the SAFE. However, we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, business, operating results and financial condition may be adversely affected.

It may be difficult to enforce any judgments obtained from non-PRC courts against our Company or our Directors, Supervisors or senior executive officers residing in China.

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

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

Investors may be subject to PRC taxation.

Under applicable PRC tax laws, dividends paid by us to non-PRC resident individual holders of H shares and gains realized by non-PRC resident individual holders of H shares upon sale or other disposition of H shares are both subject to PRC individual income tax at a rate of 20%, although we understand that these taxes haven't been collected by the PRC tax authorities in practice. Under applicable PRC tax laws, such dividends paid to, and gains realized by, non-PRC resident enterprise holders of H shares are both subject to PRC enterprise income tax at a rate of 10%. There are significant uncertainties as to the interpretation and application of applicable PRC tax laws due to several factors, including the relative short history of certain of such laws. These uncertainties include, among others, whether and how enterprise income tax on gains realized by non-PRC resident enterprises upon the sale or other disposition of H shares has been and will be collected by the PRC tax authorities in the future and whether and how PRC individual income tax on the dividends paid by us to non-PRC resident individual holders of H shares and on gains realized by such individual holders on the sale or other disposition of H shares will be collected by the PRC tax authorities in the future. If there is any change to applicable tax laws and interpretation or application with respect of such laws, holders of H shares may be subject to PRC income tax on the dividends paid by us and gains realized upon sale or other disposition of H shares which they currently are not subject to or haven't been collected by the PRC tax authorities in practice. See "Appendix VII – Taxation and Foreign Exchange – A. Taxation in the PRC."

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our shareholders, including periods in which we are profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

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Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay us dividends could negatively impact our cash flow and our ability to make dividend distributions to our shareholders, including periods in which we are profitable.

There may be an occurrence of a widespread public health problem.

An outbreak of any widespread public health problem in China, such as Severe Acute Respiratory Syndrome, avian influenza or H1N1 influenza, could negatively affect our business, operations and financial results. Our operations may be affected by a number of health-related factors, including quarantines or closures of some of our offices and generating facilities, travel restrictions, major sickness or death of our key officers and employees and import and export restrictions.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there has been no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering. In addition, the Global Offering may not result in the development of an active and liquid public trading market for our H Shares. Furthermore, the price and trading volume of our H Shares may be volatile. Factors such as the following may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of additional H Shares by us or other shareholders.

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

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

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

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

Because the Offer Price of our H Shares is higher than the net tangible assets per share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK\$1.37 per Share (assuming an Offer Price of HK\$2.76 per H Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment options for the Global Offering is not exercised). If we issue additional Shares in the future, purchasers of our H Shares may experience further dilution in their ownership percentage.

Certain facts and statistics derived from government sources contained in this prospectus may not be reliable.

We have derived certain facts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the wind power industry from various government publications or communications with various government agencies that we believe to be reliable. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the underwriters or any of our or their respective affiliates or advisors and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled in or outside the PRC. The facts and other statistics include the facts and statistics included in the sections entitled “Risk Factors,” “Industry Overview,” “Business” and “Appendix VI – Technical Report.” Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and you should not place undue reliance on them. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

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

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us or the Global Offering, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the press articles or other media. Accordingly, you are cautioned that, in making your decisions as to whether to purchase our Offer Shares, you should rely only on the financial, operational and other information included in this prospectus and the Application Forms. By applying to purchase our H Shares in this Global Offering, you will be deemed to have agreed that you will not rely on any information other than the information contained in this prospectus and the Application Forms.

WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES AND HONG KONG COMPANIES ORDINANCE

MANAGEMENT PRESENCE

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

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

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

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

- (i) the Company will have at least one independent non-executive Director who ordinarily resides in Hong Kong;
- (ii) One of our authorized representatives, Ms. Gloria Sau-kuen Ma ordinarily resides in Hong Kong. The Directors who do not ordinarily reside in Hong Kong will be readily contactable through Ms. Gloria Sau-kuen Ma by telephone, facsimile or email. Ms. Gloria Sau-kuen Ma together with Mr. Hu Yongsheng, our another authorized representative, will act as the principal channel of communication between the Company and the Stock Exchange. The authorized representatives of the Company possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, they will be able to meet with the relevant members of the Stock Exchange on short notice. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary;
- (iii) each of the authorized representatives has the means to contact all Directors (including the executive Directors, the non-executive Directors and the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact them for any matters. To enhance the communication between the Stock Exchange, all Directors will provide their office phone numbers, mobile phone numbers, fax numbers and email addresses (if applicable) to the Stock Exchange;
- (iv) the Company will retain Hong Kong legal advisors to advise on ongoing compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Global Offering;
- (v) all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES AND HONG KONG COMPANIES ORDINANCE

- (vi) the Company will retain a compliance advisor acceptable to the Stock Exchange to advise on corporate finance matters after the Listing for the period commencing on the Listing Date and ending on the date on which it complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will act as the Company's additional channel of communication with the Stock Exchange; and
- (vii) the compliance advisor shall have access at all times to our authorized representatives, our Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company.

COMPANY SECRETARY

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

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

- Ms. Gloria Sau-kuen Ma will assist and guide Mr. Hu in his discharge of duties as a joint company secretary and in gaining the relevant experience as required by the Listing Rules; and
- our Company will ensure Mr. Hu has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES AND HONG KONG COMPANIES ORDINANCE

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 8.17 and Rule 19A.16 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. At the end of the three year period, our Company has to liaise with the Stock Exchange. The Stock Exchange will revisit the situation in the expectation that our Company should then be able to demonstrate to the Stock Exchange's satisfaction that Mr. Hu, having had the benefit of Ms. Gloria Sau-kuen Ma's assistance for three years, would have acquired the relevant experience within the meaning of Rule 8.17 and Rule 19A.16 so that a further waiver would not be necessary.

WAIVER AND EXEMPTION FROM CERTAIN PROPERTY VALUATION REPORT REQUIREMENTS

A full valuation report in relation to the interests in land and buildings of a listing application is required to be included in the prospectus pursuant to Rule 5.01 and paragraph 3(a) of Practice Note 16 of the Listing Rules. In addition, Rule 5.06 of the Listing Rules and paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance also prescribe the content requirements of such valuation report, which should normally contain a description of and other specified information in relation to each property in which the listing applicant has an interest.

According to the property valuation report set out in Appendix IV to this prospectus, we held or occupied 2,320 parcels of land (excluding land for projects under construction) with a total site area of 4,891,567.5 sq. m. in the PRC. We held or occupied 94 buildings and units (excluding buildings under construction) with a total gross floor area of 70,837.9 sq.m. and leased 49 properties with a total gross floor area of 16,456.1 sq.m. in the PRC. We also held 600 parcels of land for project under construction with a total site area of approximately 1,054,268 sq.m. and 35 buildings under construction with a total gross floor area of approximately 41,316.3 sq.m. in the PRC.

Owing to the substantial number of properties involved, it was estimated that a full property valuation report prepared in accordance with the Listing Rules and Companies Ordinance would consist of more than 200 pages. In the circumstances, we have applied

- (a) to the SFC for an exemption pursuant to section 342A of the Hong Kong Companies Ordinance from strict compliance with the requirements under Paragraph 34(2) of the Third Schedule to the Hong Kong Companies Ordinance on the grounds that it would be unduly burdensome to include a fully compliant valuation report in this prospectus and the inclusion of such detailed information would be irrelevant to potential investors in a power generation company as the inclusion of a property valuation report of over 200 pages would seem out of proportion to the prospectus; and
- (b) to the Stock Exchange for a waiver from strict compliance with the requirements of Rules 5.01, 5.06, Paragraph 3(a) of Practice Note 16 and Rule 19A.27(4) of the Listing Rules, respectively, on the grounds that (i) it would be unduly burdensome to include a fully compliant valuation report in this prospectus and the inclusion of such detailed information would be irrelevant to potential investors in a power generation company as the inclusion of a property valuation report of over 200 pages would seem out of proportion to the prospectus; and (ii) it would be irrelevant and unduly burdensome to

WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES AND HONG KONG COMPANIES ORDINANCE

prepare an English translation of the fully compliant valuation report, as all of the properties of the Group are situated in the PRC and consequently the formal addresses, descriptions of such properties and title information are all in Chinese.

The exemption has been granted by the SFC under section 342A of the Hong Kong Companies Ordinance subject to the following conditions:

- (i) a full version of the property valuation report in the Chinese language complying with the requirements under Paragraph 34 of the Third Schedule to the Hong Kong Companies Ordinance will be made available for inspection in accordance with “Appendix XI – Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection”;
- (ii) the valuer’s letter and the valuer’s certificate containing a summary valuation of all property interests prepared on the basis of the full valuation report is included in the prospectus in the form set out in Appendix IV; and
- (iii) this prospectus shall set out particulars of this exemption.

The waiver has also been granted by the Stock Exchange from Rule 5.01, 5.06, Paragraph 3(a) of Practice Note 16 and Rule 19A.27(4) of the Listing Rules subject to the following conditions:

- (i) a full version of the property valuation report in the Chinese language complying with the requirements under the Listing Rules and the requirements under Paragraph 34 of the Third Schedule to the Hong Kong Companies Ordinance will be made available for inspection in accordance with “Appendix XI – Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection”;
- (ii) the valuer’s letter and the valuer’s certificate containing a summary valuation of all property interests prepared on the basis of the full valuation report is included in the prospectus in the form set out in Appendix IV; and
- (iii) the exemption from strict compliance with Paragraph 34 of the Third Schedule to the Hong Kong Companies Ordinance has been granted by the SFC.

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

CONNECTED TRANSACTIONS

We have entered into, and are expected to continue after the Listing, certain continuing connected transactions, which are subject to the reporting, annual review, announcement and/or independent shareholders’ approval requirements under the Listing Rules upon Listing. We have applied to the Stock Exchange for waivers from strict compliance with the requirements regarding the announcements and/or independent shareholders’ approval in respect of such continuing connected transactions under Chapter 14A of the Listing Rules. The details of such waivers are set out in the section headed “Connected Transactions” in this prospectus.

WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES AND HONG KONG COMPANIES ORDINANCE

CORNERSTONE INVESTMENT BY STATE GRID INTERNATIONAL DEVELOPMENT LIMITED

According to Rule 9.09 of the Listing Rules, there must be no dealing in the H Shares by any of our connected person from four clear business days before the expected hearing date until Listing is granted.

State Grid International Development Limited ("SGID"), one of our cornerstone investors, has entered into a cornerstone investor agreement with us and the Joint Bookrunners pursuant to which SGID has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 1,000 H Shares) as may be purchased with an amount up to US\$50 million at the Offer Price. See "Cornerstone Investors – Our Cornerstone Investors – SGID" in this prospectus for further details of the subscription by SGID. SGID is a wholly owned subsidiary of State Grid Corporation of China. State Grid Corporation of China, through Jilin Electric Power Corporation and Jilin Mingmen Electric Power Industrial Group Co., Ltd (a wholly-owned subsidiary of Jilin Electric Power Corporation), is currently holding 29% shareholding in Datang Jilin Wind Power Generation Co., Ltd., a non-wholly owned subsidiary of the Company, operating Phase 1 of Taonan wind power project. Hence, SGID, as a wholly owned subsidiary of State Grid Corporation of China, constitute a connected person of the Company upon the Listing pursuant to Rule 14 A.11 (1) and (4) of the Listing Rules.

An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 9.09 of the Listing Rules in relation to the cornerstone investment by SGID on the basis that the cornerstone investment by SGID will not unduly prejudice the interests of the potential investors. Such waiver has been granted by the Stock Exchange on the condition that:

- (i) SGID's cornerstone investment will be made at the Offer Price and it will be subject to a lock-up period of six months; and
- (ii) we will disclose details of SGID's cornerstone investment in this prospectus.

We will also ensure that, notwithstanding the cornerstone investment by SGID, our Company will satisfy the public float requirement under Rule 8.08(1) of the Listing Rules.

CORNERSTONE INVESTMENT BY CHINA POWER INTERNATIONAL HOLDING LIMITED

According to Rule 9.09 of the Listing Rules, there must be no dealing in the H Shares by any of our connected person from four clear business days before the expected hearing date until Listing is granted.

China Power International Holding Limited ("China Power International"), one of our cornerstone investors, has entered into a cornerstone investor agreement with us and the Joint Bookrunners pursuant to which China Power International has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 1,000 H Shares) as may be purchased with an amount up to US\$10 million at the Offer Price. See "Cornerstone Investors – Our Cornerstone Investors – China Power International" in this prospectus for further details of the subscription by China Power International. China Power International New Energy Holding LTD currently holds 24% shareholding in Shanghai Donghai Wind Power Co., Ltd, a non-wholly owned subsidiary of the Company, operating Donghai Bridge offshore wind power project. As China Power International is an associate of China Power International New Energy Holding LTD (a substantial shareholder of Shanghai Donghai Wind Power Co., Ltd.), China Power International is therefore a connected person of our Company.

WAIVERS AND EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES AND HONG KONG COMPANIES ORDINANCE

An application has been made to the Stock Exchange for a waiver from strict compliance with Rules 9.09 of the Listing Rules in relation to the cornerstone investment by China Power International on the basis that the cornerstone investment by China Power International will not unduly prejudice the interests of the potential investors. Such waiver has been granted by the Stock Exchange on the condition that:

- (i) China Power International's cornerstone investment will be made at the Offer Price and it will be subject to a lock-up period of six months; and
- (ii) we will disclose details of China Power International's cornerstone investment in this prospectus.

We will also ensure that, notwithstanding the cornerstone investment by China Power International, our Company will satisfy the public float requirement under Rule 8.08(1) of the Listing Rules.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purposes of giving information to the public with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

CSRC APPROVAL

The CSRC issued an approval letter on November 8, 2010 for the Global Offering and for the submission of the application to list our H Shares on the Stock Exchange. In granting its approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 214,262,000 H Shares and the International Offering of initially 1,928,348,000 H Shares (subject, in each case, to reallocation on the basis described in the section headed "Structure of the Global Offering" in this prospectus).

The listing of the H Shares on the Stock Exchange is sponsored by UBS AG, Hong Kong Branch and China Everbright Capital Limited collectively as the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions that the Offer Price is agreed between the Joint Bookrunners, on behalf of the Underwriters, and us. The International Offering is managed by the Joint Global Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about December 10, 2010, subject to agreement on the Offer Price between the Company and the Joint Bookrunners, on behalf of the Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Bookrunners, on behalf of the Underwriters on or before December 16, 2010, or such later date or time as may be agreed between the Joint Bookrunners (on behalf of the Underwriters), and the Company, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Bookrunners (on behalf of the Underwriters) and the Company on or around December 10, 2010, and in any event no later than December 16, 2010.

If the Joint Bookrunners (on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before December 16, 2010, or such later date or time as may be agreed between the Joint Bookrunners (on behalf of the Underwriters) and the Company, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON SALE OF SHARES

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

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

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

- (a) agrees with us and each of our shareholders, and we agree with each shareholder, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;
- (b) agrees with us, each of our shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;
- (c) agrees with us and each of our shareholders that our H Shares are freely transferable by the holders of our H Shares; and
- (d) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our shareholders as stipulated in our Articles of Association.

H SHARE REGISTER AND STAMP DUTY

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

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

PROFESSIONAL TAX ADVICE RECOMMENDED

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

OVER-ALLOTMENT AND STABILIZATION

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

In connection with the Global Offering, the Company intends to grant to the Joint Global Coordinators (after consultation with the Joint Bookrunners and on behalf of the International Underwriters) the Over-allotment Option, which will be exercisable in full or in part by the Joint Global Coordinators (after consultation with the Joint Bookrunners and on behalf of the International Underwriters) for up to 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Company may be required to issue and allot at the Offer Price up to an aggregate of 321,390,000 additional H Shares, representing no more than approximately 15% of the total number of H Shares initially available under the Global Offering, in connection with over-allocations in the Global Offering, if any.

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

PROCEDURES FOR APPLICATION FOR SHARES

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

STRUCTURE OF THE GLOBAL OFFERING

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

LANGUAGE

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

ROUNDING

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

MARKET SHARE DATA

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

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rates. No representation is made that the Renminbi amounts could actually be converted into any Hong Kong dollar amounts at the rates indicated or at all. Unless indicate otherwise, the translation of Renminbi into Hong Kong dollars was made at the rate of RMB0.8598 to HK\$1.00, the exchange rate prevailing on November 30, 2010, set by PBOC for foreign exchange transactions. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Further information on exchange rates is set forth in “Appendix VII – Taxation and Foreign Exchange.”

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Non-executive Directors</i>		
Chen Jinhang, Chairman (陳進行)	Room 905, Building 4 No. 18, Xinzhong Road Dongcheng District Beijing PRC	Chinese
Wu Jing (吳靜)	Room 1002, Unit 6 Building 2, District 2 Xizhuan Hutong Xuanwu District Beijing PRC	Chinese
Yin Li (殷立)	Room 213, 2/F, Building 25 Shuidianbu, Nanyingfang Xicheng District Beijing PRC	Chinese
Jian Yingjun (簡英俊)	No. 15-63, Longjiang Hutong Longtan District Jilin Jilin Province PRC	Chinese
<i>Executive Directors</i>		
Hu Yongsheng, President (胡永生)	Room 251, Building 9 Zhuyuan, Zhaowuda Residential Quarter Hongshan District, Chifeng Inner Mongolia PRC	Chinese
Zhang Xunkui (張勛奎)	No. 14, You'anmennei Avenue Xuanwu District Beijing PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Independent non-executive Directors

Wang Guogang (王國剛)	Room 902, Unit 2, Building 20 Yi'an Jiayuan Beiwaxili Haidian District Beijing PRC	Chinese

Yu Hon To David (俞漢度)	5A Monte Verde 41 Repulse Bay Road Hong Kong	Chinese

Liu Chaoan (劉朝安)	Room 1-101, Building 14 District 24, Huangsi Avenue Xicheng District Beijing PRC	Chinese

Supervisors

Wang Guoping (王國平)	No.1, Er Lane, Baiguang Road Xuanwu District Beijing PRC	Chinese

Zhang Xiaochun (張小春)	Room 206B, Building 3 Tian'an Diyicheng Chaoyang District Changchun Jilin Province PRC	Chinese

Dong Jianhua (董建華)	Room A-11-1-5 Residential Building Yuanbaoshan Power Plant Yuanbaoshan County Yuanbaoshan District, Chifeng Inner Mongolia PRC	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Joint Sponsors

UBS AG, Hong Kong Branch
52/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

China Everbright Capital Limited
40/F, Far East Finance Center
16 Harcourt Road
Hong Kong

Joint Global Coordinators

UBS AG, Hong Kong Branch
52/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

China Everbright Securities (HK) Limited
36/F, Far East Finance Center
16 Harcourt Road
Hong Kong

Joint Bookrunners

Hong Kong Public Offering
UBS AG, Hong Kong Branch
52/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

China Everbright Securities (HK) Limited
36/F, Far East Finance Center
16 Harcourt Road
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Credit Suisse (Hong Kong) Limited
45/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Central
Hong Kong

Macquarie Capital Securities Limited
Level 18, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

International Offering
UBS AG, Hong Kong Branch
52/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

China Everbright Securities (HK) Limited
36/F, Far East Finance Center
16 Harcourt Road
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Credit Suisse (Hong Kong) Limited
45/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

J.P. Morgan Securities Ltd.
125 London Wall
London
EC2Y 5AJ
United Kingdom

Macquarie Capital Securities Limited
Level 18, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers*Hong Kong Public Offering*

UBS AG, Hong Kong Branch
52/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

China Everbright Securities (HK) Limited
36/F, Far East Finance Center
16 Harcourt Road
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Credit Suisse (Hong Kong) Limited
45/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Central
Hong Kong

Macquarie Capital Securities Limited
Level 18, One International Finance Centre
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Nomination Committee	Mr. Wu Jing (Non-executive Director) (Chairman) Mr. Liu Chaoan (Independent Non-executive Director) Mr. Wang Guogang (Independent Non-executive Director)
Remuneration and Assessment Committee	Mr. Wu Jing (Non-executive Director) (Chairman) Mr. Yu Hon To David (Independent Non-executive Director) Mr. Liu Chaoan (Independent Non-executive Director)

CORPORATE INFORMATION

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INDUSTRY OVERVIEW

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

OVERVIEW OF THE PRC ECONOMY

Since economic reforms started in late 1970s, the PRC has experienced significant economic growth and has become one of the most important economies in the world after joining the WTO in 2001. According to the National Bureau of Statistics of China, the PRC's nominal GDP increased from RMB10,965.5 billion in 2001 to RMB31,404.5 billion in 2008, and its real GDP grew at a CAGR of approximately 10.5% over the same period. The recent global financial crisis caused the Chinese government to adopt expansionary fiscal policies, including the "RMB4 trillion Stimulus Plan" to stimulate economic growth. The economic growth rate of the PRC rebounded after dipping in the first quarter of 2009, with the full year real GDP growing at approximately 9.1% year over year, reaching RMB34,050.7 billion in nominal terms. With the recovery of the global economy, the PRC government forecasts economic growth will be at approximately 8% in 2010, according to the recent government report (政府工作報告) issued by State Council on March 5, 2010.

As a key cornerstone supporting the development of China's economy, the growth of the power generation industry is a leading indicator of the economy as a whole. Since 2001, electricity generation in the PRC has grown faster than the PRC's real GDP growth in most years. The rapid growth of power generation is largely driven by rapid industrialization, accelerating fixed assets investment and rising residential electricity demand due to increased per capita income. The following table illustrates the relationship between the PRC's GDP and electricity generation from 2001 to 2009.

Year	Nominal GDP	Real GDP growth rates	Electricity generation	Electricity generation growth rates
	RMB (billion)	(%)	(TWH)	(%)
2001	10,965.5	8.3	1,478.0	9.0
2002	12,033.3	9.1	1,654.0	11.7
2003	13,582.3	10.0	1,910.8	15.5
2004	15,987.8	10.1	2,187.0	14.5
2005	18,493.7	10.4	2,474.7	12.3
2006	21,631.4	11.6	2,834.4	13.4
2007	26,581.0	13.0	3,277.7	14.4
2008	31,404.5	9.0	3,466.9	5.6
2009	34,050.7	9.1	3,714.7	6.3

Source: National Bureau of Statistics of China

INDUSTRY OVERVIEW

From 2001 to 2007, China's national electricity generation grew at a CAGR of approximately 14.2%, outpacing the growth rates of the PRC's real GDP over the same period. However in 2008, the global financial crisis reduced the growth of electricity demand, which in turn reduced growth rates of electricity generation, which grew 5.6% in 2008 and 6.3% in 2009 respectively.

Regulation and Restructuring of The PRC Power Industry

Since 1997, the PRC's power industry has experienced a restructuring phase pursuant to the government's policy to separate governmental functions from enterprises. In January 1997, the State Power Corporation (“國家電力公司”) was established to assume from the Ministry of Power Industry (“電力工業部”) the ownership of power generation assets, virtually all of the high voltage power transmission grids and local power distribution networks in the PRC. The State Power Corporation was responsible for the investment, development, construction, management, operation and ownership of power plants, the inter-connections of provincial and regional power grids, and the transmission of power across regions in the PRC. The SETC and the general administrative department of the economy under the local government were established to assume the governmental and administrative functions formerly exercised by the Ministry of Power Industry. The Power Generation Bureau (“電力局”) was set up within the SETC and given the responsibilities of promoting reforms in policies and regulations, formulating development strategies, specifying technical requirements and industry practice and supervising the operation of the power industry.

In 2002, the State Council implemented a series of restructuring policies for the PRC power industry. The reforms are mainly centered on the following two areas:

- The assets formerly managed by the State Power Corporation were divided into five independent large power generation groups which were China Huaneng Group, China Datang Corporation, China Guodian Corporation, China Huadian Corporation and China Power Investment Corporation, and two independent power grid companies which were the State Grid Corporation of China (“State Grid”) and China Southern Power Grid Company (“Southern Grid”).
- SERC was established under the State Council to regulate the power industry. Its main responsibilities include ensuring fair competition in the electric power industry, monitoring the quality and formulating standards for power production, administering electricity power business permits, proposing adjustments to electricity tariffs and handling disputes.

Pursuant to the resolutions passed by the Tenth National People's Congress in March 2003, the State Development and Planning Commission (“國家發展和計劃委員會”) and the Power Generation Bureau under the SETC were merged into the newly formed NDRC. The NDRC and the SERC together assumed all authority to regulate the power industry.

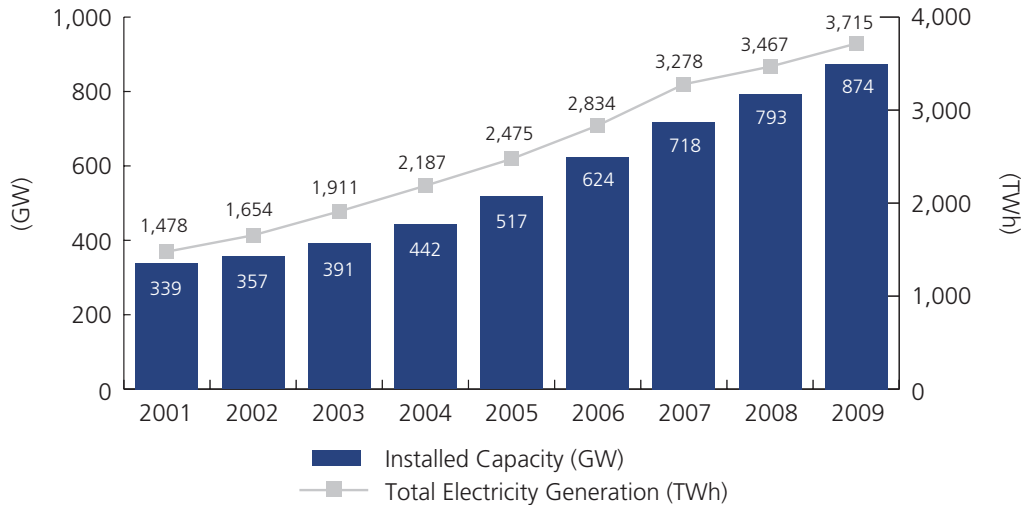
In July 2008, pursuant to the resolutions passed by the Eleventh National People's Congress, the National Energy Administration was established under the management of NDRC. The National Energy Administration is given the responsibilities of industry regulation on coal, oil, natural gas, electricity, clean and renewable energies, formulating industry standards and development plans, supervising energy development, balancing production-construction and supply-demand relations as well as encouraging energy infrastructure development in rural areas.

INDUSTRY OVERVIEW

Power Supply and Demand in the PRC

The PRC has seen significant expansion in electricity generation as well as installed capacity since 2001. As of 2009, the PRC had an aggregate installed capacity of approximately 874 GW, and the total electricity generation of 3,715 TWh. The following diagram sets out the historical data of installed capacity and electricity generation in the PRC.

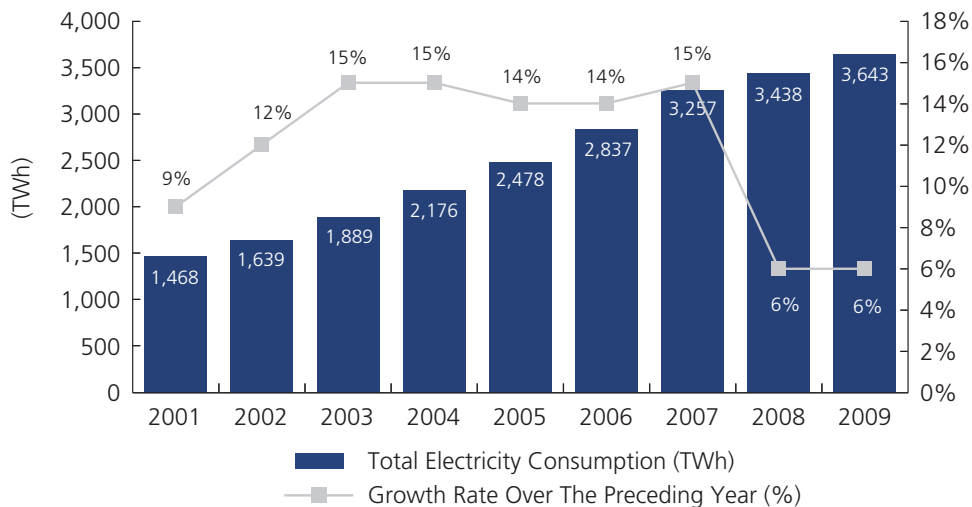
Installed capacity and electricity generation in the PRC (2001-2009)



Sources: 2001-2004 installed capacity numbers are taken from China Electric Power Year Book, 2005-2009 installed capacity numbers are taken from China Electricity Council, and electricity generation figures are taken from National Bureau of Statistics of China.

In terms of power demand, the PRC's electricity consumption grew from 2001 to 2009, with double-digit growth rates until the 2008 global financial crisis, when the growth rates dropped to 6%. The following diagram illustrates the PRC's electricity consumption and its growth rates.

PRC's electricity consumption and growth rate over the preceding year (2001-2009)



Sources: 2000-2004 total societal electricity consumption figures are taken from China Electric Power Year Book, and 2005-2009 total societal electricity consumption figures are taken from China Electricity Council.

INDUSTRY OVERVIEW

The following table summarizes the PRC's electricity consumption and electricity generation by energy source by region in 2009:

Region	Power Generation					Electricity Consumption (TWh)
	Total	Hydro-electricity	Coal	Nuclear	Wind	
			(TWh)			
Beijing	24.4	0.5	23.9	0	0	73.6
Tianjin	41.4	0	41.4	0	0	54.8
Hebei.	175.0	0.7	171.8	0	2.5	234.6
Shanxi	186.1	2.1	183.9	0	0.1	125
Inner Mongolia	222.7	1.9	212.1	0	8.7	127.5
Liaoning	120.1	3.3	114.1	0	2.7	148.6
Jilin	54.8	5.1	47.4	0	2.3	51.4
Heilongjiang	72.5	1.7	68.8	0	2	68.3
Shanghai	76.2	0	76.1	0	0.07	114
Jiangsu.	298.6	0.3	282.9	13.9	1.43	329
Zhejiang	225.9	15.1	186	24.4	0.38	247.3
Anhui	130.9	3	127.9	0	0	94.9
Fujian	117.0	27.9	88.3	0	0.9	113.4
Jiangxi	51.3	8.2	43	0	0.1	61
Shandong	286.2	0.1	285	0	1.1	293.3
Henan	206.1	8.3	197.7	0	0.1	208
Hubei	179.4	118.3	61.1	0	0.03	112.7
Hunan	95.2	32.5	62.7	0	0.003	101.4
Guangdong	266.6	19.3	214.7	31.7	0.8	360
Guangxi	87.8	46.4	41.4	0	0	83
Hainan	13.5	2.1	11.3	0	0.09	13.3
Chongqing	42.6	12	30.5	0	0.01	52.2
Sichuan	143.4	94.8	48.6	0	0	130.5
Guizhou	133.8	35.9	97.9	0	0	76.7
Yunnan	117.6	63	54.3	0	0.2	88.5
Tibet	1.6	1.4	0.01	0	0	1.8
Shaanxi	83.8	6.9	76.8	0	0	74
Gansu	69.5	25.6	42.7	0	1.2	70.1
Qinghai	38.1	27.6	10.4	0	0	33.7
Ningxia	46.9	1.8	44.4	0	0.7	45.9
Xinjiang	55.2	8.8	45	0	1.5	54.5
National total.	3,663.9	574.7	2,992.2	70	26.9	3,643

Source: 2010 Power Industry Statistics Express (全國電力工業統計快報2010年)

INDUSTRY OVERVIEW

Construction and Development of Power Grids

The major electric transmission and dispatch system in the PRC include the State Grid and the Southern Grid. The State Grid owns and manages six regional power grid companies, including northeast China, north China, east China, central China, northwest China power grids and Tibet power grid, which in turn own and operate interprovincial high voltage power transmission grids and local power distribution networks in 26 provinces (regions). Southern Grid owns and manages interprovincial high voltage power transmission grids and local power distribution networks in five provinces (regions) including Guangdong, Guizhou, Yunnan and Hainan provinces, and Guangxi Zhuang Autonomous Region.



In the PRC, high energy consumption areas are far from where primary energy sources are located. The two primary energy resources, coal and hydropower, in addition to onshore wind and solar energy, are concentrated in the western and northern regions, while high energy consumption areas are mainly located in the more developed central and eastern regions. Generally, the distance between load centers and large power plants is over 1,000 km. Driven by rapid economic growth, electricity generation has increased rapidly, surpassing transmission capacity growth of the power grid. As a result, grid congestion, grid connection limitations and ineffective electricity dispatch have become the bottleneck of power industrial development. Therefore, power grid construction has become a major prerequisite for sustainable development of the industry. China has experienced significant growth in investment in power infrastructure project in recent years, and the proportion of power grid investment to the total investment in power infrastructure construction is increasing year by year. Investments in the transmission grid reached RMB389.8 billion in 2009, increasing 34.7% from 2008 and accounted for 50.6% of investment in power infrastructure construction, which surpassed the investment in power plant construction for the first time since 2000.

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In April 2009, the State Grid announced a plan on the power grids construction. Pursuant to the plan, development of ultra high voltage (UHV) synchronized power grids serving high energy consumption areas in northern, eastern and central China to improve transmission capacity. In May 2009, the State Grid proposed a plan for the smart grid development and set out a three-phased plan for its construction, namely the planning and trial phase (2009-2010), the execution phase (2011-2015) and the enhancement phase (2016-2020). By 2020, clean energy is expected to account for 35% of total installed capacity and damage to grids caused by volatile supplies of wind power is also expected to be eliminated.

In November 2009, the Chinese government announced that it targets to reduce CO₂ per unit GDP by 40-45% from the 2005 level by 2020, which implies sustained governmental support to develop renewable energy in China. On April 19, 2010, the State Grid issued “White Paper on State Grid Corporation of Green Development” (“綠色發展白皮書”), setting out its strategic mission to promote extensive and intensive development of clean energy through establishing a strong smart grid. This plan aims to establish a strong smart grid during the period from 2011 to 2020 to increase acceptance of receivable power, enhancing the efficiency of power usage by power system and actively promote energy conservation by the power equipment industry and the whole society. It also targets to reduce total CO₂ emissions by 10.5 billion tons in a decade.

On June 29, 2010, the State Grid further released “The Plan on Research and Manufacturing of Smart Grid Key Equipment (System)”(《智能電網關鍵設備（系統）研製規劃》) and “The Plan on Technical Standards System of Smart Grid”(《智能電網技術標準體系規劃》). These two plans established an industrial and national technical standards system, thereby further enhancing the development of the smart grid and its related industries.

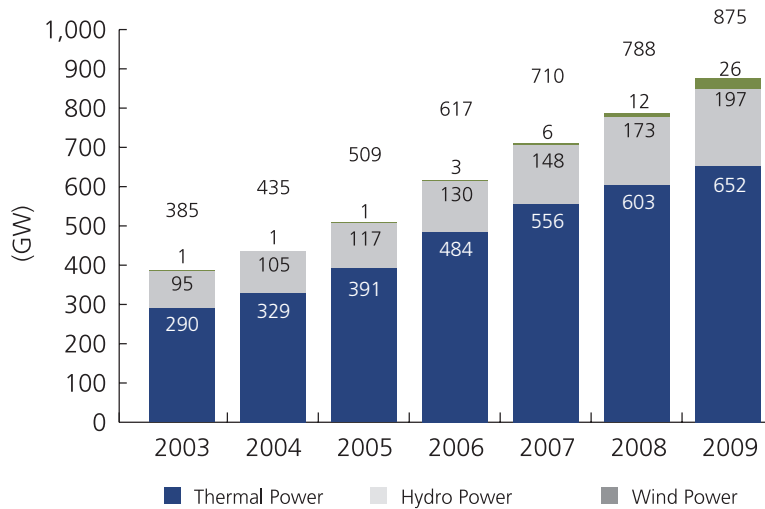
The PRC’s Power Structure and Future Trend

Driven by rapid economic growth, the PRC has become the second largest electricity producer and consumer in the world. Coal power dominates its energy infrastructure, and coal-fired power plant generates over 70% of the total energy consumed. Substantial development of coal-fired plants has raised environmental concerns, prompting the Chinese government to optimize the PRC’s power structure. The PRC is dedicated to conserving energy and reducing emissions by building large scale of hydroelectricity plants, accelerating construction of nuclear power, and exponentially expanding wind power.

INDUSTRY OVERVIEW

In 2009, of the RMB755.8 billion invested in the PRC's power construction industry, power plant construction accounted for approximately 49%, with a total of RMB371.1 billion. Nuclear, wind and hydro power construction reached RMB57.6 billion, RMB75.9 billion and RMB86.9 billion respectively, increasing 105%, 136% and 23% year on year, compared with a 5% decline in thermal power constructions to RMB149.2 billion. The following diagram sets forth the changes in the PRC's power installed capacity by energy source from 2001 to 2009.

The PRC's power installed capacity by energy source (2001-2009)



Sources: Wind power installed capacity information is taken from BTM World Market Update 2009, thermal and hydro power installed capacity figures are taken from China Electricity Council.

To accelerate the development of the renewable energy industry, the PRC government has promulgated various laws and regulations to improve the mix of energy sources, including the "Renewable Energy Act" (《可再生能源法》) and "The Medium and Long-term Development Plan for Renewable Energy" (《可再生能源中长期发展规划》). According to the Medium and Long-term Development Plan for Renewable Energy, the installed capacity of non-hydro renewable power owned by power producers with aggregate installed capacity of over 50,000 MW will at least reach 3% by 2010 and 8% by 2020. Meanwhile, according to the public information in relation to "New Energy Industry Promotion Plan" ("Promotion Plan" 《新興能源產業振興規劃》) the installed capacity of renewable energy will account for 15% of the total installed capacity by 2020, with 86 GW for nuclear power, 20 GW for solar power and 150 GW for wind power.

According to the Renewable Energy Law, grid companies must purchase all electricity generated from renewable energy projects within their coverage and provide grid-connection services and related technical support. Meanwhile, the PRC government regulates and applies a premium to on-grid tariffs for wind farms. As a result, there is generally little direct competition between wind power and traditional power for grid-connection, electricity sales and on-grid tariffs. In addition to these preferential policies applied to the wind power industry, the relatively small portion of electricity generated from wind power and the estimated increases in electricity demand are expected to sustain continuous growth of wind power in the future.

INDUSTRY OVERVIEW

THE RENEWABLE POWER GENERATION INDUSTRY

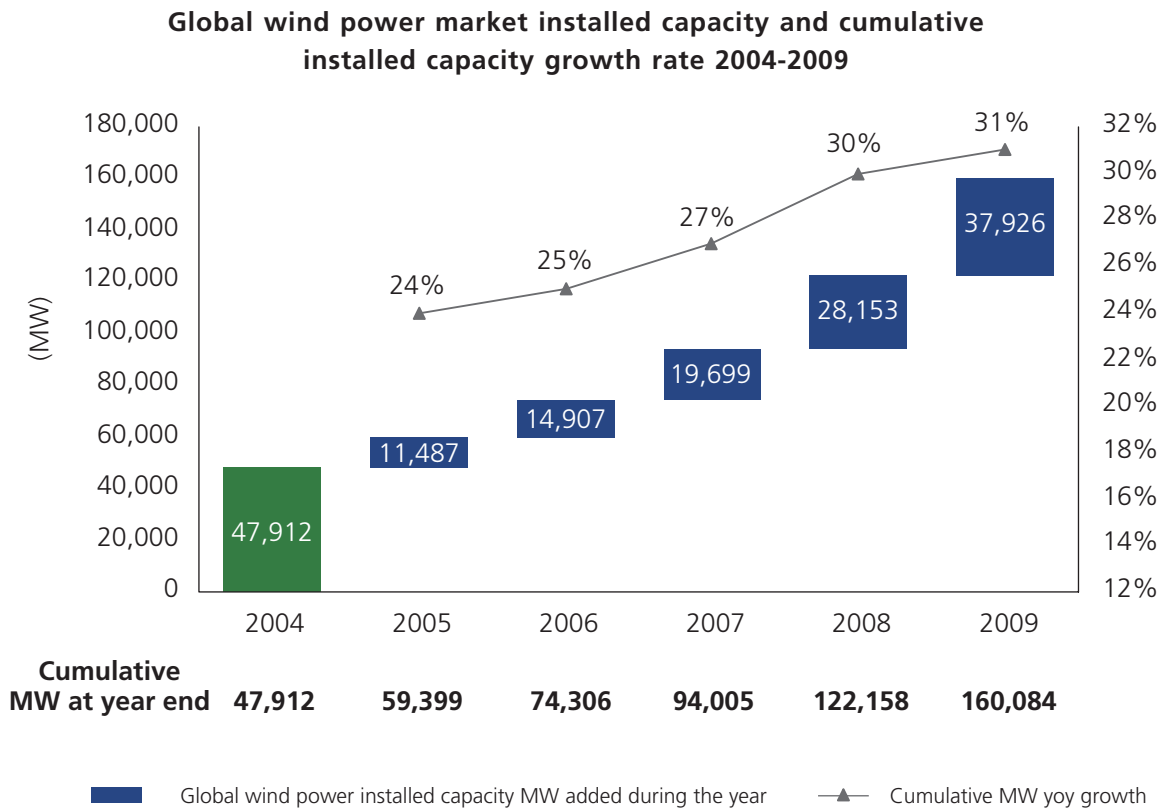
Renewable power generation technologies include, among others, wind, solar, mini-hydro, biomass, wave and tidal.

Growing concerns about energy shortages, global warming and environmental threats from rising greenhouse gas emissions spur global initiatives to improve energy conservation and emission reductions, which have also increased demand for renewable energy. According to the International Energy Agency ("IEA")'s "World Energy Outlook 2009," the share of renewable energy in the world electricity generation market is 18% in 2007, and is expected to account for 22% in 2030.

WIND POWER GENERATION INDUSTRY

Overview of global wind power industry

Wind power generation is the fastest growing renewable energy technology in the world due to government incentives, wind power's cost efficiency, resource availability and maturity of the technology in comparison to other types of renewable energy. According to the BTM report⁽¹⁾, global wind installed capacity grew at a CAGR of 27.3% from 2004 through 2009, bringing cumulative installed capacity from 47,912 MW as of December 31, 2004 to 160,084 MW as of December 31, 2009.



Source: BTM Report

INDUSTRY OVERVIEW

We believe the rapid growth of the global wind power generation industry can be attributed to:

- **Government support for renewable energy and wind power:** governments have implemented various supportive policies such as preferential tax rates and feed-in tariffs to encourage the development of renewable energy, of which wind power is one of the key beneficiaries. In particular, wind power can provide energy support for sustained economic development and creates employment opportunities and economic benefits for the local economies.
- **Relatively low cost and mature technology:** wind power generation has a relatively lower cost and a relatively more mature technology among other renewable energy source due to factors such as (1) expansion of unit wind farm size; (2) technological innovations that increase the efficiency and stability of wind power generation equipments; (3) economies of scale; and (4) increasing availability of low-cost financing for wind farm projects, are further reducing the overall cost of the wind power generation.
- **Increasing environmental and sustainability awareness:** There is a growing desire about pollution, environmental protection and the reduction of greenhouse gas emissions. As an energy source with practically no greenhouse gas emission, which is also relatively easy to develop on a large-scale basis, wind power has a clear advantage.
- **Rising global energy demand and increasing fossil fuel cost:** Economic growth and increase in consumption will lead to greater global demand for energy, which is expected to deplete and eventually exhaust finite fossil fuel sources such as coal, petroleum and natural gas. Many countries are revising their energy strategies to increase reliance on renewable energy to address these developments.
- **Energy independence and energy security:** Increased concern about energy security and energy independence are prompting countries, particularly those with insufficient domestic fossil fuel energy resources, to invest in renewable energy infrastructure to reduce reliance on imported energy and reduce exposure to price volatility of fossil fuel energy sources.

Overview of major wind power countries and region in the world

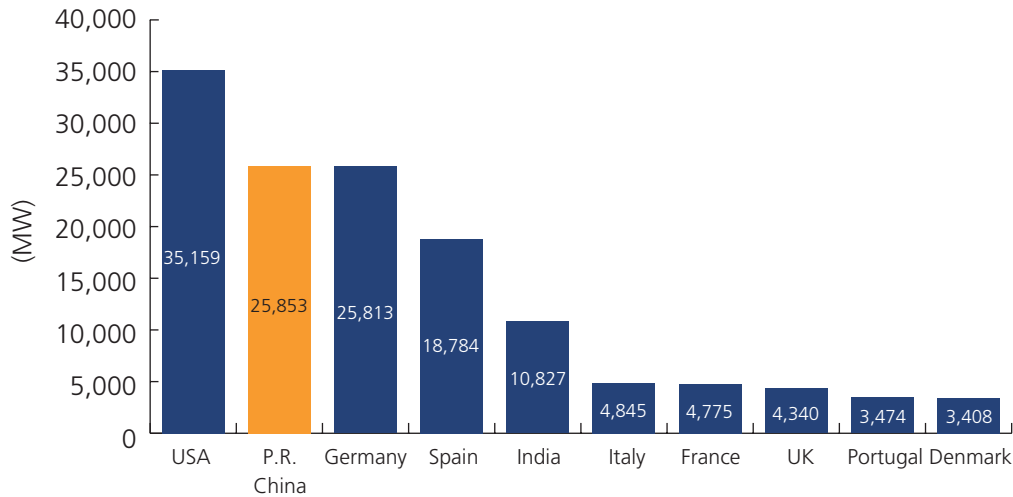
In terms of regional wind power region, Europe, Americas and South and East Asia are the three largest wind power regions in the world.

- **Europe** is the largest wind power market in terms of installed capacity, with 76,553 MW at the end of 2009, representing 48% of global installed capacity and contributed 28.2% of the newly added capacity – 10,738 MW. Within Europe, Germany and Spain are the two largest wind power markets, with 25,813 MW and 18,784 MW at the end of 2009.
- **The Americas** is the second largest wind power market in terms of installed capacity, with 40,351 MW at the end of 2009. Within the Americas, the United States is the largest wind power market, with 35,159 MW at the end of 2009.
- **South and East Asia** is the third largest wind power market in terms of installed capacity, with 33,147 MW at the end of 2009. Within South and East Asia, China is the largest wind power market, with 25,853 MW at the end of 2009.

INDUSTRY OVERVIEW

Ranking by cumulative installed capacity, the top five wind power countries in 2009 are United States with 35,159 MW, China with 25,853 MW, Germany with 25,813 MW followed by Spain and India with 18,784 MW and 10,827 MW, respectively.

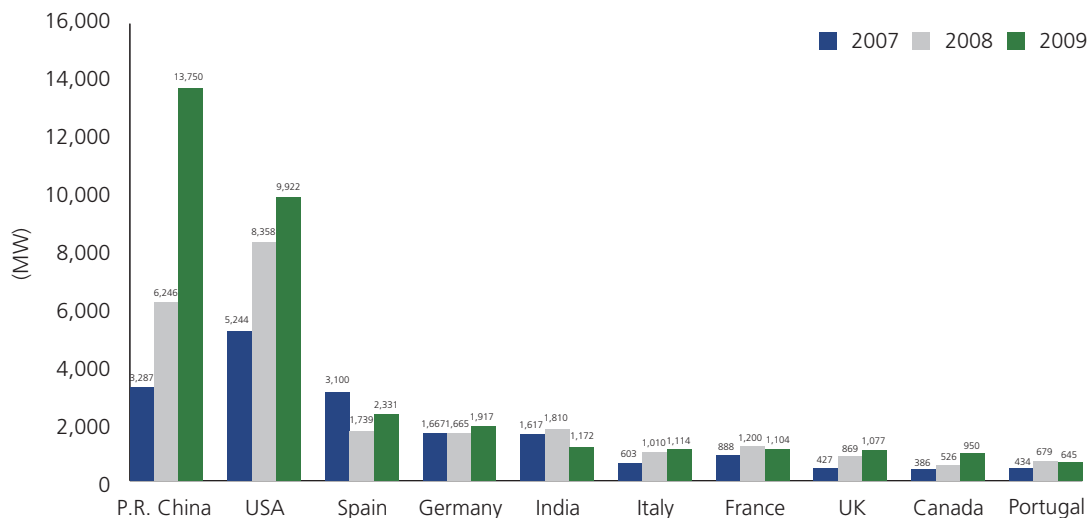
Installed capacity of world's top ten largest country markets for wind power as of end of 2009



Source: BTM Report

In terms of newly wind power installed capacity, the Chinese wind power market has experienced another year of rapid growth and doubled its installed capacity for three successive years. China's 2009 new installed capacity of 13,750 MW was 120% more than 2008 and the annual growth record for a single country. In the second place was the United States with new installed capacity of 9,922 MW in 2009, which amounted to the highest annual addition in its wind power history. In third place was Spain, the leading country in Europe with 2,331 MW of new installed capacity. Germany's annual addition improved from 2008 and recorded 1,917 MW of new installed capacity.

Top 10 wind power countries in terms of installed capacity addition



Source: BTM Report

INDUSTRY OVERVIEW

Global installed capacity growth forecast

We expect continued strong growth in the global wind power sector, underpinned by the following observations:

- **Inclusion of funds to support wind power in many government's fiscal policies:** During the global financial crisis, the wind power industry has demonstrated robust growth, even though the sector's financial stability has been heavily supported by government aid packages in many countries. The wind industry's inclusion in these packages is, however, seen as an acknowledgement from the policy makers of the industry's basic viability and evidence that it will be strongly in demand after the crisis has been solved.
- **Largest emitters of CO₂ have all established a strong wind power industry:** The three largest emitters of CO₂ in the world, China, the US and the EU, have all established a strong wind industry. Not only have they constructed large numbers of wind farms but have also built a strong manufacturing base to support this industry. This is the case for India as well. With the benefit of countries that have established targets for CO₂ reductions and concrete actions to execute them, local wind power markets are expected to help further drive growth in the overall wind power industry.
- **The two most densely populated countries have been establishing wind power manufacturing bases:** The two countries with the largest populations, China and India, will experience the steepest increase in electricity consumption as they have both established wind power equipment manufacturing bases and have gradually accumulated experience in wind power generation.
- **Many countries have chosen to support clean energy to promote a more sustainable economic development:** The financial crisis caused many countries to reconsider their development strategies. As these countries search for economic strategies to repay their national debt accumulated during the crisis, they have chosen to support clean energy development. As the world needed to change its energy and economic development strategies to promote a more sustainable economy and a better global environment, wind power became the ideal choice of energy source due to its short construction period, relatively mature technology and lower costs compared to other renewable technology.
- **Wind power prices may become even more competitive:** Wind power prices will become more competitive through technology development, competition in the industry and large-scale wind power development that may provide significant economies of scale.

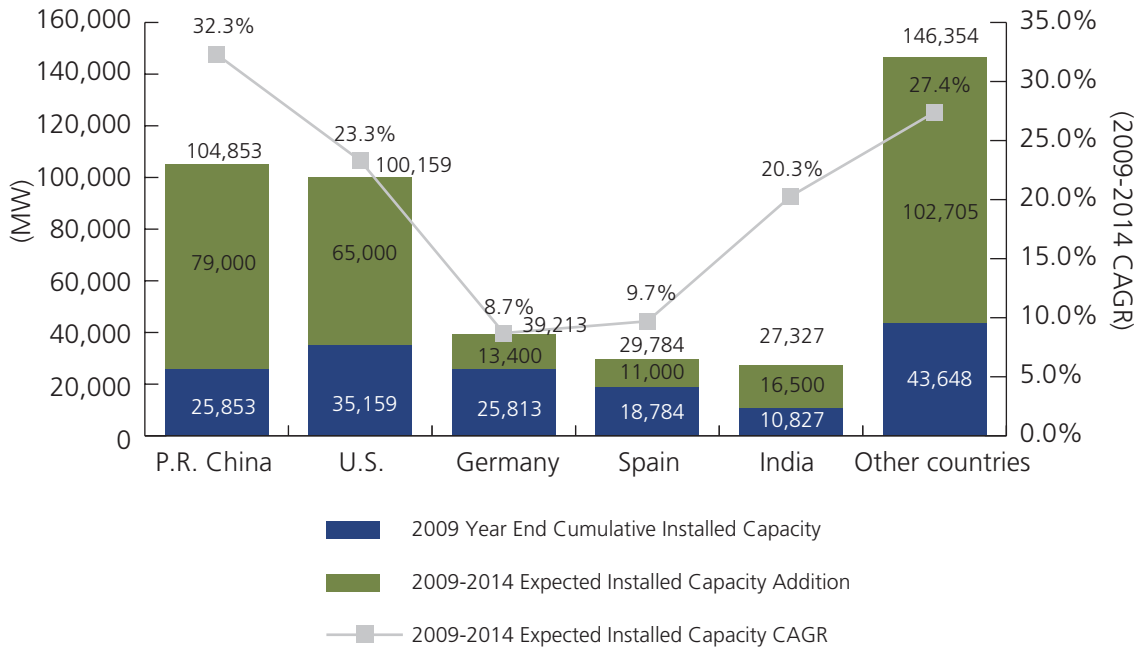
In terms of regional wind power markets, the Americas as well as East and South Asia will experience relatively faster growth rates from 2009 to 2014 according to the BTM report. The wind power installed capacity is expected to grow at a CAGR of 24.8% and 29.6% from 2009 to 2014 for the two regions respectively, compared to Europe's CAGR of 16.7% during the same period.

In terms of individual countries, according to estimates from the BTM report, the main growth of the cumulative installed capacity will be contributed by China and the United States. The cumulative wind power installed capacity is expected to grow at a CAGR of 32.3% and 23.3%

INDUSTRY OVERVIEW

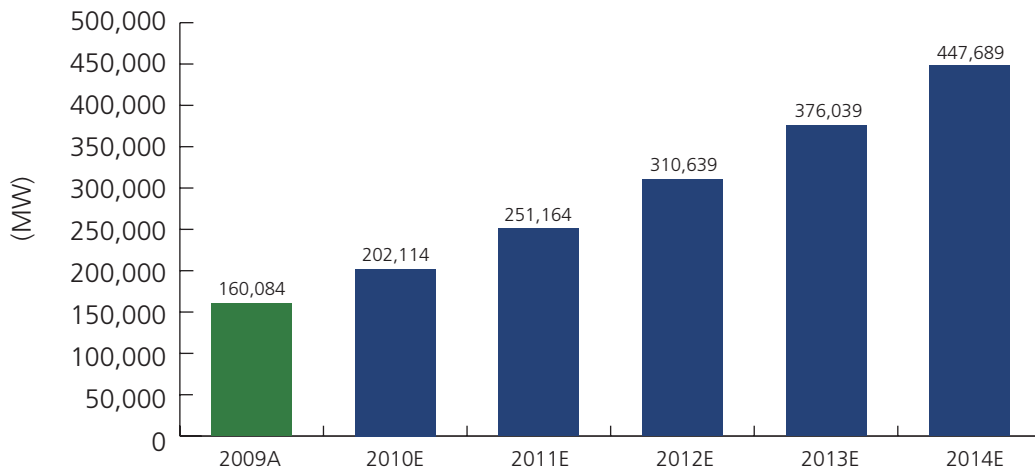
for China and United States from 2009 to 2014, respectively, while Europe's installed capacity is expected to grow at stable rate. According to the BTM Report by the end of 2014, China's cumulative wind power installed capacity will increase to 104,853 MW, accounting for 23% of the global cumulative wind power installed capacity and becoming the largest country in terms of cumulative wind installed capacity. According to the BTM Report, among the top five countries in terms of cumulative wind installed capacity at the end of 2009, China will have the highest wind power installed capacity CAGR from 2009-2014.

Installed capacity forecast by country (2009-2014)



Source: BTM Report

Cumulative global wind power capacity forecast (2009-2014)

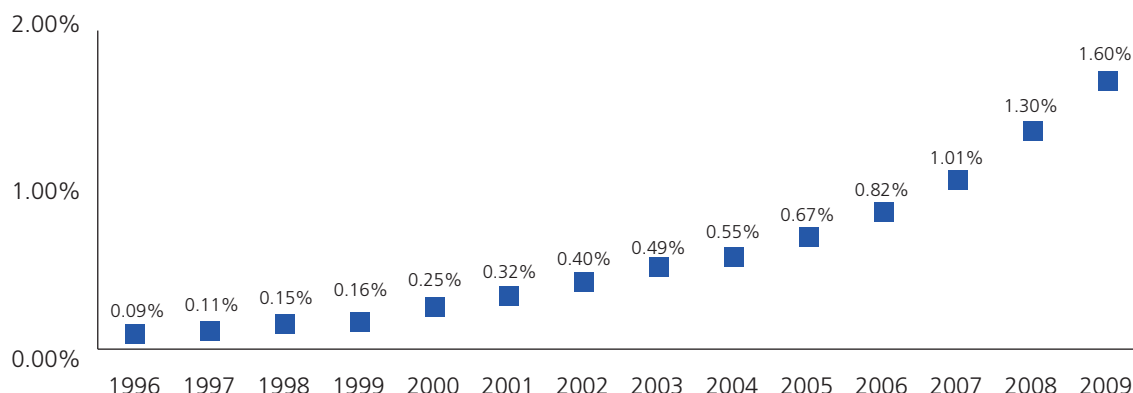


Source: BTM Report

INDUSTRY OVERVIEW

By the end of 2009, worldwide wind power installed capacity has now reached a total of over 160,000 MW – on average this is enough to produce an annual output of more than 331TWh of electricity, covering 1.6% of global demand.

Contribution of wind power to worldwide electricity generation



Source: BTM Report

The global wind power market is relatively fragmented. According to the BTM Report, at the end of 2009, the combined cumulative installed capacity of the top 15 wind power generation companies was 55,519 MW, or approximately 35.0% of the global installed capacity. These companies build and in many cases own and operate the largest new wind farms in the US, Spain, China and the UK.

Top 15 global wind power generation companies by installed capacity

Rank	Wind Operator	Country	2007 cumulative installed capacity (MW)	2008 cumulative installed capacity (MW)	2009 cumulative installed capacity (MW)
1	Iberdrola Renovables	Spain	7,362	8,960	10,350
2	NextEra Energy Resources	USA	5,077	6,374	7,544
3	Acciona Energy	Spain	3,824	4,566	6,230
4	EDP Renovaveis	Portugal	3,639	5,052	6,227
5	China Longyuan	China	1,620	2,924	4,842
6	E.ON Climate and Renewables	Germany	855	1,890	2,873
7	EDF Energies Nouvelles	France	1,218	2,031	2,650
8	Datang Renewable Power	China	919	1,768	2,619
9	Invenergy	USA	887	1,723	2,018
10	Eurus Energy Holding	Japan	1,385	1,722	1,903
11	Infigen Energy	Australia	1,859	1,530	1,739
12	RWE Innogy	Germany	489	639	1,568
13	Huaneng New Energy	China	129	402	1,550
14	Enel	Italy	857	1,237	1,510
15	GDF Suez	France	690	1,054	1,492

Source: BTM report

INDUSTRY OVERVIEW

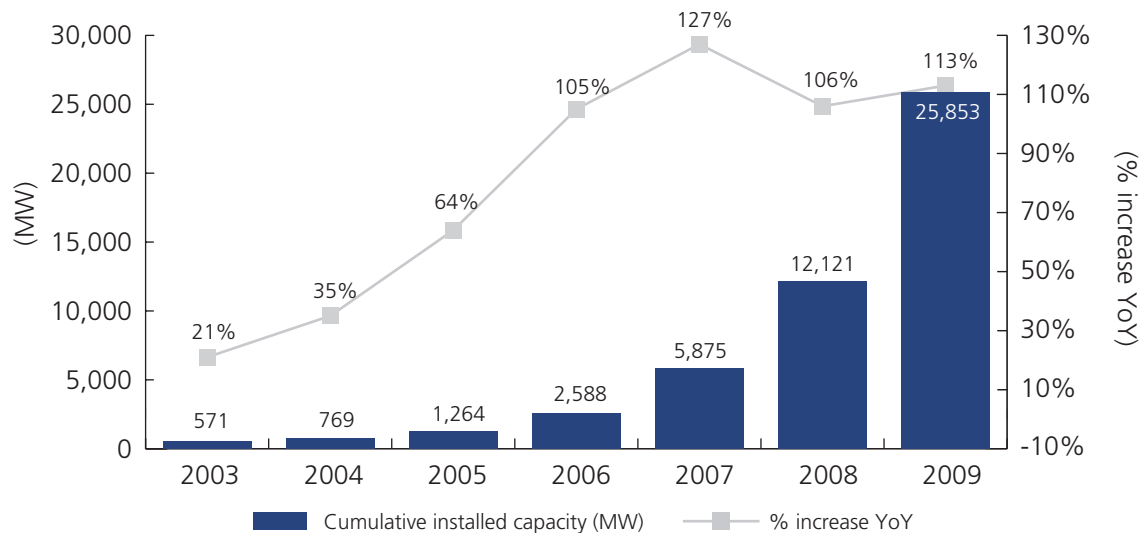
Overview of China wind power market

China's greenhouse gas emissions have increased rapidly along with the fast growth of its economy. According to the US Energy information Administration, China is now the largest greenhouse gas emitter globally. In 2008, China emitted 6,534m tonnes of CO₂, which was double its 2001 emission level, and contributed to 21.5% of the world's total CO₂ emission of 30,377m tonnes. China officially ratified the "Kyoto Protocol" in 2002 and promulgated a series of laws and regulations to encourage the development and utilization of renewable energy in 2005. In November 2009, China said that by 2020 it would reduce its carbon dioxide emissions per unit GDP by 40-45% from 2005.

Renewable energy is a viable alternative capable of meeting China's growing energy demand, in particular in the context of the rapid demand depletion of finite fossil fuels. According to the China Electricity Council (CEC), China's renewable power generation capacity grew at a CAGR of 60.4% from 2001 to 2009.

China's wind power installed capacity grew significantly during the past few years with the absolute installed capacity addition far exceeding non-hydro renewable energy sources. According to the CEC, at the end of 2009, wind power installed capacity accounted for 99% of the non-hydro renewable energy installed capacity. Newly installed capacity during 2009 was 13,750 MW, increasing its cumulative capacity to 25,853 MW – China became the second largest wind power market in the world with 1.8% of the country's total power generation capacity from wind.

China wind power industry installed capacity (2003-2009)



Source: BTM Report

INDUSTRY OVERVIEW

China has abundant wind resources. According to a forecast by the United Nations Environment Program, based on a hub height of 50 meters, China's wind resources could reach 3,000 GW. The areas with high wind energy development potential are Northern China and the South-Eastern coastal areas. Additionally, some parts of inland China influenced with lakes or other favourable topographic conditions also have abundant wind resources. The most abundant wind resources in Northern China include the regions of Inner Mongolia, Jilin, Liaoning, Heilongjiang, Gansu, Ningxia, Xinjiang and Hebei. The most abundant wind resources along coastal areas and offshore are found in Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, Guangxi and Hainan.

The following table sets forth the 2009 China Wind Power Report's estimate of China's wind resources in selected provinces.

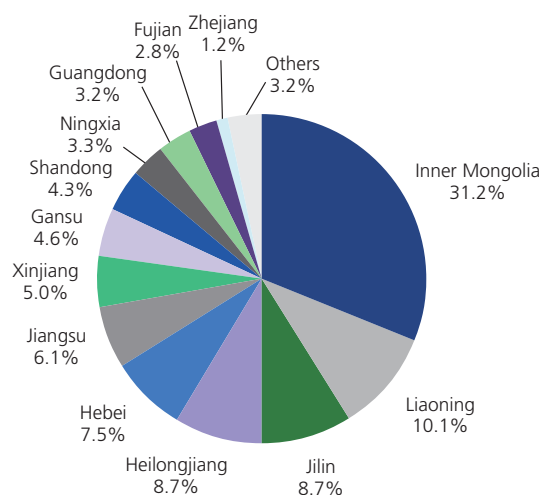
China's Wind Resources in Selected Provinces

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

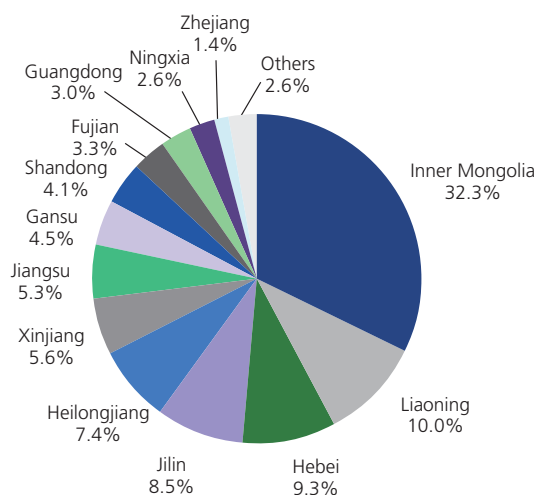
Source: China Electricity Council July 2009

The distribution of wind power generation in China is determined by the location of wind resources, Inner Mongolia, Liaoning, Hebei, Jilin and Heilongjiang are the top regions in terms wind power generation in 2009. The charts below illustrate China's wind power by installed capacity and generation by province in 2009:

Wind power generating installed capacity in the PRC by province in 2009



Wind power generation in the PRC by province in 2009



Source: 2009 Power Industry Statistics Express (全國電力工業統計快報 (2009年))

Analysis of China's wind power industry's growth

National policy

In September 2007, the NDRC issued the "Medium- to Long-term Plan for Renewable Energy Development," which set a target of 5,000 MW of wind power installed capacity by 2010. On March 3, 2008, NDRC revised the plan in the "Renewable Energy Development Eleventh Five-Year Plan", which increased the 5,000 MW target to 10,000 MW. Wind power installed capacity already exceeded 20,000 MW as of end of 2009.

In August 2009, the NDRC formally announced that the "New Energy Industry Promotion Plan" (the "Promotion Plan") would be issued. However, the NDRC has not yet issued the Promotion Plan. According to the public available information in relation to the Promotion Plan, China plans to invest RMB5 trillion in new energy infrastructure development (including nuclear, wind, solar, and biomass power generation) by 2020, upgrading traditional energy, and industrializing the clean coal, smart grid and electric car industries. Among the targets, China is also expected to increase wind power installed capacity target to 150 GW by 2020. It is also worth noting that the State Energy Commission, led by the Premier of the State Council, was established on January 27, 2010, with a key responsibility for formulating energy development strategies for China, including strategies for developing alternative energy sources. The Chinese government also announced in November 2009 that it targets to decrease the carbon dioxide emissions per unit of GDP by 40%-45% from the level of 2005.

In addition, the "Medium- to Long-term Plan for Renewable Energy Developments" includes a "mandated market share" policy, which stipulates that China's non-hydropower renewable electricity generation as a percentage of total electricity generated be increased to 1% by 2010 and 3% by 2020. Further, the installed capacity of non-hydropower renewable energy capacity owned by power generating groups with over 5,000 MW of cumulated installed capacity as a percentage of total electricity generated will reach at least 3% by 2010 and 8% by 2020. As solar and biomass power generation is not expected to experience significant growth based on their current growth rates, achieving the above targets will heavily depend on the development of the most mature non-hydropower new energy sources – wind power.

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The Renewable Energy Law enacted in 2005 required grid companies to provide grid connection for and take 100% of electricity generated from renewable energy sources. However, grid connection remains a problem despite government supervision, as evidenced by the current state of renewable energy development and monopoly of state-owned grid companies. The main issue is the limited loading capacity of regional grids, which in turn lead to electricity rationing and grid connection problems. These problems were addressed in the Renewable Energy Law (Amendment), which was issued in 2009 and became effective on April 1, 2010. The Amendment stressed the complementarity principle of market operation of allocation and the government's high level control. While maintaining the tender system for grid connection of power generated from renewable energy sources, it effected a minimum requirement for protective absorption in order to strengthen the government's control on the renewable energy market. Please see the section entitled "Regulatory Environment" in this prospectus for more details. Moreover, in July 2010, State Grid's 2015 and 2020 connection system and transmission lines planning (接入系統及輸電規劃方案) for the seven 10,000 MW wind base in Ganxu, Xinjiang, Hebei, Jilin, Inner Mongolia and Jiangsu provinces passed accreditation.

On-grid tariff certainty

In July 2009, the NDRC issued the "Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power," which became effective on August 1, 2009 and applies to all onshore wind power projects approved thereafter. In accordance with this circular, the previous "government guided price" method of determining on-grid tariffs was replaced by the geographically unified tariff, a form of government-fixed price. Specifically, the PRC is divided into four wind resource zones, and all onshore wind power projects in the same zone apply the same benchmark on-grid tariff (including VAT) (RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh) applicable to that zone. For wind farms spanning across areas with different fixed on-grid tariffs, the higher tariff applies to the entire wind farm. The new on-grid tariffs will continue to be subsidized by on-grid tariff premiums enjoyed by renewable power projects in general. Please see the section entitled "Regulatory Environment" in this prospectus for more details.

Other preferential support

In addition to providing greater on-grid tariff certainty, the PRC Government launched a series of favorable policies for the Chinese wind power sector, including preferential income tax and VAT, favorable policies towards lending as well as R&D investment. It also stipulates that Chinese power grids must offtake all the power generated from renewable energy and construct infrastructure for transmission and distribution for such power. Please see the section entitled "Regulatory Environment" in this prospectus for more details.

INDUSTRY OVERVIEW

Improvements in grid infrastructure

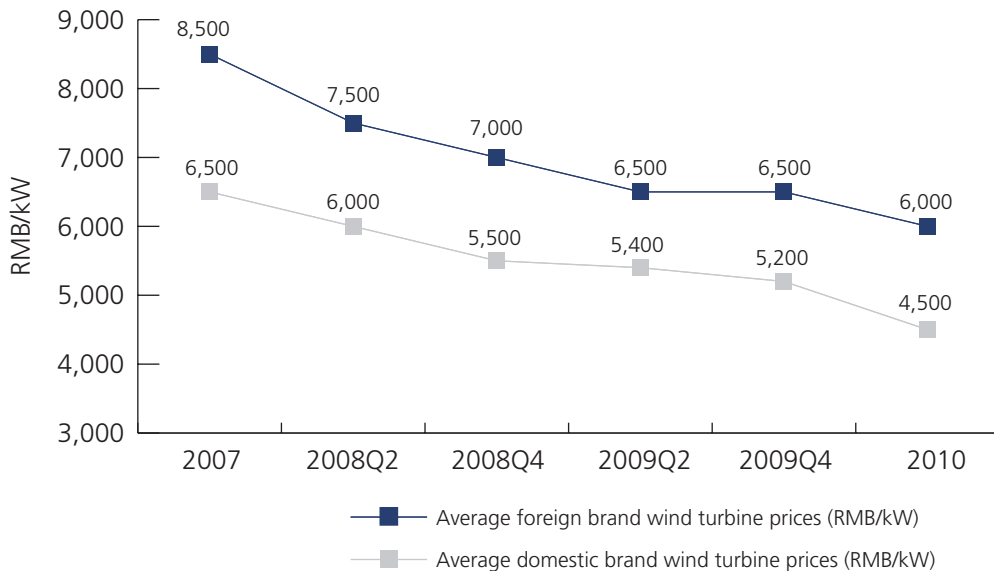
The PRC Government and state-owned grid companies have implemented several measures and indicated plans to invest significantly in the construction of Ultra High Voltage (UHV) transmission infrastructure, and a smart grid featuring distributed power supply and storage. Such measures will help address the grid connectivity bottleneck currently faced by the wind power industry. Please see “Industry Overview – Overview of the PRC Economy – Construction and Development of Power Grids” in this prospectus for more details.

Higher wind turbines qualities and decrease in price

In the past few years, Chinese wind turbine manufacturers have improved the average quality of their wind turbines and increased production capacity. Based on tender information over the past two years, Chinese wind turbines are typically less expensive than foreign wind turbines. Domestic wind turbine manufacturers thereby increased their market share in China.

Since the end of 2008, China’s wind turbine’s average price experienced a decreasing trend, which can be attributed to four main factors: 1) decrease in commodity prices since 2008, lowering input costs; 2) increased volumes of parts and components of wind turbines produced domestically; 3) lower prices by suppliers to win contracts as a sizable number of competitors have entered the market; 4) lower prices of wind turbines by domestic manufacturers to compete more effectively with foreign wind turbine manufacturers as well as to deter new industry entrants

Wind turbine price trends in China

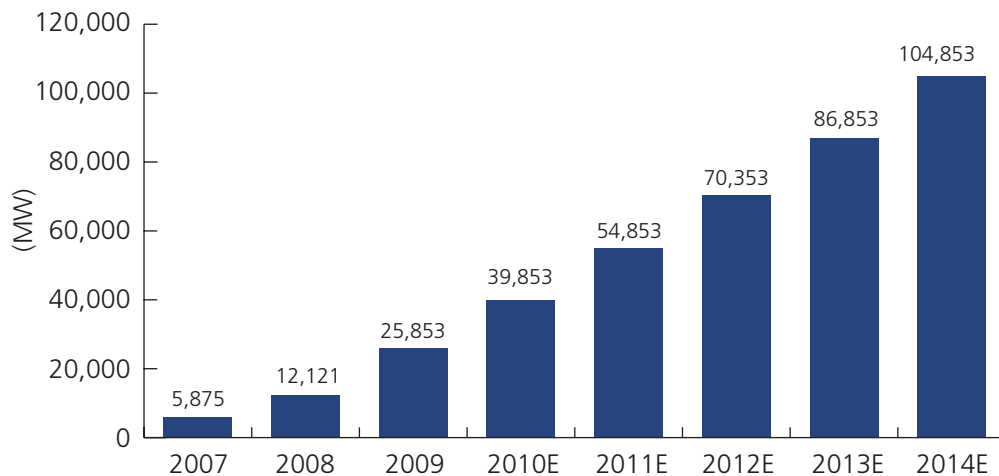


Source: China Agricultural Machinery Association – Wind Turbine Branch (中國農機工業協會風力機械分會)

INDUSTRY OVERVIEW

With Chinese government support and other favorable sector trends, BTM forecasts China's wind power installed capacity will grow over 14,000 MW per year over the next five years. By the end of 2014 the cumulative wind power capacity is expected to reach over 100,000 MW. China will therefore soon become the largest wind power market in the world in terms of annual additions and cumulative installed capacity.

China's cumulative wind power capacity forecast (2007-2014E)



Source: BTM Report

The leading wind farm operators in the PRC

Large power generation groups and local power companies make up for the majority of investments in the wind power sector in China. After 2003, the share of installed capacity from large power groups and local power companies has increased annually.

We face competition from other wind power operators, which compete with us in bidding for new wind farms, or acquiring existing project sites (in particular sites with favorable wind conditions and adequate transmission capacity), securing delivery of quality key equipment, and outsourcing construction and installation work, etc. Please see “Risk Factors – Risks relating to our Wind Power Business and the Wind Power Industry – We face competition from other wind power developers, as well as other renewable energy companies” above for details. In addition, although grid companies in PRC are generally obligated to purchase and transmit the full amount of electricity produced by wind farms within the coverage of their grids, we may also face competition from other wind power operators located within the coverage of the same grid due to insufficient power transmission limitations in some regions of China. Please refer to “Risk Factors – Risks relating to Our Wind Power Business and the Wind Power Industry – Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity” above for risks relating to the transmission limitation of local grids. As the competition to dispatch generated electricity generally exists among all the wind farms located in the same region covered by local grids, such competition among wind farms is immaterial and insignificant.

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According to the BTM Report, based on the installed capacity as of December 31, 2009, our company is the second largest wind power operator in China. As of the end of 2009, our company's total installed capacity accounted for 10.2% of China's total wind power market.

2009 Cumulative wind power installed capacity of leading wind farm operators in the PRC

Company	2009 cumulative installed capacity (MW)	Market share of China's total wind power capacity ⁽¹⁾
China Longyuan	4,504	17.6%
Datang Renewable.	2,619	10.2%
Huaneng New Energy	1,550	6.1%
Guohua Energy	1,331	5.2%
China Guangdong Nuclear Power	1,236	4.8%
Beijing Jingneng	1,096	4.3%
China Huadian	998	3.9%
China Energy Conservation and Environmental Protection	724	2.8%
China Power Investment Group	706	2.8%
Others	10,819	42.3%
Total	25,583	100.0%

Sources: The statistics for China Longyuan are derived from its 2009 Annual Report, the statistics for Datang Renewable and Huaneng New Energy are derived from the BTM Report, and the statistics for other companies are derived from the 2009 PRC Wind Power Construction Report issued by HydroChina Corporation (中國水電工程顧問集團公司)

Note:

(1) Market share is calculated based on the 2009 total installed capacity statistics from BTM report.

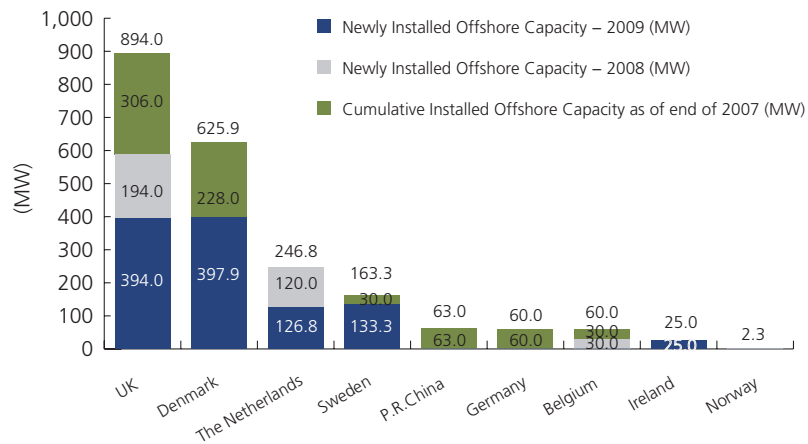
Overview of offshore wind power market

Global offshore wind power market

The development of offshore wind power projects globally has evolved slower than onshore projects due to larger required capital expenditures and higher operational and maintenance costs at the moment. However, offshore wind energy technology continues to mature and is set to become one of Europe's main development strategy for its future wind power market. According to BTM, in 2009, of the total global cumulative wind installed capacity of 160,084 MW, offshore wind installed capacity was only 2,110 MW, representing approximately 1.3% of the total global wind installed capacity. The table below sets forth estimation from the BTM Report of the status of the offshore installation at the end of 2008 and 2009, listed by country.

INDUSTRY OVERVIEW

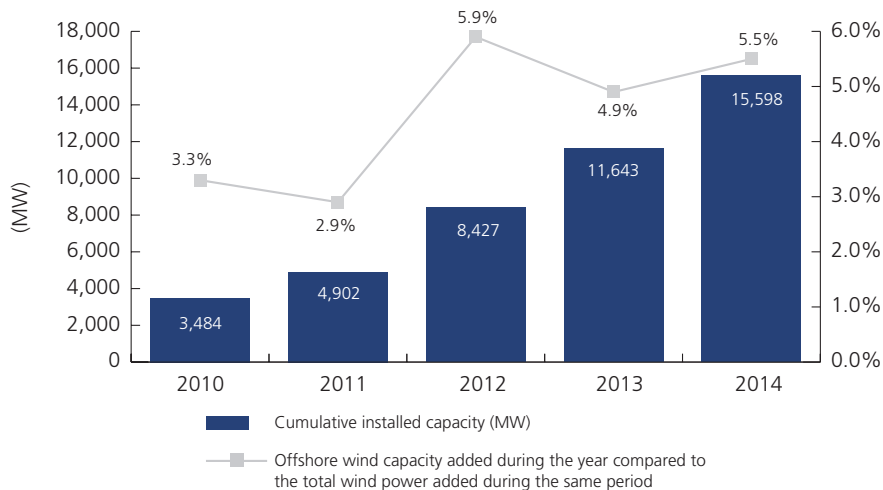
2009 cumulative offshore capacity of major wind power countries



Source: BTM Report⁽¹⁾

Offshore wind farms have significant wind power resources, and have great development potential in the long run. At present, however, as the cost for offshore wind farms is higher than that for onshore wind farm, government support is needed to support this sector's growth. Therefore, According to the BTM Report⁽¹⁾, offshore capacity will continue to form a small part of the global installed wind power capacity. According to the BTM Report, of the total incremental installed wind power capacity of 287,605 MW that will be added globally from 2009-2014, offshore wind power capacity will only account for 4.7%.

Offshore cumulative wind capacity and its annual contribution towards global total wind installed capacity added



Source: BTM Report⁽¹⁾

⁽¹⁾ Founded in 1986, BTM is a private independent consultancy company based in Denmark and specialized in renewable energy including wind energy. Its staff has been working with wind energy utilization since 1979. Services provided by BTM include market assessment and business development, appraisal and due diligence investigations. It publishes, among other things, International Wind Energy Development – World Market Update, a non-governmental publication, on an annual basis since 1995 containing statistics and market updates of the worldwide wind energy industry.

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China offshore wind power market

China's offshore wind power is still in its infancy, but possess large growth potential with an abundance of offshore wind resources. According to preliminary estimates by the China Meteorological Administration, China has around 200 GW of offshore wind power resources available for development.

Currently, there are only two operational grid-connected offshore wind farms in China, namely Donghai Bridge Offshore Wind Farm and the Jiangsu Rudong Intertidal Zone Wind Farm.

In January 2010, the National Energy Administration ("NEA") issued a circular to 11 provinces/municipals including Liaoning, Hebei, Tianjin, Shanghai, Shandong, Jiangsu, Zhejiang, Fujian, Guangdong, Guangxi and Hainan, requiring them to trial offshore wind farm concession projects. In May 2010, NEA officially launched the first round of concession tendering for offshore wind farm and invited large-scale wind farm operators across the country to bid for four offshore concession wind farm projects (total capacity of 1,000 MW). These four wind farm projects are all located in the Jiangsu Province, which has among the richest offshore wind energy resources in the country. We won 300 MW out of the total 1,000 MW of offshore concession wind power project, please refer to "Business – Our Portfolio of Wind Power Projects – Offshore wind power projects" in this prospectus for more details.

Compared to onshore, offshore wind farms require higher initial investments. However, it has long-term advantages such as lower per unit operating cost⁽¹⁾, longer wind turbine life expectancy, higher generation capacity and more stable supply which offset its short-term weaknesses. In addition, offshore wind power generation does not require land resources and could be sited closer to coastal load centers in China. Offshore wind power generation can effectively address the issue of long-distance transmission faced by onshore wind power generation and hence reduce the grid transmission limitations for wind power. Furthermore, as the economy in the Eastern Coastal areas is well developed and the region faces energy shortage, development of offshore wind farms close to those regions could improve the power supply situation. Moreover, with the Chinese government's strong support and promotion of offshore wind farms, China has the potential to catch up with Europe in its offshore wind power development in the near future.

⁽¹⁾ Operating cost excluding depreciation

REGULATORY ENVIRONMENT

OVERVIEW

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

PRINCIPAL REGULATORY AUTHORITIES RELATING TO OUR BUSINESSES

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

- The NDRC and provincial DRC are responsible for:
 - setting and implementing major policies concerning China's economic and social development;
 - reviewing and approving investment projects in the power industry at a certain scale;
 - promulgating regulations and rules in connection with the operation of power plants;
 - approving power tariffs; and
 - accepting and approving CDM projects.
- The SERC and its local branches are mainly responsible for:
 - promulgating rules for the power industry;
 - supervising the operations and legal compliance of the power industry;
 - issuing and administering Electric Power Business Permits (電力業務許可證); and
 - supervising the power market.
- The MEP is responsible for the supervision of environmental protection and monitoring of the PRC's environmental system at the national level.
- The SAWS is responsible for supervising work safety of power generation operations and project construction, and formulating various safety regulations.
- The MOFCOM, together with the NDRC and the MOF, encourages energy saving and rational development and utilization of renewable energy through tax incentives and designating special funds for the development of renewable energy.
- The SAT is responsible for promulgating and implementing tax policies and regulations.

REGULATORY ENVIRONMENT

- The SASAC, which the state Council authorized on behalf of the state to fulfill the investors' responsibilities, has an indirect influence over us, as our controlling shareholder Datang is a state-owned enterprise under their direct supervision. In particular, the SASAC has the power to nominate director or senior manager candidates, and instruct Datang to propose their appointment; the SASAC also has the power to request Datang to propose the removal of our directors and senior management in accordance with relevant procedures specified in law and our Articles of Association.

OVERALL REGULATORY SCHEME IN THE PRC POWER INDUSTRY

The regulatory framework of the PRC power industry is mainly manifested in the Electric Power Law of the PRC (hereinafter referred to as "Electric Power Law" (《中華人民共和國電力法》)) and the Electric Power Regulatory Ordinance (《電力監管條例》), which became effective on April 1, 1996 (revised and effected on August 27, 2009) and May 1, 2005, respectively. One of the stated purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and regulates PRC and foreign investment in the power industry. The Electric Power Regulatory Ordinance sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of Electric Power Business Permit, the regulatory inspections of power generators and grid companies and the legal liabilities from violations of the regulatory requirements.

ELECTRIC POWER BUSINESS PERMIT

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

DISPATCH

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

Pursuant to the Dispatch Regulations, dispatch centers are established at each of five levels; the national dispatch center, the dispatch centers of the interprovincial power grid, the dispatch

REGULATORY ENVIRONMENT

centers of the provincial-level power grid, the dispatch centers of the power grid of municipalities under provinces and the dispatch centers of the county power grid. Each power plant receives on a daily basis from its local dispatch center a projected hour-by-hour output schedule for the following day, based on expected demand, the weather and other factors.

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

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

ON-GRID TARIFF

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

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

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

On September 30, 2007, the NDRC, together with the MOF and SERC, promulgated the Circular on Relevant Issues Concerning Further Implementing the Differential Power Tariff Policy (《進一步貫徹落實差別電價政策有關問題的通知》), which provides guidance for the determination of differential power tariffs for high-energy-consumption industries. Perform rectification in areas which still adopt tariff concessions for high-energy-consumption industries. It has become effective from the promulgated date.

REGULATORY REQUIREMENTS RELATING TO RENEWABLE ENERGY

Overall Regulatory Framework

The challenges of increasing demand for energy, sustainable development and the increased concern regarding the negative environmental effects of energy generation using fossil fuels have led the PRC government to pay greater attention to the development and utilization of renewable energy. The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) has come into effect from January 1, 2006 (revised on December 26, 2009 and implemented from April 1, 2010).

The Renewable Energy Law of the PRC sets out the regulatory framework for the development and use of renewable energy. Renewable energy includes wind energy, solar energy, hydropower, biomass power, geothermal energy, ocean energy and certain other types of non-fossil energy.

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

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

The Renewable Energy Law Rule 8 stipulates The State Council’s administrative department(s) in charge of energy, together with the relevant departments of the State Council, prepare the national plans for renewable energy development and utilization, according to the mid-term and long-term total amount targets of the development and utilization of national renewable energy and the conditions of renewable energy technologies, and report to the State Council for its approval before implementation.

The relevant departments of the State Council shall formulate relevant plans to facilitate the achievement of the mid-term and long-term total amount targets for the development and utilization of national renewable energy.

Provinces, autonomous regions and municipalities’ administrative departments in charge of energy, together with the relevant departments of the government at the corresponding level, prepare the plans for renewable energy development and utilization of that administrative

region, according to the national plans for renewable energy development and utilization and the mid-term and long-term total amount targets of that administrative region, after getting approval from the government at the corresponding level, report to the State Council's administrative department in charge of energy and the national electricity regulatory organizations for their records and to organize the implementations thereof.

Rule 9 stipulates "To prepare plans for exploitation and utilization of renewable energy, it is essential to act in accordance with principles related to geographical characteristics, proper planning and execution, reasonable placement and orderly development. Wind power, solar power, water power, biomass power, geothermal power, ocean power, etc should be comprehensively planned. The planning should include development goal, main mission, regional placement, key items, implementation progress, companion grid construction, serving system, contingent policy, and etc. Departments responsible such organization and preparation should seek advice from related entities, experts and the public, and carry out scientific argumentation."

Offshore Wind Power

On January 22, 2010, in order to regulate the management of development and construction regarding offshore wind power and improve offshore wind power to develop healthily and regularly, the NEA promulgated the Provisional Measures for the Administration of Offshore Wind Power Construction (《海上風電開發建設管理暫行辦法》), which regulate the administrative organization management and technical quality administration for offshore wind power development planning, project granting, project approval, use of sea area and marine environmental protection, construction completion and acceptance, operation information management, etc.

Preliminary Work

According to the Circular of the Requirements Regarding the Preliminary Work of Wind Farm Construction (《關於風電前期工作有關要求的通知》) promulgated by the NDRC on January 6, 2004, the preliminary work of wind farm construction includes the wind energy resource assessment, wind farm site selection and wind farm feasibility study. The wind farm feasibility study shall be conducted on the project basis and the other two shall be conducted on the provincial basis. Expenses for preliminary work of wind farm construction shall be assumed jointly by the state government and local government; the state government shall provide fixed subsidies for preliminary work of wind farm construction.

The Provisional Measures for the Administration of Preliminary Work of Wind Farm Construction (《風電場工程前期工作管理暫行辦法》), promulgated by the NDRC on May 9, 2005, sets forth provisions for the administration of preliminary work of wind farm construction.

According to the Provincial Measures for the Administration of Land Use and Environmental Protection of Wind Farm Construction (《風電場工程建設用地和環境保護管理暫行辦法》) promulgated by the NDRC, MLR and SEPA on August 9, 2005, the preliminary review of land use of wind farm construction shall be assumed by the provincial land and resource authorities, and the wind farm construction projects shall practice the environmental impact assessment system.

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According to the Measures for the Administration of Preliminary Work of Wind Power Concession Projects (《風電特許權項目前期工作管理辦法》) promulgated in 2003, the preliminary work of wind power concession projects includes the wind energy resource assessment, wind farm site selection and wind farm feasibility study. The NDRC shall be responsible for the administration of preliminary work of national wind power concession projects, and provincial (regional, municipal) planning commissions (NDRCs) shall be responsible for the administration of preliminary work of provincial (regional, municipal) wind power concession projects.

In accordance with the Decision on Institutional Reform of Investment System (《關於投資體制改革的決定》), the Interim Measures on Examination and Approval of Enterprise Investment Projects (《企業投資項目核准暫行辦法》) and the Interim Measures on Administration of Examining and Approving Foreign Invested Projects (《外商投資項目核准暫行管理辦法》), before commencing construction a renewable energy power generation project must obtain requisite permits and government approvals, which include approvals related to pre-approval views of the project construction sites, environmental impact assessment, project approvals and construction permits.

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

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

The Circular of the NDRC on Canceling the Requirement of Localization Rate of a Turbine's Components Used by a Wind Power Project (《國家發展改革委關於取消風電工程項目採購設備國產化率要求的通知》) promulgated by the NDRC on December 25, 2009 provides that, the requirement "at least 70% wind power equipments must be manufactured in the PRC, otherwise the construction of such wind power project will not be approved" specified in the Circular of the Requirements Regarding the Administration of Wind Farm Construction shall be cancelled from the date of issuance.

Grid-connection

The Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》) promulgated by the NDRC, which became effective on January 5, 2006, sets forth provisions for the construction and administration of grid-connection system for power generation from renewable energy. According to the Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》), the grid-connection system for power generation from renewable energy shall be constructed and administered by power grid enterprises. The grid-connection system for large

and medium power generation projects from renewable energy like wind power generation with direct connection to transmission network shall be invested by power grid enterprise; the property demarcation point is the first pole (bar) outside the power booster station.

Mandatory Purchase and Dispatch Priority

Mandatory Purchase

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

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

The Renewable Energy Law emphasizes enforceable on-grid and full purchase system, Sub-clauses 1 and 2 of Rule 14 of the Renewable Energy Law stipulate “The country will carry out renewable energy related full purchase system.” “The energy supervisory department(s) of the State Council, together with electricity regulatory commission(s) and finance supervisory department(s) of the State Council, will ensure, in accordance with plans for national exploitation and utilization of renewable energy, that we will achieve the targeted level of the ratio of renewable energy to the overall energy in the period. Also, the dispatch prioritization of grid industries and precise solution of full purchase of renewable energy will be formulated. All will be monitored by energy supervisory organizations of the State Council and state electricity regulatory commission(s) throughout the year to ensure the implementation.”

A more realistic and detailed stipulation related to the responsibility and obligation of grid companies and power enterprises has been put forward according to sub-clauses 3 and 4 of Rule 14 of the Renewable Energy Law that, “Grid companies should enter into grid connection agreements with renewable energy enterprises, which are constructed in line with the renewable energy exploitation and utilization scheme, obtaining administrative permission or putting on file. Grid companies are required to purchase the entire electricity generated by the renewable energy companies within the coverage their grids which meet the relevant grid connection requirements. Power enterprises have the obligation to cooperate in coordination with grid companies to ensure the safety of grids.” “Grid companies should enforce the grid construction, widening the accessible area of renewable power, developing and applying smart grid, energy saving technology, etc. Also, the management of the grid operation should be improved and adsorptive capacity of renewable power should also be enhanced to provide on-grid service for the renewable energy.”

The Renewable Energy Law Rule 29 stipulates “Any violation to this Law Rule 14, that is, grid enterprises who do not complete purchase of renewable power as stipulated will be responsible to indemnify any loss incurred to renewable power enterprises. Such practice will be corrected within a definite time under stringent supervision of state electricity regulatory commission(s). If the situation continues, the double (or more) indemnity clause would be applied.”

Dispatch Priority

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

Tariff and Cost Sharing Program

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

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

- For wind power projects that obtained approvals from the NDRC or provincial DRCs after December 31, 2005, the on-grid tariff is the “government guided price.” On-grid tariffs of concession projects are determined through public tender and then approved by the government; on-grid tariffs of non-concession projects are approved by the relevant pricing authorities by reference to the approved prices of concession projects in the neighboring areas.
- Investors of biomass power projects shall be determined through bidding, and the on-grid tariff shall be governmental recommended, that is, determined by bidding, and shall not exceed the benchmark electricity price of the region. If the on-grid tariff is governmental set for such projects, the related local price authorities under State Council shall define the benchmark electricity price, and the rate consists of the on-grid power tariff of desulfurized coal unit and subsidy electricity price of 2005 of each province (autonomous region and municipality). The rate of subsidy tariff is RMB0.25 per kwh. Since launch of production of power generation project, it will be entitled to subsidy tariff within 15 years; upon expiration of 15 years, the subsidy will be withdrawn. Since 2010, the subsidy tariff of newly approved power generation projects each year shall be 2% lower than that of last year on an annual basis.
- As for the projects of power generation by solar energy, ocean energy and geothermal energy, the on-grid tariff shall be governmental set, at the rate determined by related price authorities under State Council in the principle of rational cost plus rational profit.

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In addition, pursuant to the Price and Cost Sharing Regulation, for the renewable energy projects approved after January 1, 2006, for the part the on-grid tariff exceeds the local benchmark on-grid tariff of desulfurized coal unit, and the part the operation maintenance expense for independent electric system of public renewable energy with state investment or subsidy exceeds the average sales tariff of the local provincial grid, and the grid-connecting expense of renewable resource power generation projects, additional electricity price can be charged toward electric users. According to the Circular of NDRC on adjustment of on-grid tariff across China, the additional on-grid tariff shall be increased to RMB4 per MWh as of December 20, 2009.

On January 11, 2007, NDRC promulgated Provisional Measures on Adjustment to Additional On-grid Tariff for renewable energy (《可再生能源電價附加收入調配執行協法》) to make subsidy rate for renewable energy consistent, as shown below:

- (1) Subsidy amount for power generation projects of renewable energy = (on-grid tariff of renewable energy – local provincial-level benchmark electricity price of desulfurized coal unit)* grid power by generation of renewable energy.
- (2) Subsidy amount of independent electric system of public renewable energy = operation maintenance expense for independent electric system of public renewable power – average sales tariff of the local provincial grid* power generation of independent electric system of public renewable energy.
- (3) Grid-connecting expense of renewable resource power generation projects refers to the investment and operation maintenance expense for power transmission and transformation for connecting the renewable resource power generation projects to connect to the grid. The rate shall be dependent on the length of route: RMB0.01 per kwh for less than 50km, RMB0.02 per kwh for 50-100km, and RMB0.03 per kwh for 100km and more.

On July 20, 2009, “the NDRC promulgated the Circular Regarding the Furtherance of On-grid Pricing Policy of Wind Power” (《國家發展改革委關於完善風力發電上網電價政策的通知》), which has come into effect on August 1, 2009 and applies to all onshore wind power projects approved thereafter. In accordance with this circular, the on-grid tariff as determined by “government guided price” discussed above has been replaced by the geographically unified tariff, a form of government-fixed price. Specifically, the PRC is categorized into four wind resource zones, and all onshore wind power projects in the same zone apply the same standard on-grid tariff (including VAT) (RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh) applicable to that zone. For wind farms spanning across areas with different fixed on-grid tariffs, the higher tariff applies. The new on-grid tariffs will continue to be subsidized by on-grid tariff premiums enjoyed by renewable power projects in general.

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

The Renewable Energy Law Rule 20 stipulates “Grid Enterprises, as stipulated in this Law Rule 19, if the on-grid tariff for purchase for renewable power is higher than on-grid tariff for powering in ordinary way, the difference would be compensated by renewable power tariff collected from national electricity sale.”

Designated Funds

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

The Renewable Energy Law Rule 24 stipulates “The Ministry of Finance has established renewable power development fund, the funding comes from sources including special-purpose fund arranged during this financial year, additional income collected from renewable power tariff according to the law, and etc.”

CDMs

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

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

On October 12, 2005, the Measures for Operation and Management of Clean Development Mechanism Projects, hereinafter referred to as the “CDM Measures”) (《清潔發展機制項目運行管理辦法》) were promulgated by the NDRC jointly with the Ministry of Science and Technology (“MOST”), the Ministry of Foreign Affairs (“MFA”) and MOF. The CDM Measures set forth general rules and specific requirements for the application for, and approval of, CDM projects, including, among others, the following:

- only companies wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. Consequently, a company controlled by foreign parties does not qualify to apply for PRC government’s approval for a CDM project. The exception is that, according to Supplemental Explanation on HK-invested Enterprises Carrying Out CDM Projects in Mainland China promulgated on December 1, 2009 by HK environmental project department, the HK-invested company in line with HK enterprise certification letter for the Management Method of CDM Project promulgated by HK environmental project department, such companies shall be identified as Chinese-invested enterprises by the NDRC, to be eligible for carrying out CDM projects in China.
- the approval procedures of CDM projects includes (i) a review by experts from relevant organizations appointed by the NDRC, (ii) an examination of applications for approval of a CDM project by the National CDM Board and (iii) approval jointly by the NDRC, MOST and MFA, promulgated by the NPRC.

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- the CDM Board will review the floor price of the sale of the CERs generated in the PRC.
- for CDM projects approved on or after October 12, 2005, (i) the resources of emission reductions are owned by the PRC government, (ii) CERs produced from a particular CDM project are owned by the PRC project owner, (iii) the PRC government imposes a levy on the proceeds from selling CERs under a CDM project at various levels depending on the types of projects. With respect to wind power projects that develop and utilize renewable energy and are encouraged as a matter of the government policy, only 2% of the proceeds are payable to the PRC government.

On November 25, 2009, a standing meeting is held in State Council, at which it is decided by 2020, CO₂ emission per unit of GDP of China will be reduced by 40% to 45% than 2005, and such index shall be a restraining guideline, and incorporated into the middle and long term plan of social economic development, and related domestic statistic, monitoring and examination methods will be made.

Environmental protection

The main PRC environmental laws and regulations applicable to construction and operation of our power plants include the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the PRC Law on the Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》), the PRC Law on the Prevention and Treatment of Air Pollution (《中華人民共和國大氣污染防治法》), the PRC Law on Prevention and Treatment of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》) and the PRC Law on Appraising Environment Impacts (《中華人民共和國環境影響評價法》). According to the Environmental Protection Law of the PRC, which became effective on December 26, 1989, for the technological transformation of newly-built industrial enterprises and existing industrial enterprises, facilities and processes that effect a higher rate of the utilization of resources and a lower rate of the discharge of pollutants shall be used, along with economical and rational technology for the comprehensive utilization of waste materials and the treatment of pollutants. According to the PRC Law on Appraising Environment Impacts, which became effective on September 1, 2003, in case the environmental impact appraisal document of a construction project fails to pass the examination of the statutorily prescribed examination and approval department or fails to be approved after examination, the examination and approval department of the project may not approve the construction thereof, and the construction entity may not start construction.

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

SAFETY AND LABOR PROTECTION

The Work Safety Law of the PRC (《中華人民共和國安全生產法》), which became effective on November 1, 2002, is the principal law governing the supervision and administration of work safety and labor protection for power projects. In accordance with the Measures on Supervision and Administration of the Work Safety of Electricity Industry (《電力安全生產監督管理辦法》),

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promulgated by the SERC in March 2004, power plants are responsible for maintaining their safety operations in accordance with requirements set by the regional grid in which they are located. Power plants are required to report to the SERC, the SAWS and relevant local government authorities, within 24 hours, any safety accident that causes worker fatalities or is classified as a serious or extraordinary accident.

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

Tenders and Bids

According to Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法》) (implemented on January 1, 2000) and related provisions, the projects concerning public interest and security such as large infrastructure and public undertakings performed in China must be carried out through bidding and tendering. According to the Provisions of Bidding Scope and Size Standard of Engineering Construction Projects (《工程建設項目招標範圍和規模標準規定》) (promulgated on May 1, 2000 by the former state development planning committee), the projects concerning public interest and security include energy projects such as electricity and new energy.

Taxation

The renewable energy industry in the PRC generally enjoys certain tax incentives and rebates.

Enterprise Income Tax Law

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

On March 16, 2007, the PRC National People's Congress enacted the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "EIT Law"), which, together with its related implementation rules promulgated by the State Council on December 6, 2007, became effective on January 1, 2008. The EIT Law imposes a single uniform income tax rate of 25% on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatment available under the previous tax laws and regulations. On December 26, 2007, the State Council promulgated a Circular on the Implementation of the Transitional Preferential Tax Policies (《關於實施企業所得稅過渡優惠政策的通知》). Pursuant to the Circular, with the effectiveness of the EIT Law, certain of our subsidiaries are entitled to apply the transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, as of January 1, 2008, after implementation of the new tax law, the enterprises used to be entitled to regular tax rebates, such as "two-year exemptions and three-year 50%-offs" and "five-year exemptions and five-year 50%-offs" shall continue with such favors till their expiration. However, those enterprises which have not gained profits shall be entitled to the tax favor starting from 2008.

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

In addition, pursuant to the Circular on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (《關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》), a public infrastructure project approved after January 1, 2008 is entitled to a three-year full tax exemption followed by a three-year 50% exemption commencing from the first year it generates operating income. Accordingly, each of our wind power projects which have obtained government approval on or after January 1, 2008 is fully exempted from EIT for three years starting from the year when operating income is first derived from the sales of wind electricity, and 50% off for the next three years. Also, the Circular on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment Supported by the Country (《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》) promulgated by State Tax Administration on April 16, 2009, provides detailed explanation on execution of the above tax favors.

According to the Notification on Chinese CDM Fund and CDM Projects subject to Corporate Income Tax (《關於中國清潔發展機制基金及清潔發展機制項目實施企業有關企業所得稅政策問題的通知》) promulgated by MOF and SAT on March 23, 2009, as for the key areas and plantation projects as provided in Article 4 of the Operation Management Method (《清潔發展機制項目運行管理辦法》) of CDM Projects, 2% of the income from sales of quota of green gas reduction can be deducted from tax income.

VAT Law

According to “Circular on Value Added Tax Policy Regarding Comprehensive Utilization of Resources and Other Products” (《關於資源綜合利用及其他產品增值稅政策的通知》) co-released by MOF and SAT on December 9, 2008, the VAT from sales of power generated by wind is entitled to 50% refund.

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

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our Company was established as a joint stock limited company under the Company Law on July 9, 2010 through Reorganization of our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司, originally named as Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰賽罕壩風力發電有限責任公司)). Our Company is the primary entity through which Datang, our controlling shareholder, engages in the renewable energy business, with our main focus on the wind power generation business, in which we have over six years of experience in the PRC. Over such period, we have established wind power operations on a significant scale and accumulated extensive expertise in the development, operation and management of wind power projects.

Our predecessor was established on September 23, 2004, as a limited liability company wholly owned by Datang under the name Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰賽罕壩風力發電有限責任公司), which was renamed to China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司) on March 19, 2009, for the overall development of the wind power resources in Chifeng area of Inner Mongolia, PRC. This marked the beginning of our full involvement in the wind power generation industry. Saihanba Wind Farm Phase I, our first wind power project, with an installed capacity of 30.6 MW, commenced construction in October 2004 and became operational in August 2005.

Leveraging our experience in the successful development and operation of Saihanba Wind Farm Phase I, we entered into an investment and development agreement with the local government of Chifeng to develop one million-kW-class wind power project, to ensure the further development of Saihanba Wind Farm. Saihanba Wind Farm Phase II and Phase III, with respective installed capacity of 45.05 MW, commenced construction in August 2005 and September 2005 and became operational in June 2006 and August 2006, respectively.

We are committed to developing our wind power business and exploring opportunities to grow our wind power business. On April 28, 2006, our first joint venture wind power company was established with KEPCO Neimenggu International Ltd., representing our first step to leverage the experience and advanced technology of overseas power companies. Since then, we have been cooperating with other experienced domestic and overseas power companies to invest in and develop wind power projects in Chifeng area.

In addition to focusing on Inner Mongolia, we also expanded our wind power business into other provinces in the PRC, in particular, the Northern China provinces and some coastal cities. On May 5, 2008, we received the approval from NDRC to develop and construct the 102 MW Shanghai Donghai Bridge Offshore Wind Power Pilot Project, which is the first offshore wind farm in the PRC. This made us the Chinese front-runner in the offshore wind power development. The Shanghai Donghai Bridge Offshore Wind Power Pilot Project became fully operational in June 2010.

In November 2008, we acquired 100% equity interest in Bayannur Wulate Zhongqi Fuhui Wind Power Generation Company Limited (“巴彥淖爾烏拉特中旗富匯風能電力有限公司”) and Bayannur Wulate Houqi Fuhui Wind Energy Power Co., Ltd. (“巴彥淖爾烏拉特後旗富匯風能電力有限公司”) from Bayannur Wulate Fuhui Wind Power Electricity Company Limited (內蒙古巴彥淖爾富匯風能電力有限公司) (“Bayannur Fuhui”) at a total cash consideration of RMB439 million. In December 2009, we entered into an agreement to acquire 51% equity interest in

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Linxi Aolujia Renewable Power Development Co., Ltd. (林西奧陸嘉新能源開發有限公司) (“Linxi Aolujia”) from Beijing Aolujia Renewable Energy Development Company (“北京奧陸嘉新能源開發有限公司”) (Beijing Aolujia) by assuming its total capital contribution commitment amounting to RMB93.52 million. The acquisition of Linxi Aolujia was completed in June 2010. Both Bayannur Fuhui and Beijing Aolujia are limited liability companies registered in the PRC and Independent Third Parties not connected with the Company or its holding companies.

Before our Reorganization, Datang transferred to us, without consideration, 12 wind farms with an total installed capacity of 549.0 MW in 2009, reaffirming our role as the flagship company of Datang for its wind power businesses. In 2010, we underwent the Reorganization, through which Datang transferred to us substantially all of the wind power business it held as of December 31, 2009. In November 2010, Datang further transferred to us the entire assets it held through its subsidiary, Shanxi Renewable Power Co., Ltd., in two wind power projects under construction, namely Mima Zongliang Wind Farm Phase I and II, located in Hunyuan County of Shanxi Province with respective installed capacity of 49.5 MW. The total assets of the projects as of June 30, 2010 were RMB112.4 million and the relevant asset ratio was 0.38% compared to the total assets of the Company as of the same day. The two projects are expected to commence operation in February 2011 and December 2011, respectively, and thus have not generated any revenue or profit as of the Latest Practicable Date. In the same month, Datang transferred to us the 2% equity interest in Datang Hailin Wind Power Generation Co., Ltd. (大唐海林風力發電有限公司) it held indirectly through Heilongjiang Longtang Power Investment Co., Ltd. (黑龍江龍唐電力投資有限公司) at the consideration of RMB1.7127 million.

Through the rapid development of our wind power business, our total installed capacity has increased significantly from 79.9 MW at the end of 2005 to 2,619.5 MW at the end of 2009. According to the BTM report, we were ranked second in the PRC and eighth in the world in terms of total wind power installed capacity as of December 31, 2009.

In addition to our continued focus on the wind power business, we also engage in early stage development of other renewable energy businesses, including solar power and biomass energy.

REORGANIZATION

We underwent the Reorganization in preparation for the Global Offering. Pursuant to the Reorganization Agreement which became effective on July 9, 2010, Datang transferred to our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), substantially all of the wind power businesses it held as of December 31, 2009 (including the associated assets, liabilities and interests) without consideration, save for the wind power businesses held by Datang Jilin and certain business described in the sub-section headed “Businesses retained by Datang” in this section. Datang then injected to us all the assets, liabilities and equity interests it owned through China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司) and Datang became one of our Promoters and our controlling shareholder. In addition, Datang Jilin contributed to the establishment of the Company by way of transfer of equity interests it held in four wind power companies. As consideration for such contribution, we issued 4,372,071,041 Domestic Shares of RMB1.00 each to Datang and 627,928,959 Domestic Shares of RMB1.00 each to Datang Jilin. We had in aggregate 5,000,000,000 Domestic Shares in issue upon our establishment.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Assets, liabilities and equity interests injected by the Company's Promoters

Except for the businesses described in the sub-section headed "Businesses retained by Datang" in this section, substantially all assets, liabilities and equity interests in Datang's wind power business have been injected into the Company:

- all assets, liabilities and equity interests in six wind power companies Datang held through Datang Heilongjiang Power Generation Co., Ltd. (大唐黑龍江發電有限公司), a wholly owned subsidiary of Datang;
- all assets, liabilities and equity interests in three wind power companies Datang held through Datang Hebei Power Generation Co., Ltd. (大唐河北發電有限公司), a wholly owned subsidiary of Datang;
- all assets, liabilities and equity interests in a wind power company Datang held through Datang Shandong Power Generation Co., Ltd. (大唐山東發電有限公司), a wholly owned subsidiary of Datang;
- all assets, liabilities and equity interests in three wind power companies Datang held through Datang Gansu Power Generation Co., Ltd. (大唐甘肅發電有限公司), a wholly owned subsidiary of Datang;
- all assets, liabilities and equity interests in four wind power companies Datang directly held; and
- all assets, liabilities and equity interests in four wind power companies Datang Jilin directly held.

Representations and warranties

Pursuant to the Reorganization Agreement, Datang and Datang Jilin have made certain representations and warranties to the Company, including:

- the asset injection is not restricted by any mortgages, pledges or any other encumbrances or restrictions, save for any mortgages and pledges which have been disclosed;
- Datang and Datang Jilin have issued notification letters to other equity owners of those wind power companies relating to the injected assets and the consents from such other equity owners have been obtained;
- there are no infringements on intellectual rights of third parties by Datang or Datang Jilin which may result in any significant financial loss on our Company;
- there are no litigation, arbitration or other proceedings against Datang or Datang Jilin relating to the assets and/or equity interests injected by Datang or Datang Jilin to the Company pursuant to the Reorganization Agreement, or there are no litigation, arbitration or other proceedings against Datang or Datang Jilin that may have material adverse effect on the assets and/or equity interests injected by Datang or Datang Jilin;
- Datang will assist us in obtaining the outstanding title certificates of those lands and buildings with defective titles and will indemnify us against all losses, claims, charges, or expenses arising from our failure to obtain such outstanding title certificates; and

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- the Company are not responsible for any tax liabilities due to the increase in asset value arising from the asset valuation of the assets injected to us during the Reorganization.

Indemnities

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

- losses incurred as a result of claims relating to the assets injected to us which arose before July 9, 2010 unless the estimate of such expenditure has been disclosed and provision has been made in the accountants' report;
- losses incurred by us as a result of the failure of Datang and Datang Jilin to inject the assets and interests to us according to the Reorganization Agreement; and
- claims as a result of any fault, negligence or infringement by Datang (and its subsidiaries, excluding the Group) in the course of performance of contracts by Datang (and its subsidiaries, excluding the Group) on our behalf and for our benefit.

Businesses retained by Datang

Pursuant to the Reorganization, Datang retained its interests in certain entities, the businesses of which are clearly delineated from the businesses of our Company, have no direct relationship with our Company, or will be gradually dealt with or disposed of. See "Relationship with Datang Group" for details.

Non-Competition Agreement

We entered into the Non-Competition Agreement with Datang on July 30, 2010. See "Relationship with Datang Group" for details.

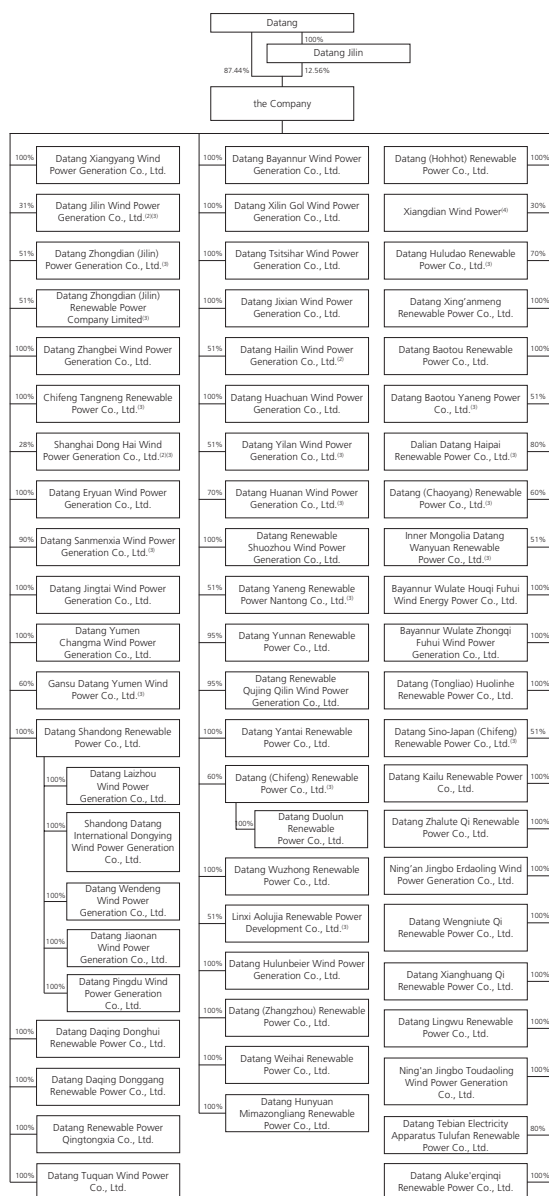
Approvals

The Reorganization required approvals from the relevant PRC government authorities, including, among others, SASAC. Our PRC legal advisor confirmed that we have obtained all the necessary approvals from the relevant PRC government authorities with respect to the Reorganization.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The following chart sets forth the corporate structure of the Group after the Reorganization and immediately prior to the Global Offering:

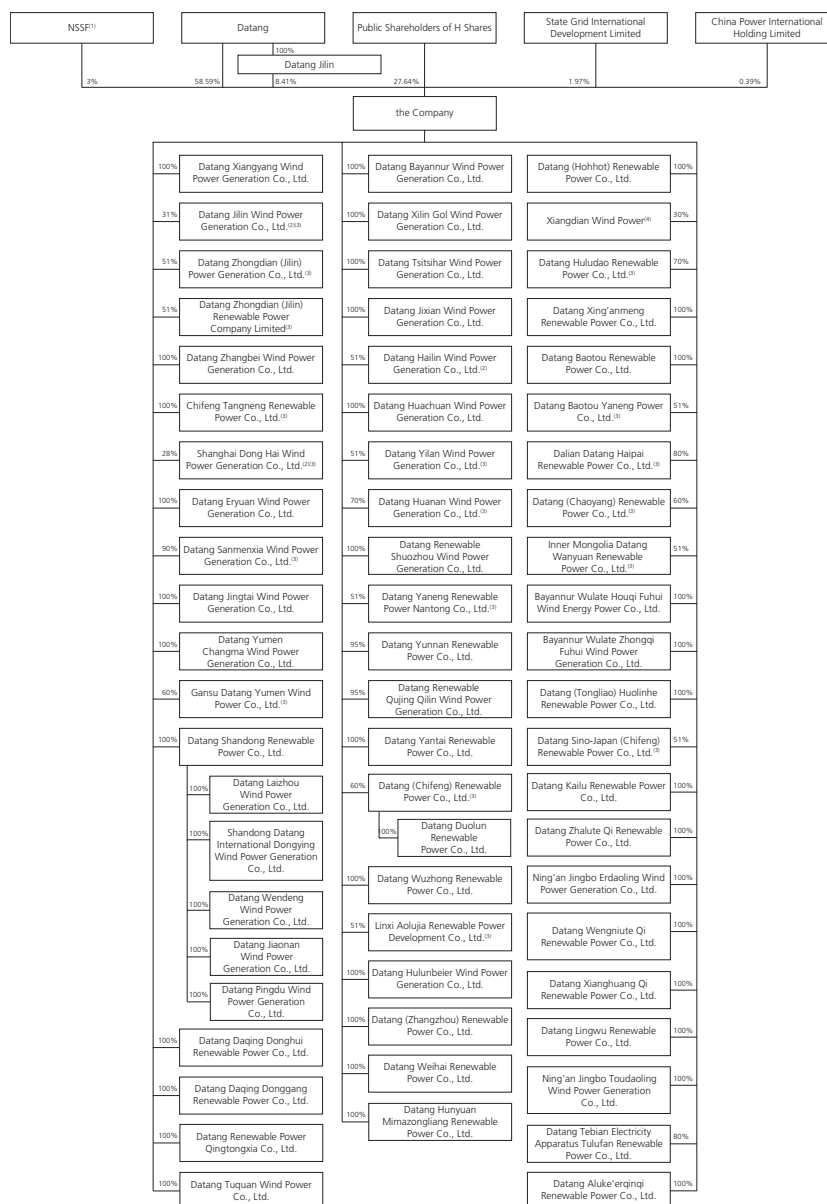


Notes:

- (1) Upon completion of the Global Offering and assuming the Over-allotment Option is not exercised, 214,261,000 H Shares (converted from Domestic Shares) representing approximately 3% of our total share capital will be transferred to and held by NSSF pursuant to relevant PRC regulations regarding reductions of state-owned shares.
- (2) Certain equity owners of this subsidiary issued confirmations to our Company to confirm the Group's control in the management of this subsidiary. Please see the subsection "Acting in Concert Confirmations" in this section for details of the acting in concert confirmations.
- (3) Other than the relevant joint venture partner(s) being a substantial shareholder of the relevant subsidiary, each joint venture partner is an Independent Third Party not connected with our Company.
- (4) Xiangdian Wind Power is our associated company in which our Company holds 30% equity interests and XEMC Wind Power Co., Ltd. (湘電風能有限公司), an Independent Third Party not connected with our Company, holds the remaining 70% equity interests.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth the corporate structure of the Group after the Reorganization and immediately after the Global Offering assuming the Over-allotment Option is not exercised:



Notes:

- Upon completion of the Global Offering and assuming the Over-allotment Option is not exercised, 214,261,000 H Shares (converted from Domestic Shares) representing approximately 3% of our total share capital will be transferred to and held by NSSF pursuant to relevant PRC regulations regarding reductions of state-owned shares.
- Certain equity owners of this subsidiary issued confirmations to our Company to confirm the Group's control in the management of this subsidiary. Please see the subsection "Acting in Concert Confirmations" in this section for details of the acting in concert confirmations.
- Other than the relevant joint venture partner(s) being a substantial shareholder of the relevant subsidiary, each joint venture partner is an Independent Third Party not connected with our Company.
- Xiangdian Wind Power is our associated company in which our Company holds 30% equity interests and XEMC Wind Power Co., Ltd. (湘電風能有限公司), an Independent Third Party not connected with our Company, holds the remaining 70% equity interests.

Acting in Concert Confirmations

Certain other equity owners ("Other Equity Owners") of three non-wholly owned subsidiaries issued confirmations to the Company to confirm the Group's control in the management of the relevant subsidiaries.

Under the respective articles of association of these three subsidiaries, a simple majority, super majority, or unanimous vote (as the case may be) at the board/shareholders meeting are required to approve any matter relating to the financial and operating policies of the respective subsidiary. Neither the Company nor any of the Other Equity Owners of these three subsidiaries has sufficient equity interests reaching the aforementioned controlling threshold as stipulated under the articles of association to control such subsidiary. However, since the date on which the Group obtained the equity interests in the respective subsidiary, the Company had the power to control the operation of these subsidiaries and there are mutual understanding, either orally or in writing, between the Company and the Other Equity Owners that they agreed to act in concert with the Group as they lack the necessary expertise and experience in developing, managing and operating wind power business. During the Track Record Period, the Company together with Other Equity Owners acting in concert had the power to control the operation of each of these three subsidiaries in one or more of the following manners: approving the annual production plan and annual budget, approving the financial management, appointing the senior management (including the general manager and/or the chief financial officer) as well as approving their remuneration package and approving any new projects.

In preparation for the Global Offering, the Other Equity Owners of these three subsidiaries issued confirmations to the Company to confirm in writing the agreement and arrangement in respect of the Group's control. Under such confirmations, the Other Equity Owners confirmed that the Group had the power to control the financial and operating policies of the respective subsidiary since the date on which the Group obtained the equity interests in the respective subsidiary. The Other Equity Owners have also undertaken that when exercising their voting rights at the shareholders meetings or board meetings of the respective subsidiary, they will act in concert with the Group.

The Company's PRC legal advisor has confirmed that each of these acting in concert confirmations and relevant arrangements thereunder are legal, valid and enforceable under PRC law and relevant regulations. The articles of association of the three subsidiaries do not contravene with the context of acting in concert confirmations and relevant arrangements.

As we have the power to control these non-wholly owned subsidiaries during the Track Record Period, their financial results were combined into the combined financial statements of the Group.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following table sets forth the details of the acting in concert confirmations:

Subsidiary	Date of the acting in concert confirmations	Names of Other Equity Owners	Individual shareholding	Effective interest held	Interest held together with concert parties ⁷	Effective Date of control
1 Datang Jilin Wind Power Generation Co., Ltd. (大唐吉林風力發電股份有限公司)	April 13, 2010	Jilin Mingmen Electric Power Industrial Group Co., Ltd. ¹ (吉林名門電力實業集團公司)	29%	31%	100%	August 15, 2005
	April 13, 2010	Tang Mingruo ² (唐明若)	16.65%			
	April 13, 2010	Wang Xiucheng ² (王秀成)	12.99%			
	April 13, 2010	Fan Jun (范軍) ²	9.36%			
	April 13, 2010	Baicheng Chengyuan Electric Power Engineering Co., Ltd. ³ (白城城原電力工程有限責任公司)	1%			
2 Shanghai Dong Hai Wind Power Generation Co., Ltd. (上海東海風力發電有限公司)	April 16, 2010	Shanghai Green Energy Co., Ltd. ⁴ (上海綠色環保能源有限公司)	24%	28%	52%	January 22, 2007
3 Datang Hailin Wind Power Co., Ltd (大唐海林風力發電有限公司)	April 19, 2010	Heilongjiang Longtang Power Investment Co., Ltd. ⁵ (黑龍江龍唐電力投資有限公司)	2% ⁶	49% ⁶	51%	February 12, 2009

1 Jilin Mingmen Electric Power Industrial Group Co., Ltd. (Jilin Mingmen), headquartered in Changchun, Jilin province, is a state-owned enterprise investing in clean energy power generation companies. To the best knowledge of the Directors, Jilin Mingmen is an Independent Third Party not connected with the Company save for its shareholding in the relevant subsidiary of the Company.

2 Wang Xiucheng is currently an employee of Jilin Mingmen, while Tang Mingruo is an employee of Baicheng Chengyuan, and Fan Jun is an employee of Jilin Electric Power Company. Tang Mingruo was also a promoter of Baicheng Chengyuan. To the best knowledge of the Directors, all of them are Independent Third Parties not connected with the Company save for their shareholding in the relevant subsidiary of the Company.

3 Baicheng Chengyuan Electric Power Engineering Co., Ltd. (Baicheng Chengyuan), an electrical engineering company, to the best knowledge of the Directors, is an Independent Third Party not connected with the Company.

4 Shanghai Green Energy Co., Ltd., a company primarily focusing on green energy and engineering services, to the best knowledge of the Directors, is an Independent Third Party not connected with the Company save for its shareholding in the relevant subsidiary of the Company.

5 Heilongjiang Longtang Power Investment Co., Ltd., an indirectly owned subsidiary of Datang engaging in the investment and management of power, thermal and environment projects, is connected with the Company.

6 The Company acquired the 2% equity interest in Datang Hailin Wind Power Co., Ltd. from Heilongjiang Longtang Power Investment Co., Ltd. at the consideration of RMB1.7127 million in November 2010. Thereafter, the equity interest of the Company in Datang Hailin Wind Power Co., Ltd increased from 49% to 51%.

7 The interest under this column includes the interest held by the Other Equity Owners who have been acting and are expected to continue to act in concert with the Group.

OVERVIEW

We are a leading renewable energy generation company in China in terms of wind power installed capacity, with a primary focus on the development, management and operation of wind power projects. According to the BTM Report, China ranked second in the world in terms of cumulative wind power installed capacity as of December 31, 2009, and first in the world in terms of incremental wind power installed capacity in 2009. We ranked second in China and eighth in the world, in terms of total wind power installed capacity as of December 31, 2009, according to the BTM Report, which accounted for approximately 10.2% of the total wind power installed capacity of China as of December 31, 2009 based on the CWEA Report.

During the Track Record Period, we focused on the procurement and development of wind power resources in various areas in China, and achieved rapid growth. Our total wind power installed capacity was 919.1 MW, 1,768.1 MW, 2,619.5 MW and 2,717.0 MW as of December 31, 2007, 2008, 2009 and June 30, 2010, respectively, representing a CAGR of 68.8% from 2007 to 2009. As of the same dates, our total wind power generating capacity was 348.9 MW, 1,077.3 MW, 1,901.9 MW and 2,437.9 MW, respectively. Further, we had 22 wind power projects under construction as of June 30, 2010, with a total constructing capacity of approximately 1,462.4 MW. The average availability factor of our operating wind power projects was 97.5%, 98.4%, 98.8% and 98.9%, respectively, in 2007, 2008, 2009 and for the six months ended June 30, 2010.

In addition to the wind power projects in operation and under construction, we have secured abundant wind resource reserves by entering into development agreements with local governments in 22 provinces and municipalities in China, with a total prospective capacity of approximately 50.7 GW as of June 30, 2010, which we believe provide a solid foundation for our future growth. Of our total prospective capacity, we have obtained the necessary NDRC or provincial DRC approvals for 297.0 MW, and have carried out wind tests for approximately 5,627.0 MW, for which we are conducting feasibility studies and preliminary work relating to obtaining the necessary project approvals. By exploiting our abundant wind resource reserves, we aim to increase our total wind power installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011.

Our wind power projects are strategically located in geographically diverse areas in China with abundant wind resources, which we categorize into three development regions. The following table summarizes certain operating information on our wind power projects located in these three regions as of June 30, 2010.

BUSINESS

	Inner Mongolia and Northeastern	Central and Western	Southeastern Coastline	Total
Operating Projects				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Hebei, Henan and Gansu	Shandong and Shanghai	–
Number of projects	45	5	5	55
Installed capacity (MW)	2,198.2	218.8	300.0	2,717.0
Generating capacity (MW)	2,018.1	185.8	234.0	2,437.9
Projects Under Construction				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Gansu, Yunnan, Ningxia, Henan and Shanxi	Shandong	–
Number of projects	12	7	3	22
Constructing capacity (MW)	836.3	477.6	148.5	1,462.4
Pipeline Projects				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Hebei, Henan, Shanxi, Shaanxi, Ningxia, Gansu, Qinghai, Xinjiang, Chongqing and Yunnan	Shandong, Jiangsu, Anhui, Fujian, Guangdong, Guangxi and Hainan	–
Prospective capacity (GW)	34.3	13.2	3.2	50.7
Advanced (MW)	49.5	99.0	148.5	297.0
Intermediate (MW)	4,303.5	793.5	530.0	5,627.0
Early (GW)	29.9	12.3	2.6	44.8

Inner Mongolia, the region with the most abundant wind resources in China among all provinces, is the stronghold of our wind power business. Approximately 60% of our total wind power installed capacity and 52% of our prospective capacity as of June 30, 2010 were located in Inner Mongolia. Based on the CWEA Report, we had a market share of 17.6% in Inner Mongolia by the end of 2009 in terms of total wind power installed capacity. Our wind power projects located in the Saihanba area of Chifeng, east Inner Mongolia, had a total installed capacity of 814.9 MW as of June 30, 2010, and we expect to expand these projects into a 1,000 MW-level wind power base by the end of 2010. In addition, in June 2010, we successfully upgraded one wind farm in the Dongshan area of Chifeng, with a total installed capacity of 249.5 MW, to meet the new grid connection guidelines issued by State Grid Corporation in 2009. This wind farm became the first grid-friendly wind farm in China, from which we believe we gained valuable experience that will help us turn our other wind power projects into grid-friendly projects which deliver controlled and predictable electricity to the power grids in the future. Due to the geographic concentration of our wind power projects in Inner Mongolia, our wind power business is also subject to a variety of risks specific to such region. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Our wind power projects are concentrated in Inner Mongolia.” If we fail to make changes to our project mix in response to our business strategy, changes in government policy and other factors, our electricity sales and results of operations may be adversely affected over time.

During the Track Record Period, we derived a substantial portion of our revenue from the sale of electricity generated by our wind power projects. Our electricity sales revenue in 2007, 2008, 2009 and for the six months ended June 30, 2010 was RMB285.9 million, RMB612.6 million, RMB1,384.2 million and RMB1,043.2 million, respectively, representing a CAGR of 120.0% from 2007 to 2009. We sell substantially all of the electricity that we generate to local grid companies that are directly or indirectly controlled by the PRC government. The weighted average on-grid tariff per kWh (including VAT) for our electricity sales in 2007, 2008, 2009 and for the six months ended June 30, 2010 was RMB0.586, RMB0.560, RMB0.562 and RMB0.559, respectively.

In addition to the revenue we generated from our sale of electricity, we generated income from the sale of CERs of RMB33.2 million, RMB71.6 million, RMB137.4 million and RMB101.6 million in 2007, 2008, 2009 and for the six months ended June 30, 2010, respectively. However, if the Kyoto Protocol is not renewed before its expiration on December 31, 2012 or should the verification standards or registration policies of CDM projects change materially, our future income from sales of CERs could decrease materially. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB, and the expiration of the Kyoto Protocol or any change to the registration policies could affect our income from the sales of CERs.”

In addition to our wind power business, we plan to develop other renewable energy projects, such as solar power and biomass energy projects. As of June 30, 2010, we had entered into development agreements with 11 local governments in China to develop other renewable energy projects, with a total prospective capacity of 7,828.0 MW, of which 7,655.0 MW were for solar power projects and 173.0 MW for biomass energy projects.

PRC Government Policies

Our wind power business has benefited, and we expect may continue to benefit, from the regulatory support of the PRC government, including, among others, mandatory grid connection, and the guaranteed purchase and dispatch of our entire electricity generation; the generally higher on-grid tariffs; as well as certain tax benefits. For example, in 2007, 2008, 2009 and for the six months ended June 30, 2010, we received government grants of RMB24.5 million, RMB54.9 million, RMB60.8 million and RMB33.0 million, respectively, which primarily relate to the VAT reduction or refund, representing 11.8%, 11.9%, 7.1% and 5.1% of our operating profit during those periods. Given these beneficial government policies, together with the rapid growth of the wind power industry and the increasing demand for electricity consumption in China, our wind power business is operating in a favorable environment, which we believe may support our continued growth and development in the future.

However, the application of the preferential measures and favorable policies for wind power business may involve uncertainties and vary from region to region. Any reduction, discontinuation or unfavorable alteration of the policies and incentives for the wind power industry could materially and adversely affect our business, financial condition and results of operations, and could significantly limit our future prospects. Further, if we were to experience any adverse changes to the preferential measures and favorable policies for wind power business before we achieve economies of scale in a non-subsidized market, we could be forced to compete directly against traditional power companies or other renewable energy companies

in the sale of electricity and the setting of on-grid tariffs. This could include competition with Datang, our controlling shareholder, and Datang's listed companies, which operate, among others, wind power, coal power and hydro power businesses in the PRC. Such competition could materially and adversely affect our business, financial condition, results of operations and prospects. For details of the power generating businesses of Datang and Datang's listed companies, see "Relationship with Datang Group – Delineation of Business and Competition." Also see "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – We depend on the PRC government's policies and regulatory framework supporting renewable energy development" for a description of major risks associated with these beneficial government policies.

Risks of over-expansion

Given our rapid expansion and development plans, together with the highly regulated environment and capital intensive nature of the wind power business, our ability to complete the projects in our development pipeline and achieve our targeted capacity is subject to a variety of risks, in particular:

- failure to secure interconnection to transmission lines with adequate capacity;
- failure to receive adequate bank borrowings on favorable terms; and
- failure to secure required regulatory permits or approvals on time or at all.

See "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – We may be unable to complete the construction of our wind power projects on time or at all, and increased construction and other costs could make a new wind power project unprofitable to operate."

Transmission Limitations – A Major Obstacle in the PRC Wind Power Industry

As of June 30, 2010, all of our operating wind power projects were connected to the local power grid, and substantially all of the electricity we generated during the Track Record Period was purchased and dispatched by the local grid companies in accordance with their mandatory purchase obligations. However, we consider the technical transmission limitations imposed by the local power grids as a major obstacle affecting a wind power company's business in China.

Various technical transmission limitations, such as grid congestion caused by the underdevelopment of local grids in remote areas and temporary transmission interruption caused by system upgrades, may curtail our production of electricity, impairing our ability to fully capitalize on a particular wind power project's potential. A large number of our operating wind power projects are located in remote areas in China with abundant wind reserves, primarily Inner Mongolia, Jilin and Gansu, where the local grids have insufficient transmission capacity to deliver all the potential electricity that our wind power projects could generate when operating under full load, especially at peak seasons, such as winter. Rapid construction of wind power projects in recent years, attracted by favorable government policies and abundant wind resources in areas such as Inner Mongolia, Jilin and Gansu, combined with weaker economic condition and infrastructure development in such remote areas, caused the local wind power installed capacity to outpace the transmission capacity of local power grids. Therefore, since electricity cannot be stored and must be transmitted or used once generated, we may temporarily suspend some of our operating wind turbines to accommodate such transmission limitations from time to time.

BUSINESS

In August 2010, the State Grid Corporation of China announced its 12th five-year plan to construct ultra high voltage transmission lines in north, east and central China to ease the transmission limitations in areas such as Inner Mongolia by 2015. In light of the PRC government's increasing investments and commitments to improve the national power grid infrastructure, and the recent policies that encourage the development of smart grid technology and grid-friendly wind power projects, our Directors expect that the risk of transmission limitations is temporary and could be effectively mitigated in the foreseeable future. See "Business – Our Business – Transmission Limitations" and "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity."

The following tables set out our key operational and financial information as of the dates or for the periods presented.

Key Operating Data (I)	As of December 31,						As of June 30,	
	2007		2008		2009		2010	
	(MW)	(%)	(MW)	(%)	(MW)	(%)	(MW)	(%)
Total installed capacity	919.1	100.0	1,768.1	100.0	2,619.5	100.0	2,717.0	100.0
Inner Mongolia	597.2	65.0	1,123.7	63.6	1,618.1	61.8	1,618.1	59.6
The Three Northeastern Provinces . .	148.1	16.1	326.6	18.5	575.6	22.0	580.1	21.4
Central and Western	74.8	8.1	169.3	9.6	218.8	8.4	218.8	8.1
Southeastern Coastline	99.0	10.8	148.5	8.4	207.0	7.9	300.0	11.0
Attributable installed capacity . .	691.0	100.0	1,409.7	100.0	2,090.7	100.0	2,118.9	100.0
Inner Mongolia	449.6	65.1	919.6	65.2	1,310.6	62.7	1,310.6	61.9
The Three Northeastern Provinces . .	89.8	13.0	214.4	15.2	402.9	19.3	405.1	19.1
Central and Western	52.5	7.6	127.2	9.0	176.7	8.5	176.7	8.3
Southeastern Coastline	99.0	14.3	148.5	10.5	200.5	9.6	226.6	10.7
Generating capacity	348.9	100.0	1,077.3	100.0	1,901.9	100.0	2,437.9	100.0
Inner Mongolia	199.5	57.2	654.9	60.8	1,164.5	61.2	1,438.0	59.0
The Three Northeastern Provinces . .	100.1	28.7	248.6	23.1	418.1	22.0	580.1	23.8
Central and Western	49.3	14.1	119.8	11.1	185.8	9.8	185.8	7.6
Southeastern Coastline	–	–	54.0	5.0	133.5	7.0	234.0	9.6
Average generating capacity . . .	280.9	100.0	622.8	100.0	1,400.9	100.0	2,162.4	100.0
Inner Mongolia	148.4	52.8	413.9	66.5	846.2	60.4	1,356.4	62.7
The Three Northeastern Provinces . .	96.4	34.3	134.6	21.6	308.9	22.1	466.4	21.6
Central and Western	36.1	12.9	69.8	11.2	149.6	10.7	185.8	8.6
Southeastern Coastline	–	–	4.5	0.7	96.4	6.9	153.8	7.1
Constructing capacity	–	–	–	–	–	–	1,462.4	100.0
Inner Mongolia	–	–	–	–	–	–	347.3	23.7
The Three Northeastern Provinces . .	–	–	–	–	–	–	489.0	33.4
Central and Western	–	–	–	–	–	–	477.6	32.7
Southeastern Coastline	–	–	–	–	–	–	148.5	10.2

BUSINESS

Key Operating Data (II)	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Gross power generation (MWh)	602,335.2	1,404,249.4	3,024,680.5	2,373,300.6
Inner Mongolia	324,220.0	989,836.7	1,884,600.7	1,461,709.9
The Three Northeastern Provinces	206,470.0	294,195.9	668,571.1	544,519.7
Central and Western	71,645.2	120,216.5	288,120.7	193,315.8
Southeastern Coastline	–	0.3	183,388.0	173,755.2
Electricity sales (MWh)	570,833.1	1,279,194.3	2,880,272.6	2,182,530.1
Inner Mongolia	300,274.0	904,310.4	1,796,712.9	1,381,109.7
The Three Northeastern Provinces	199,940.0	273,380.0	635,065.6	476,610.5
Central and Western	70,619.1	101,503.9	271,349.2	176,643.0
Southeastern Coastline	–	–	177,145.0	148,166.9
Average utilization hours	2,144.0	2,254.6	2,159.0	1,097.6⁽¹⁾
Inner Mongolia	2,185.1	2,391.2	2,227.2	1,077.7 ⁽¹⁾
The Three Northeastern Provinces	2,140.9	2,185.7	2,164.7	1,167.4 ⁽¹⁾
Central and Western	1,983.3	1,722.3	1,926.6	1,040.5 ⁽¹⁾
Southeastern Coastline	–	–	1,902.9	1,130.1 ⁽¹⁾
Average utilization hours of wind power projects in China ⁽²⁾	2,000.0	1,800.0	1,800.0	N/A ⁽³⁾

Notes:

- (1) As this number is calculated based on the amount of gross power generation for the six month period rather than a year, it is not directly comparable to the average utilization hours in 2007, 2008 or 2009.
- (2) According to the BTM Report. (Regional information is not available).
- (3) The average utilization hours of wind power projects in China for the six months ended June 30, 2010 are not available in the BTM Report.

Key Financial Data	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
(RMB in millions, except for percentages)				
Revenue	390.9	860.3	1,428.1	1,043.2
– Sales of electricity	285.9	612.6	1,384.2	1,043.2
Operating profit	207.1	461.8	859.8	646.6
Adjusted operating margin (%) ⁽¹⁾	49.0	54.4	47.0	51.8
Profit for the year/period	90.4	218.5	366.9	289.8

Note:

- (1) Our adjusted operating margin represents the difference between operating profit and other net income and other gains, as divided by the difference between total revenue and service concession construction revenue. Adjusted operating margin is not a standard measurement under IFRSs, but we present it here because we believe that, after excluding the effects of service concession construction revenue and other major non-recurring income items, such measurement provides a more accurate indicator of our wind power business's profitability. Prospective investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to other similarly titled measures reported by other companies, due to different calculation methods or assumptions. Please see "Financial Information – Components of Major Income Statement Line Items – Operating profit and adjusted operating margin" for a detailed analysis of our adjusted operating margin.

OUR STRENGTHS

We believe that our leading position in the wind power business in China is underpinned by the following principal strengths:

We are a leading renewable energy generation company in the PRC in terms of wind power installed capacity, with a primary focus on the wind power generation business, with rapid growth during the Track Record Period

We are a leading renewable energy generation company in China in terms of wind power installed capacity, with a primary focus on the development, management and operation of wind power generation projects. According to the BTM Report, we ranked second in China and eighth in the world in terms of total wind power installed capacity as of December 31, 2009, which accounted for approximately 10.2% of the total wind power installed capacity of China as of the same date based on the CWEA Report.

During the Track Record Period, we focused on the procurement and development of wind power resources in various areas in China, and achieved rapid growth. Our total wind power installed capacity was 919.1 MW, 1,768.1 MW, 2,619.5 MW and 2,717.0 MW as of the end of 2007, 2008, 2009 and June 30, 2010, respectively, representing a CAGR of 68.8% from 2007 to 2009. As of the same dates, our total wind power generating capacity was 348.9 MW, 1,077.3 MW, 1,901.9 MW and 2,437.9 MW, respectively. Further, we had 22 wind power projects under construction as of June 30, 2010, and a total constructing capacity of approximately 1,462.4 MW. In addition, our electricity sales revenue in 2007, 2008, 2009 and the six months ended June 30, 2010 was approximately RMB285.9 million, RMB612.6 million, RMB1,384.2 million and RMB1,043.2 million, respectively, representing a CAGR of 120.0% from 2007 to 2009.

Our large-scale wind power generation business enables us to realize significant economies of scale and cost advantages in production efficiency, project construction, equipment procurement, maintenance and management and other main aspects of our business.

We have a strategically located wind power project portfolio, and have secured abundant wind resource reserves for future development

Our wind power projects are strategically located in geographically diverse areas in China with abundant wind resources, which we categorize into three development regions.

In the Inner Mongolia and Northeastern development region, we have operating wind power projects in Inner Mongolia, Liaoning, Jilin and Heilongjiang, representing market shares of 17.6%, 1.2%, 16.8% and 11.9%, respectively, in these provinces in terms of total wind power installed capacity as of December 31, 2009 based on the CWEA Report. In the Central and Western development region, we have operating projects in Hebei, Henan and Gansu, representing market shares of 1.8%, 52.3% and 12.1%, respectively, in these provinces in terms of total wind power installed capacity as of December 31, 2009 based on the CWEA Report. In the Southeastern Coastline development region, we have operating projects in Shandong and Shanghai, representing market shares of 16.2% and 6.3%, respectively, in these provinces in terms of total wind power installed capacity as of December 31, 2009.

Inner Mongolia, the region with the most abundant wind resources in China among all provinces, is the stronghold of our wind power business. Approximately 60% of our total wind power installed capacity and 52% of our prospective capacity as of June 30, 2010 were located

in Inner Mongolia. Based on the CWEA Report, we had a market share of 17.6% in Inner Mongolia as of December 31, 2009 in terms of total wind power installed capacity. Our wind power projects located in the Saihanba area of Chifeng, east Inner Mongolia, had a total installed capacity of 814.9 MW as of June 30, 2010, and we expect to expand these projects into a 1,000 MW-level wind power base by the end of 2010.

In addition to the wind power projects in operation and under construction, we have secured abundant wind resource reserves. As of June 30, 2010, we had entered into development agreements with local governments in 22 provinces and municipalities in China, with a total prospective capacity of approximately 50.7 GW. Of these prospective capacity, we have obtained NDRC or provincial DRC approvals for 297 MW and have carried out wind tests for approximately 5,627 MW, for which we are conducting feasibility studies and preliminary work relating to the necessary project approvals. We believe that our wind resource reserves have established a solid foundation for our future growth.

Our comprehensive development and management capabilities in the wind power business allow us to maximize operational efficiency and profitability

Through the large-scale development of wind power projects, we have cultivated extensive project development and management capabilities in the wind power generation business ranging across, among others, the preliminary work, equipment procurement, project construction management and O&M of wind power projects, as well as the development of CDM projects. In particular:

- *preliminary work*: we have established a specialized research center to conduct research on the technologies involved in the preliminary development of wind power projects and to cooperate with major universities and reputable research institutes in the PRC, and have assembled preliminary development teams in major areas suitable for wind power development with substantial experience and local expertise in wind resource assessment and site selection, who are able to provide guidance on wind farm design and choice of wind turbines;
- *procurement*: we reduce construction costs and procure high-quality equipment through our centralized bidding and procurement process;
- *project construction management*: we have accumulated rich experience in project construction management, and established a standardized project construction management system to strictly control the construction quality and progress of project development;
- *maintenance*: we have established regional O&M teams in the major areas in which we operate, entered into strategic cooperation relationships with reputable wind turbine manufacturers such as Vestas, Goldwind and Sinovel, and adopted a preemptive maintenance policy and a remote diagnosis and analysis system to reduce maintenance costs and increase turbine availability; and
- *CDM projects*: we have established a comprehensive CDM project registration system, and effective internal and external communication channels to facilitate the successful and timely registration of, and returns from, CDM projects.

We have outstanding research capabilities, and have competitive advantages in the development and operation of offshore and grid-friendly wind power projects

We believe our research center, established in 2009, has outstanding research capabilities. We believe the research it carries out on internationally advanced technologies, such as highland turbine operational efficiency, low-voltage ride-through, and central remote monitoring and control, facilitates our swift application of the latest technologies in the wind power industry. We have also established a renewable energy research center jointly with North China Electric Power University and developed centralized wind power monitoring, control and dispatch system, which has optimized the operation of multiple wind power projects and centralized their dispatch, and greatly reduced operational costs of our wind power projects.

Our outstanding research and development capabilities have enabled us to actively pursue innovative business initiatives in novel areas in the wind power industry. In particular:

- We have developed the first offshore wind power project in China, the 102 MW Shanghai Donghai Bridge Offshore Wind Power Pilot Project, which commenced electricity generation in June 2010. We used a number of innovative technologies in this project, such as output forecasting technology based on microclimatology, voltage control system, power generation control system and the standardization of wind farm automatic control technology. Through the development of this project, we have established a comprehensive range of technological capabilities to construct, operate and maintain offshore wind power projects.
- In June 2010, we successfully upgraded one wind farm in the Dongshan area of Chifeng, with a total installed capacity of 249.5 MW, to meet the new grid connection guidelines issued by State Grid Corporation in 2009. This wind farm became the first grid-friendly wind farm in China, from which we believe we gained valuable experience that will help us turn our other wind power projects into grid-friendly projects which deliver controlled and predictable electricity to the power grids in the future.

We believe these innovative projects have given us competitive advantages and increased our potential for further business diversification.

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

Electricity consumption in the PRC is increasing steadily along with the fast growth of its economy. According to the BP Statistical Review of World Energy issued in June 2009, electricity consumption in the PRC grew at a CAGR of 12.8% from 2001 to 2008.

The PRC wind power industry has been growing fast in recent years. According to the BTM Report, from 2003 to 2009, the total wind power installed capacity in the PRC grew from 571 MW to 25,853 MW, representing a CAGR of 88.8%. The favorable government policies and legislation promoting renewable energy development, such as the Renewable Energy Law, and the growing demand for renewable energy, have created a favorable environment for the development of renewable energy industries in the PRC.

With the growing recognition of the importance of environmental protection and sustainable development, the PRC government has promulgated laws and regulations to reduce emissions from electricity generation by promoting the utilization of renewable and clean energy sources, including wind power. Our wind power business has benefited, and we expect may continue to benefit, from regulatory support from the PRC government, including, among others:

- *Mandatory grid connection and the guaranteed purchase and dispatch of all electricity generation.* According to PRC legislation promoting the use of renewable energy, grid companies must purchase and dispatch all electricity generated by renewable energy projects within the coverage of their grids, and must provide grid-connection services and related technical support.
- *Renewable energy premium and local subsidies.* The on-grid tariffs for wind power are generally higher than those for coal-fired power within the same province, with the price difference being effectively borne by the end-users across the nation. In addition, wind power projects located in provinces such as Shandong are entitled to discretionary subsidies, which indicate the level of support from local governments for renewable energy industries.
- *PRC tax benefits.* PRC wind power companies are currently entitled to a refund of 50% of the VAT levied on the sales of electricity generated from wind power. In addition, a wind power project approved on or after January 1, 2008 is exempt from PRC income tax for three years starting from when the company starts to generate revenue from the sales of electricity, and is entitled to a 50% reduction in such tax for the three years thereafter.

We have an experienced and innovative management team and highly skilled and specialized technical staff

We have an experienced and innovative management team with extensive experience in the PRC's wind power industry and PRC's power industry. We believe that our management team is well-equipped with a broad range of industry expertise, a deep understanding of the PRC's wind power regulatory regime and a keen focus on the latest development of the wind power industry, capable of taking advantage of market opportunities, formulating sound business strategies, assessing and managing risks, implementing management and production schemes and increasing our overall profit to maximize our shareholder value.

We believe our specialized technical staff have high levels of professional qualification and training, and are loyal, skilled and highly-motivated. We have established a training center in Tangshan, Hebei to provide professional training to our employees to ensure the continuous development of the technical knowledge of our technical staff.

OUR STRATEGIES

We aim to strengthen our position as a leading renewable energy generation company in China with global prominence with the following strategies:

Further expand our scale and strengthen our leading position in the PRC wind power sector

We plan to continue to strengthen our leading position in the PRC wind power sector by completing our wind power projects under construction, developing new wind power projects and selectively acquiring wind power businesses and assets. We aim to increase our total wind power installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011. We also plan to:

- continue to focus on the three wind power development regions and further develop a 10,000 MW-level wind power base in Inner Mongolia and ten 1,000 MW-level wind power bases in Shandong, Gansu and northeast China, including a technology pilot project of a 1,000 MW-level wind power base in Chifeng, Inner Mongolia featuring 3 MW wind turbines;
- expand our geographic reach to cover more than 23 provinces in the PRC for prospecting and preliminary work, and seek opportunities based on, among others, wind conditions, transmission capacity of local power grids and applicable benchmark on-grid tariffs and subsidies from the local governments;
- continue to leverage our expertise in developing offshore and tidal-flat wind power projects in areas with abundant offshore wind resources, such as Shandong, Jiangsu, Zhejiang and Hainan, through concession bidding or independent development; and
- selectively acquire wind power businesses and assets to further enlarge our business scale.

Further increase our research and development efforts and promote grid-friendly wind power projects

As wind power projects increase in size and contribution to PRC electricity supply mix, power grid companies require wind power plants to deliver controlled and predictable power transmission from variations in wind, turbine and grid frequency as well as to remain connected to the grid following system faults and other disturbances. Therefore, we intend to further develop and expand our portfolio of grid-friendly wind power projects to enhance the safety and stability features of our electricity generation, and to meet the more stringent safety requirements of power grid companies. A grid-friendly wind power project typically includes, among others, the following main capabilities:

- *Low voltage ride through*: in the event of grid failure as the voltage on the grid falls below the operational voltage range of a wind power project, such project is still able to keep delivering electricity to the grid;
- *Active and reactive power remote control*: electricity generation becomes adjustable so that a wind power project is able to continue delivering electricity to the grid without suspending some of the operational wind turbines to accommodate the temporary transmission limitations imposed by the grid companies; and

- *Power prediction:* a wind power project is able to predict its electricity output for the next 15 minutes to 48 hours and automatically submit its predictions to the grid companies on a real time basis in order for them to adjust electricity dispatch for each wind power project within its grid coverage.

We believe these capabilities will become increasingly important for the maintenance of grid stability, and power grid companies may require them for wind power projects in the future. We plan to develop and construct our new wind power projects from 2011 in compliance with new grid connection guidelines issued by State Grid Corporation in 2009, and meet the main capabilities of grid-friendly wind power projects. We plan to upgrade the existing wind power projects in our project portfolio over time, based on the transmission capacity of local power grids, costs of upgrade and the economic benefits to our business.

In addition, we plan to strengthen our research and development efforts, and enhance our cooperation with major universities and reputable research institutes in the PRC, with a view to providing creative solutions to improve production efficiency and stability.

Continue to enhance cooperation with leading wind turbine suppliers and expand our business chain

We plan to maintain our long-standing commercial relationships with our key suppliers and seek to establish stronger strategic cooperation relationships with leading reputable wind turbine manufacturers such as Vestas, Goldwind and Sinovel, so as to secure reliable and timely supply of high-quality wind turbines and reduce our purchase costs for wind turbines.

In order to further enhance our competitiveness in the wind power industry and diversify our business, we plan to expand our business chain by providing project consultation and design, project construction, and maintenance and repair services. We intend to provide these services to our wind power projects and market them to third parties. We believe such a strategy will allow us to strengthen control over the quality and cost of the services that are necessary for our wind power business, and will facilitate the expansion of our business chain.

Explore opportunities to develop other renewable energy projects

We believe other renewable energy technologies in the PRC have great development potential in light of recent legislation and policies promoting the use of renewable energy sources. In addition to our continued focus of the wind power business, we plan to leverage our technological advantage and know-how in developing onshore and offshore wind power projects, and our in-depth understanding of the domestic power industry to prudently explore opportunities to develop solar power projects, and selectively participate in biomass energy projects. To carry out such business strategy, we have established dedicated working teams for the development of solar and biomass energy projects. As of June 30, 2010, our in-house working team for biomass energy projects, headed by one of our vice presidents, had eight engineers each with one to six-year of working experience in the development of biomass energy projects. Our in-house working team for solar power projects had five professional employees (including three engineers), each with one to three-year of working experience in the development of solar power projects. As of the same date, we had entered into development agreements with 11 local governments in China to develop other renewable energy projects, with a total prospective capacity of 7,828.0 MW, of which 7,655.0 MW were for solar power projects and 173.0 MW for biomass energy projects.

Diversify financing sources and reduce financing costs

Our business is capital intensive, and the rapid growth of our project portfolio requires adequate and stable financing. We believe that by leveraging our established credit history and close relationships with domestic and foreign financial institutions, we will continue to be able to obtain competitive terms to finance our projects. We intend to continue to exploit a variety of financing options to diversify our sources of funding, such as through accessing the domestic and international capital markets, to improve our capital structure and lower our financing costs.

Seek business opportunities in international markets

We believe that the expansion of our business into international markets would help diversify our revenue base, increase our growth potential and enhance our brand name. Accordingly, while we plan to continue to strengthen our position as a leading renewable energy company in the PRC, we may also seek opportunities to expand our wind power business into selected international markets by leveraging our wind power expertise and competitive strengths. We plan to expand our footprint into Australia, Canada, the United States and other countries that we may identify in the future, subject to the availability of sites with abundant wind resources, strong technological capabilities and government support in such countries. We believe that our comprehensive capabilities, economies of scale, and innovation in the wind power business will enable us to compete in the international markets that we pursue.

RECENT DEVELOPMENTS

In January 2010, we entered into a cooperation agreement with Gamesa and Gamesa Tianjin in relation to certain wind power projects in Liaoning, with a prospective capacity of 289.3 MW. Pursuant to this agreement, Gamesa and us agreed to jointly develop and construct these cooperative projects and Gamesa Tianjin agreed to supply suitable wind turbines. The actual timing and the future capital requirements for the development and construction of these cooperative projects are subject to, among other things, the results of wind tests, the timing of government approvals and the prevailing market price for wind turbines. We intend to fund these cooperative projects through bank borrowings and our operating cash flow.

In September 2010, we entered into a framework agreement with Hydro Tasmania, CBD Energy Limited and Baoding Tianwei Group Co. Ltd., to establish a joint venture group in Australia for exploring potential opportunities in Australia to develop wind and solar power projects. Pursuant to the terms of this agreement, all parties are required to meet and discuss regularly and to establish specialized project teams to advance commercial, technical and financing details of the proposed joint venture group. We intend to fund the potential projects involved through bank borrowings and our operating cash flow.

OUR BUSINESS

As of June 30, 2010, we had 55 operating wind power projects with a total installed capacity of 2,717.0 MW, and had 22 wind power projects under construction with a total constructing capacity of approximately 1,462.4 MW. We also had wind power reserves suitable for future development with a prospective capacity of approximately 50.7 GW, including 297.0 MW of advanced pipeline projects, 5,627 MW of intermediate pipeline projects, and approximately 44.8 GW of early pipeline projects. See “— How We Classify Our Projects.” Leveraging our abundant wind resource reserves, we aim to increase our total wind power installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011.

Our Development Process

Wind prospecting and site selection

We conduct wind prospecting and site selection activities at the earliest stage of project development to identify potential sites that we believe may be suitable for development. Our wind prospecting and site selection process primarily involves the following major steps:

- contacting local development and planning authorities and grid companies to develop an understanding of the local wind conditions and power transmission capacity in a particular area we have identified;
- after a preliminary analysis on site feasibility for wind power projects, inspecting potential project sites in detail and preparing on-site reports, which we use to help us select project sites, collect information from nearby meteorological stations and draw topographic maps; and
- our specialized in-house teams review a variety of public information we have obtained, including wind reports, power transmission maps and other geographic reports, to ascertain the value for development and potential impediments that we may face, and to prioritize a general development plan. We make initial assessments of potential sites based on a number of criteria, including wind conditions, topography, constructability, proximity to transmission lines with adequate capacity, project size, land ownership and environmental characteristics.

Our site selection efforts are regionally focused, and are characterized by close working relationships with local government authorities. In accordance with our general development plan of a wind power project, we normally contact the local government authorities and apply for wind resource allocation for such projects in advance. We believe that by entering into dialogue with them early, we are better able to incorporate local concerns into our assessments for site selection plans, and therefore accelerate the initial progress of our projects.

Obtaining development rights

Once we have determined that a particular site is suitable for development, we hold initial meetings with local government officials to secure the development rights on the project sites we have identified. If the results of such meetings are favorable, we generally negotiate and enter into a development agreement with the local government to secure rights to erect meteorological towers and build other necessary facilities on the site. This agreement typically grants us exclusive rights to develop our wind power projects on specified sites for a given term, usually 20 to 30 years, with an option to extend.

To facilitate the completion of all development stages, receive timely financial support and procure interconnection coverage, we also meet with different local government authorities and grid companies so that they can take our proposed projects into consideration in their development plans.

Wind resource assessment

Because adequate wind resource is a prerequisite for the development of a wind power project, we usually commence a wind resource assessment shortly after we enter into the relevant development agreement. We prepare a comprehensive plan for wind resource assessment with the help of qualified third-party design institutes and conduct on-site inspection to determine the scope of development and the location of our meteorological towers. Once such plan is approved by the local government, we install meteorological towers to collect site specific wind data, such as average wind speed, frequency of wind speed and wind direction. We typically require a minimum of 12 months' wind data to assess the feasibility of a project, and submit such wind data to the local planning authorities and weather bureau along with other documentations such as choice of wind turbines, proposed size of project and power transmission maps. After a thorough assessment of wind data and feasibility studies on-site, the design institutes we engage prepare a detailed feasibility study report that we file with the NDRC or the relevant provincial DRC during the approval and permission process.

Approval and permission

Once we have completed our wind resource assessment, we begin the approval and permission process.

Internal approval. Based on the results of the wind resource assessment, our development team will apply to our management for internal approval. Once our management approves the project proposal, the development team will commence to establish a wind power project.

Government approval. The government approval process typically involves the following major steps:

- obtaining preliminary government approvals from the environmental protection, land and resources, and construction planning authorities regarding environment protection, preliminary land review, mineral resources coverage, assessment of geological and earthquake risks and preservation of historical relics, and other government approvals;
- receiving third-party consent from grid companies for interconnecting our wind farms to their grids, and a bank commitment letter that agrees in principle to provide project financing;
- filing a project application report with NDRC or the relevant provincial DRC (depending on the size of the project), along with the above preliminary government approvals, third-party consent, commitment letter, the feasibility study report and other required documentations; and
- receiving the project approval from NDRC or the relevant provincial DRC, and beginning to construct a wind power project according to our development plan.

A wind power project with installed capacity of 50 MW or more, or a foreign-invested wind power project with a total investment amount exceeding US\$100 million, is subject to NDRC approval, while other wind power projects are subject to provincial DRC approval.

Project design and construction

We manage the project design process and construction quality of our wind power projects using strict standards. Prior to construction, we generally engage qualified and reputable third party designers to help us pinpoint the exact location of major production facilities and determine the type of wind turbines we will use in our projects. We outsource most of our construction work to outside contractors that provide all necessary labor, materials and tools required to complete the construction of our projects. In order to control cost and ensure construction quality, we usually adopt construction biddings for selecting outside contractors to perform various construction work, including without limitation, turbine installations, substation construction, roadway construction, interconnection work, as well as the construction of other structures and buildings. A wind power project typically engages one third-party design institute and one major outside contractor during the design and construction stage. The total fees we paid to these external parties amounted to approximately RMB315.7 million, RMB658.7 million, RMB1,863.9 million, and RMB538.2 million in 2007, 2008, 2009 and for the six months ended June 30, 2010, respectively. In addition, we have a dedicated project management team to supervise and oversee all aspects of our project construction and ensure compliance with our safety and quality requirements, cost control measures and construction schedule as well as relevant laws and regulations in the PRC.

Entering into interconnection agreements and PPAs

The availability of interconnection and transmission infrastructure is critical to a project's feasibility. We perform our initial assessment using public sources during our prospecting and site selection stage. If existing interconnection infrastructure is available, we secure our access by entering into interconnection agreements with local grid companies. If such infrastructure does not exist or is not available to us, we assess the feasibility of developing such infrastructure, and construct transmission lines to connect our wind power projects to the regional grids. We sell electricity to the local grid companies either based on PPAs we enter into with them or in accordance with the applicable PRC regulatory framework. See "Regulatory Environment – Regulatory Requirements Relating to Renewable Energy." Such local grid companies include without limitation East Inner Mongolia Electric Power Co., Ltd., Heilongjiang Electric Power Co., Ltd. and Jilin Electric Power Co., Ltd., which are directly or indirectly controlled by the PRC government.

Commissioning, maintenance and operations

After a wind turbine is successfully assembled, we are required to commission it by conducting standard tests and a 120 or 240 hours non-stop trial run. After commissioning, the wind turbine will commence commercial production and the turbine supplier typically maintains the turbine under a two or three-year warranty agreement. We seek to optimize the operating performance of the wind turbines by developing a maintenance schedule with the manufacturer. Following the expiration of the warranty period, our in-house O&M center performs the O&M of our wind turbines, and to a lesser extent, we engage third party contractors. The O&M center centralizes the management of large-scale inspection, maintenance and repair of our turbines and delivery of spare parts.

How We Classify Our Projects

We classify each of our wind power projects into one of the following three categories based on its respective stage of development:

- operating;

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- under construction; and
- pipeline (including advanced, intermediate and early stages).

We have established these categories to enhance the foreseeability of our annual production, and for internal planning purposes such as projecting our future needs for capital, wind turbines and personnel. We believe our project classification methodology reflects an objective approach and provides indication regarding the maturity of our pipeline projects, which in turn helps us pursue our growth targets. We periodically reassess our pipeline projects to determine the proper times for development so that our management can decide to invest resources into feasible pipeline projects. Through such assessments, we may determine not to proceed with a pipeline project that we deem unsuitable for development. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – The basis and underlying assumptions we use to classify our wind power projects are internally developed, and have not been audited or verified by any third party.”

Operating projects

As of June 30, 2010, we had 55 operating wind power projects with a total installed capacity of 2,717.0 MW. For details of our wind power projects in operation as of June 30, 2010, please see “Appendix V – Project Portfolio Overview.”

Projects under construction

As of June 30, 2010, we had 22 wind power projects under construction with a total constructing capacity of 1,462.4 MW, most of which we expect to complete construction before the end of 2010. As of the same date, we estimated that we would incur approximately RMB7.5 billion and RMB1.6 billion of additional capital expenditure during the second half of 2010 and in 2011, respectively, to complete the construction of these projects, of which we had incurred approximately RMB3 billion during the third quarter of 2010. Please see “Financial Information – Liquidity and Capital Resources” for a detailed summary of our sources of funding to support our capital expenditure. The following table sets out the number, constructing capacity and capital requirements of our projects under construction, by region, as of June 30, 2010:

Region	Number of Project	Constructing Capacity (MW)	Capital Expenditure	
			(Second half of 2010)	(2011)
			(RMB in billions)	
Due for completion in 2010				
Inner Mongolia	7	347.3	1.7	0.8
The Three Northeastern Provinces	5	489.0	2.6	0.3
Central and Western	7	477.6	2.3	0.4
Southeastern Coastline	3	148.5	0.9	0.1
Total	22	1,462.4	7.5	1.6

For details of our wind power projects under construction as of June 30, 2010, please see “Appendix V – Project Portfolio Overview.”

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Pipeline projects

We refer to our wind power projects reserved for future development as pipeline projects. We have acquired the rights to develop these pipeline projects pursuant to the development agreements we entered into with local governments of various levels. We further divide our pipeline projects into “advanced,” “intermediate” and “early” based on the progress made and milestones achieved by each project in respect of each of the key phases in the project development prior to construction and commissioning. See “Risk Factors – Risks Relating to Our General Business – The growth of our business depends upon our ability to convert our pipeline projects into operating projects.”

Advanced

Advanced pipeline projects are those that have been approved by NDRC or the relevant provincial DRC, for which construction has not yet begun. As of June 30, 2010, we had six advanced pipeline projects with an aggregate prospective capacity of 297.0 MW, representing approximately 0.6% of our total prospective capacity for all pipeline projects. We expect that we will complete the construction of these advanced pipeline projects in 2011. As of June 30, 2010, we estimated that we would incur approximately RMB2.4 billion of capital expenditure in 2011 to complete the construction of these advanced pipeline projects. The following table sets out the number, prospective capacity and capital requirements of our advanced pipeline projects, by region, as of June 30, 2010.

Region	Number of Projects	Prospective Capacity (MW)	Capital Expenditure (2011) ⁽¹⁾ (RMB in millions)
Inner Mongolia	1	49.5	396.0
The Three Northeastern Provinces.	0	–	–
Central and Western	2	99.0	792.0
Southeastern Coastline	3	148.5	1,188.0
Total	6	297.0	2,376.0

Note:

- (1) Due to the premature nature of our pipeline projects, we expect that we would not incur any capital expenditure for developing these pipeline projects during the second half of 2010.

Please see “Financial Information – Liquidity and Capital Resources” for a summary of our sources of funding to support our capital expenditure in 2011. For details of our advanced pipeline projects as of June 30, 2010, please see “Appendix V – Project Portfolio Overview.”

Intermediate

Intermediate pipeline projects are those for which wind tests have been conducted and preparation is being made for the application to NDRC or the provincial DRC for approval. As of June 30, 2010, our intermediate pipeline projects had an aggregate prospective capacity of 5,627.0 MW, representing approximately 11.1% of our total prospective capacity for all pipeline projects. Of these intermediate pipeline projects, we expected that we would complete the construction of approximately 1 GW in 2011. We estimated, as of June 30, 2010, that we would incur approximately RMB8.5 billion of capital expenditure in 2011 to fund the development of our intermediate pipeline projects due for completion in 2011. The following table sets out the number, prospective capacity and capital requirements of our intermediate pipeline projects, by region, as of June 30, 2010.

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Region	Number of Projects	Prospective Capacity (MW)	Capital Expenditure (RMB in billions)
<i>Due for completion in 2011</i>			
Inner Mongolia	7	347.0	2.8
The Three Northeastern Provinces	4	188.3	1.5
Central and Western	7	346.5	2.8
Southeastern Coastline	4	176.5	1.4
Total	22	1,058.3	8.5⁽¹⁾
<i>Due for completion after 2011</i>			
Inner Mongolia	17	2,859.0	22.9
The Three Northeastern Provinces	12	909.2	7.3
Central and Western	5	447.0	3.6
Southeastern Coastline	3	353.5	2.8
Total	37	4,568.7	36.6

Note:

- (1) RMB8.5 billion is our estimated capital expenditure for 2011. Due to the premature nature of our pipeline projects, we expect that we would not incur any capital expenditure for developing these pipeline projects during the second half of 2010.

Please see “Financial Information – Liquidity and Capital Resources” for a summary of our sources of funding to support our capital expenditure in 2011.

Early

Early pipeline projects are those in their earliest stage of development and for which only the development agreements have been entered into with local governments and wind tests have begun. As of June 30, 2010, our early pipeline projects had an aggregate prospective capacity of approximately 44.8 GW, representing approximately 88.3% of our total prospective capacity for all pipeline projects. The actual timing and the future capital requirements for the development and construction of these early pipeline projects may vary, which we determine with reference to various factors, including, among other things, the timing of government approvals, the prevailing market price for wind turbines, transmission capacity of local power grids and applicable on-grid tariffs or local subsidies. The following table sets out the estimated number and prospective capacity of our early pipeline projects that we have the rights to develop and construct as of June 30, 2010.

Region	Number of Projects	Prospective Capacity (GW)
Inner Mongolia	51	23.2
The Three Northeastern Provinces	29	6.7
Central and Western	35	12.3
Southeastern Coastline	16	2.6
Total	131	44.8

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Our Portfolio of Wind Power Projects

Our wind power projects are strategically located in geographically diverse areas in China with abundant wind resources, which we categorize into three development regions. The following table summarizes certain operating information on our wind power projects located in these three regions, as of June 30, 2010:

	Inner Mongolia and Northeastern	Central and Western	Southeastern Coastline	Total
Operating Projects				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Hebei, Henan and Gansu	Shandong and Shanghai	–
Number of projects	45	5	5	55
Installed capacity (MW).	2,198.2	218.8	300.0	2,717.0
Generating capacity (MW)	2,018.1	185.8	234.0	2,437.9
Projects Under Construction				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Gansu, Yunnan, Ningxia, Henan and Shanxi	Shandong	–
Number of projects	12	7	3	22
Constructing capacity (MW).	836.3	477.6	148.5	1,462.4
Pipeline Projects				
Geographical coverage	Inner Mongolia, Liaoning, Jilin and Heilongjiang	Hebei, Henan, Shanxi, Shaanxi, Ningxia, Gansu, Qinghai, Xinjiang, Chongqing and Yunnan	Shandong, Jiangsu, Anhui, Fujian, Guangdong, Guangxi and Hainan	–
Prospective capacity (GW)	34.3	13.2	3.2	50.7
Advanced (MW).	49.5	99.0	148.5	297.0
Intermediate (MW)	4,303.5	793.5	530.0	5,627.0
Early (GW)	29.9	12.3	2.6	44.8

Inner Mongolia and Northeastern Development Region

In the Inner Mongolia and Northeastern development region, we have operating projects, projects under construction and pipeline projects in each of Inner Mongolia, Liaoning, Jilin and Heilongjiang.

Inner Mongolia

We believe Inner Mongolia is one of the most attractive regions in the PRC for wind power development in terms of abundance of wind energy resources, easy access to suitable land and low population density. Inner Mongolia has the most abundant wind resources among all provinces in China. Based on *China Wind Report 2009*, this region has about 105,000km² with a wind density higher than 150W/m² at a height of ten meters, and the technically exploitable

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wind power capacity in this region is about 150 GW. According to the current pricing policy for wind power in the PRC, as of the Latest Practicable Date, the benchmark on-grid tariff (including VAT) is RMB0.51/kWh for wind power projects located in west Inner Mongolia, and RMB0.54/kWh for those located in east Inner Mongolia.

Inner Mongolia is the stronghold of our wind power business. Approximately 60% of our total wind power installed capacity and 52% of our prospective capacity as of June 30, 2010 are located in Inner Mongolia. As of June 30, 2010, we had 34 operating wind power projects with a total installed capacity of 1,618.1 MW, and seven wind power projects under construction with a total constructing capacity of 347.3 MW in Inner Mongolia. Based on the CWEA Report, we had a market share of 17.6% in Inner Mongolia, as of December 31, 2009, in terms of total wind power installed capacity.

Our wind power projects located in the Saihanba area of Chifeng, east Inner Mongolia, had a total installed capacity of 814.9 MW as of June 30, 2010, and we expect to expand these projects into a 1,000-MW level wind power base by the end of 2010. In addition, in June 2010, we successfully upgraded one wind farm in the Dongshan area of Chifeng, with a total installed capacity of 249.5 MW, to meet the new grid connection guidelines issued by State Grid Corporation in 2009. This wind farm became the first grid-friendly wind farm in China, from which we believe we gained valuable experience that will help us turn our other wind power projects into grid-friendly projects which deliver controlled and predictable electricity to the power grids in the future.

The following table shows the historical operating data of our wind power projects in Inner Mongolia as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2007	2008	2009	2010
Total installed capacity (MW)	597.2	1,123.7	1,618.1	1,618.1
Attributable installed capacity (MW)	449.6	919.6	1,310.6	1,310.6
Generating capacity (MW)	199.5	654.9	1,164.5	1,438.0
Average generating capacity (MW)	148.4	413.9	846.2	1,356.4
Constructing capacity (MW)	—	—	—	347.3
Gross power generation (MWh)	324,220.0	989,836.7	1,884,600.7	1,461,709.9
Electricity sales (MWh)	300,274.0	904,310.4	1,796,712.9	1,381,109.7
Average utilization hours	2,185.1	2,391.2	2,227.2	1,077.7 ⁽¹⁾
Average utilization hours of wind power projects in China ⁽²⁾	2,000.0	1,800.0	1,800.0	N/A ⁽³⁾

(1) As this number is calculated based on the amount of gross power generation for the six month period rather than a year, it is not directly comparable to the average utilization hours in 2007, 2008 and 2009.

(2) According to the BTM Report. (Regional information is not available).

(3) The average utilization hours of wind power projects in China for the six months ended June 30, 2010 are not available in the BTM Report.

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As of June 30, 2010, we had pipeline projects in Inner Mongolia with a total prospective capacity of approximately 26.4 GW, of which we categorized 49.5 MW or 0.2% as “advanced,” 3,206.0 MW or 12.1% as “intermediate,” and approximately 23.2 GW or 87.7% as “early.” See “– Our Business – How We Classify Our Projects – Pipeline projects” for a detailed discussion of the wind power projects in our development pipeline as of June 30, 2010.

The Three Northeastern Provinces

The three northeastern provinces include Liaoning, Jilin and Heilongjiang. As of June 30, 2010, we had 11 wind power operating projects in the three northeastern provinces with a total installed capacity of 580.1 MW, and five wind power projects under construction with a total constructing capacity of 489.0 MW. Based on the CWEA Report, we had market shares of 1.2%, 16.8% and 11.9% in Liaoning, Jilin and Heilongjiang, respectively, as of December 31, 2009, in terms of total wind power installed capacity.

The following table shows the historical operating data of our wind power projects in the three northeastern provinces as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2007	2008	2009	2010
Total installed capacity (MW)	148.1	326.6	575.6	580.1
Attributable installed capacity (MW)	89.8	214.4	402.9	405.1
Generating capacity (MW)	100.1	248.6	418.1	580.1
Average generating capacity (MW)	96.4	134.6	308.9	466.4
Constructing capacity (MW)	–	–	–	489.0
Gross power generation (MWh)	206,470.0	294,195.9	668,571.1	544,519.7
Electricity sales (MWh)	199,940.0	273,380.0	635,065.6	476,610.5
Average utilization hours	2,140.9	2,185.7	2,164.7	1,167.4 ⁽¹⁾
Average utilization hours of wind power projects in China ⁽²⁾	2,000.0	1,800.0	1,800.0	N/A ⁽³⁾

(1) As this number is calculated based on the amount of gross power generation for the six month period rather than a year, it is not directly comparable to the average utilization hours in 2007, 2008 and 2009.

(2) According to the BTM Report. (Regional information is not available).

(3) The average utilization hours of wind power projects in China for the six months ended June 30, 2010 are not available in the BTM Report.

As of June 30, 2010, we had pipeline projects in this region with a total prospective capacity of approximately 7.9 GW, of which we categorized 1,097.5 MW or 14.0% as “intermediate,” and approximately 6.8 GW or 86.0% as “early.” See “– Our Business – How We Classify Our Projects – Pipeline projects” for a detailed discussion of the wind power projects in our development pipeline as of June 30, 2010.

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Central and Western Development Region

The Central and Western development region extends across a number of provinces in northern and western China. As of June 30, 2010, we had five operating wind power projects with a total installed capacity of 218.8 MW, and seven wind power projects under construction with a total constructing capacity of 477.6 MW in this region. Based on the CWEA Report, we had market shares of 1.8%, 12.1% and 52.3% in Hebei, Gansu and Henan, respectively, as of December 31, 2009, in terms of total wind power installed capacity.

The following table shows the historical operating data of our wind power projects in the Central and Western development region as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2007	2008	2009	2010
Total installed capacity (MW)	74.8	169.3	218.8	218.8
Attributable installed capacity (MW)	52.5	127.2	176.7	176.7
Generating capacity (MW)	49.3	119.8	185.8	185.8
Average generating capacity (MW)	36.1	69.8	149.6	185.8
Constructing capacity (MW)	—	—	—	477.6
Gross power generation (MWh)	71,645.2	120,216.5	288,120.7	193,315.8
Electricity sales (MWh)	70,619.1	101,503.9	271,349.2	176,643.0
Average utilization hours	1,983.3	1,722.3	1,926.6	1,040.5 ⁽¹⁾
Average utilization hours of wind power projects in China ⁽²⁾	2,000.0	1,800.0	1,800.0	N/A ⁽³⁾

(1) As this number is calculated based on the amount of gross power generation for the six month period rather than a year, it is not directly comparable to the average utilization hours in 2007, 2008 and 2009.

(2) According to the BTM Report. (Regional information is not available).

(3) The average utilization hours of wind power projects in China for the six months ended June 30, 2010 are not available in the BTM Report.

We won a concession wind power project in Gansu, the 45 MW Jingtaiqingquan Wind Power Project, during a concession tendering in 2007. We then entered into a service concession agreement with the provincial DRC in Gansu to construct and operate this wind power project for a concession period of 25 years, consisting of one year of construction and 24 years of operations. Based on the terms of this agreement, we are responsible for the construction and maintenance of this wind power project during the concession period. At the end of the concession period, we are required to dispose of this project or transfer it to the local government without consideration. Our concession wind power project is entitled to its concession tendering price of RMB0.5658 per kWh (including VAT).

As of June 30, 2010, we had pipeline projects in this region with a total prospective capacity of approximately 13.2 GW, of which we categorized 99.0 MW or 0.8% as “advanced,” 793.5 MW or 6.0% as “intermediate” and approximately 12.3 GW or 93.2% as “early.” See “— Our Business — How We Classify Our Projects — Pipeline projects” for a detailed discussion of the wind power projects in our development pipeline as of June 30, 2010.

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Southeastern Coastline Development Region

The Southeastern Coastline development region extends along the PRC's southeastern coastal line. As of June 30, 2010, we had five operating wind power projects with a total installed capacity of 300.0 MW, and three wind power projects under construction with a constructing capacity of 148.5 MW in this region. Based on the CWEA Report, we had market shares of 16.2%, and 6.3% in Shandong and Shanghai, respectively, as of December 31, 2009, in terms of total wind power installed capacity.

The following table shows the historical operating data of our wind power projects in the Southeastern Coastline development region as of the dates or for the periods indicated:

	As of or for the year ended December 31,			As of or for the six months ended June 30,
	2007	2008	2009	2010
Total installed capacity (MW)	99.0	148.5	207.0	300.0
Attributable installed capacity (MW)	99.0	148.5	200.5	226.6
Generating capacity (MW)	—	54.0	133.5	234.0
Average generating capacity (MW)	—	4.5	96.4	153.8
Constructing capacity (MW)	—	—	—	148.5
Gross power generation (MWh)	—	0.3	183,388.0	173,755.2
Electricity sales (MWh)	—	—	177,145.0	148,166.9
Average utilization hours	— ⁽¹⁾	— ⁽¹⁾	1,902.9	1,130.1 ⁽²⁾
Average utilization hours of wind power projects in China ⁽³⁾	2,000.0	1,800.0	1,800.0	N/A ⁽⁴⁾

(1) Our wind power projects in this region did not generate electricity in 2007 and only generated a negligible amount of electricity in 2008, and therefore a calculation of the average utilization hours in 2007 and 2008 is not meaningful.

(2) As this number is calculated based on the amount of gross power generation for the six month period rather than a year, it is not directly comparable to the average utilization hours in 2009.

(3) According to the BTM Report. (Regional information is not available).

(4) The average utilization hours of wind power projects in China for the six months ended June 30, 2010 are not available in the BTM Report.

As of June 30, 2010, we had pipeline projects in this region with a total prospective capacity of approximately 3.2 GW, of which we categorized 148.5 MW or 4.6% as “advanced,” 530.0 MW or 16.4% as “intermediate” and approximately 2.6 GW or 79.0% as “early.” Please see “— Our Business — How We Classify Our Projects — Pipeline projects” for a detailed discussion of the wind power projects in our development pipeline as of June 30, 2010.

Offshore wind power projects

We have developed the first offshore wind power project in the PRC, the 102 MW Shanghai Donghai Bridge Offshore Wind Power Pilot Project, which has commenced electricity generation in June 2010. We used a number of innovative technologies in this project, such as output forecasting technology based on microclimatology, voltage control system, power generation control system and the standardization of wind farm automatic control technology. Through the development of this project, we have established a comprehensive range of technological capabilities to construct, operate and maintain offshore wind power projects.

As of June 30, 2010, we had reserves for offshore wind power projects in Liaoning, Hebei, Shandong, Jiangsu and Hainan with a total prospective capacity of 3.4 GW, of which we categorize 200.0 MW or 5.9% as “intermediate” and 3.2 GW or 94.1% as “early.”

In October 2010, we won an offshore concession wind power project in Yancheng, Jiangsu during the first round of concession tendering for offshore wind power projects hosted by the NDRC. This concession project has a prospective capacity of 300 MW, which we expect to start construction during late 2011 and commence operation between 2012 and 2013. We are entitled to a concession tendering price of RMB0.737/kWh (including VAT) for the electricity that this project could generate. We currently estimate that to complete constructing this project we will incur approximately RMB4.8 billion of capital expenditure. We expect to fund the majority of this expenditure with bank borrowings, and the remainder from our operating cash flow.

Pricing Mechanisms

Along with the rapid growth of the PRC wind power industry in recent years, the pricing mechanisms of wind power projects have evolved over time.

On-grid tariffs for onshore wind power projects

Historically, two parallel pricing mechanisms for onshore wind power projects existed. On-grid tariffs for onshore wind power were either determined by concession tendering or approved by PRC pricing authorities, a system known as government guided pricing. The NDRC carried out tendering procedures to determine the on-grid tariffs for national concession projects. For other smaller wind power projects that did not go through the concession tendering process, their on-grid tariffs were approved by the pricing authorities of the NDRC by reference to the approved prices of concession projects in neighboring areas. Generally, the pricing authorities considered various factors in approving the on-grid tariffs for wind power, including the abundance of wind resources, the size of the proposed projects, construction conditions, and approved prices for other wind power projects in the same area. The average on-grid tariffs for wind power projects varied significantly across regions during this period.

Effective August 1, 2009, the NDRC replaced the previous government guided pricing with government fixed pricing, and divided China into four wind resource zones, applying the same benchmark on-grid tariff to all onshore wind power projects in each zone. Specifically, onshore wind power projects in zone one to zone four are entitled to a benchmark on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively. Regions in China with high technically exploitable capacity, such as Inner Mongolia, are generally categorized as zone one or zone two, and therefore apply RMB0.51/kWh or RMB0.54/kWh as benchmark on-grid tariff. Regions with average or low technically exploitable capacity are generally categorized as zone three or zone four, and therefore apply RMB0.58/kWh or RMB0.61/kWh as benchmark on-grid tariff. We believe that our wind power business will benefit from the new on-grid tariffs, as fixed pricing helps reduce uncertainties and improve our ability to evaluate each project’s potential. As of the Latest Practicable Date, all of our operating onshore wind power projects applied the benchmark on-grid tariffs mentioned above, except for an onshore concession project which applied its concession tendering price of RMB0.5658/kWh (including VAT).

In addition to the benchmark on-grid tariff fixed by the NDRC, some of our onshore wind power projects are entitled to (i) a tariff premium to compensate us for the costs of transmission lines that we constructed to connect our wind power projects to the regional grids; or (ii) a discretionary tariff subsidy approved by the local government (such as in Shandong) to promote local wind power development.

As the average on-grid tariffs of wind power are generally higher than that of conventional coal power, the PRC regulatory framework for renewable energy adopted a cost sharing system by which the additional cost of developing renewable energy projects will be shared across the whole electricity system. Specifically, electricity end users in China (irrespective of the source of energy from which their electricity is generated) are required to pay a surcharge on their electricity purchase price to cover (a) the portion of the average on-grid tariff of renewable power paid by grid companies over the benchmark purchase price of coal power, and (b) the cost of connecting renewable energy projects to the grid. The renewable energy surcharge, determined by the State Council per kWh of electricity, will be collected from end users by provincial or inter-provincial power grid companies and then distributed among the provincial grid enterprises, subject to the allocation of the relevant government authorities.

On-grid tariffs for offshore wind power projects

Currently, there is no fully developed pricing mechanism in China for electricity generated from offshore wind power projects, and the on-grid tariff for these projects is determined by the national pricing authorities on a project-by-project basis. Approved by the NDRC on a stand-alone basis, our pilot offshore wind farm, Shanghai Donghai Bridge Offshore Wind Power Pilot Project, is currently entitled to an on-grid tariff of RMB0.9745/kWh (including VAT). The offshore concession wind power project that we won in October 2010 will apply its concession tendering price of RMB0.737/kWh (including VAT). See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – The profitability of our future offshore wind power projects depends on the promulgation and development of a pricing mechanism for offshore wind power, and the availability and price of offshore wind turbines.”

Guaranteed System for Mandatory Purchase

According to the Renewable Energy Law and its recent amendments, the central government authorities should determine the proportion of electricity generated by renewable energy sources as compared to the total electricity generation according to national targets, and implement a guaranteed system for the grid companies to purchase, and dispatch on a priority basis, the entire amount of electricity generated from renewable energy projects within the coverage of their grids. See “Regulatory Environment – Dispatch,” and “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry.”

Transmission Limitations

During the Track Record Period, substantially all of our electricity generation was purchased and dispatched by the local grid companies in accordance with their mandatory purchase obligations. However, we consider the transmission limitations imposed by the local power grid as the major obstacle affecting a wind power company's business in China. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity.”

Various transmission limitations, primarily caused by the underdevelopment of local grids in remote areas, may curtail our production of electricity, impairing our ability to fully capitalize on a particular wind power project's potential. A large number of our wind power projects are located in remote areas in China with abundant wind resources, primarily Inner Mongolia, Jilin and Gansu where the local grids have insufficient transmission capacity to deliver all the potential electricity that our wind power projects could generate when operating under full load, especially at peak seasons, such as winter. Rapid construction of wind power projects in recent years attracted by favorable government policies and abundant wind resources in areas such as Inner Mongolia, combined with weaker economic conditions and infrastructure development in such remote areas, caused the local wind power installed capacity to outpace the transmission capacity of local power grids. Therefore, we may suspend some of our operating wind turbines to accommodate such transmission limitations from time to time. The process by which local power grid companies notify us to limit our electricity generation is normally carried out on a temporary basis and without any notice in advance. Typically, our wind power projects would receive formal notifications from the local grid companies via a designated telephone line that set out the maximum electricity a wind power project is permitted to dispatch to the power grid during a specified period. Based on the characteristics of electricity, which cannot be stored or reserved and must be transmitted or used once generated, if our wind power projects' electricity output exceeds such permitted maximum, we need to temporarily suspend some of our operating wind turbines to accommodate such limit. However, if our wind power projects are operating at a capacity below such limit, such as due to slow wind speed, we are not required to take action, and, the transmission limitations would therefore have no effect on us.

Compared to traditional fossil fuel power plants, whose electricity output is normally consistent and predictable, the electricity output of a wind power project may fluctuate significantly from time to time. In addition to transmission limitations, a number of other factors may also cause a decrease in our electricity generation, including wind speed, wind direction and other wind patterns, the design and build quality of wind turbines, the location of each project, wake effects and topographical characteristics of the wind sites. Given that these contributing factors are often interrelated and cannot be quantifiably distinguished from each other, and there is no established industry standard to evaluate the effect of each factor and their interrelationship, we cannot reliably estimate the possible financial effect on our wind power projects attributable to transmission limitations alone. Based on our management's rough estimate and without taking into account any weather related factors that could have adversely affected our electricity generation, our wind power business in 2007, 2008, 2009 and for the six months ended June 30, 2010 would have produced additional 0%, 2.0%, 17.2% and 18.5% of gross power generation in Inner Mongolia, respectively, and additional 6.9%, 13.2%, 8.2% and 8.7% of gross power generation in the Central and Western development region, respectively, in the absence of transmission limitations on local power grids. During the Track Record Period, the adverse effect that transmission limitations had on our electricity generation in the three northeastern provinces was immaterial. In addition, due to relatively well-developed grid infrastructure in the Southeastern Coastline development region, our wind power projects in such region did not experience any transmission limitations during the Track Record Period.

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In August 2010, the State Grid Corporation of China announced its 12th five-year plan to construct ultra high voltage long distance transmission lines in north, east and central China in order to ease the transmission limitation in areas such as Inner Mongolia by 2015. In light of the PRC government's increasing investments and commitments to improve the national power grid infrastructure, and the recent amendments to the Renewable Energy Law, which call for the grid companies to improve the transmission capacity of their power grids and develop smart grid technology, our Directors expect that the risk transmission limitations is temporary and could be effectively mitigated in the foreseeable future.

Electricity Sales

We generate a substantial portion of our revenue from the sale of electricity generated from our wind power projects. We sell substantially all of our electricity to local grid companies, rather than directly to any industrial or residential end-users. We sell electricity either based on the PPAs we enter into with local grid companies or in accordance with the applicable PRC regulations. Our PPAs typically include standard terms such as on-grid tariff (as fixed by the new pricing policy), payment and settlement, and scheduled electricity output for each month. However, neither the PPAs nor the applicable PRC regulatory framework specifically provide for any compensation from the respective local grid companies for any financial losses caused by transmission limitations, and we received no such compensation from the grid companies during the Track Record Period. Our PPAs usually have a term of one year, and can be renewed upon expiry. The PPAs typically provide that a party to a PPA may terminate the PPA under certain circumstances, including, among other things, revocation of the power project's electric power business permit and sustained failure by a party to perform the obligations under the PPA.

The table below sets out the electricity sales of our wind power projects in the three wind power development regions for the periods indicated:

Region	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
	(MWh)			
Inner Mongolia and northeastern	500,214.0	1,177,690.4	2,431,778.5	1,857,720.2
Central and western	70,619.1	101,503.9	271,349.2	176,643.0
Southeastern coastline	—	—	177,145.0	148,166.9
Total	570,833.1	1,279,194.3	2,880,272.7	2,182,530.1

Carbon Credit Transactions

In addition to selling electricity that our wind power projects generate, we generated income from sales of CERs during the Track Record Period for the emission reductions attributable to the electricity generation of our wind power projects registered with the CDM EB. In 2007, 2008, 2009 and for the six months ended June 30, 2010, we generated income from the sale of CERs of RMB33.2 million, RMB71.6 million, RMB137.4 million and RMB101.6 million, respectively.

CDM and sale of CERs

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

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

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

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

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

BUSINESS

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

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

For a CDM project registered with CDM EB, typically CDM EB appoints a DOE to annually examine the emission reduction of the project, and if certified as appropriate, requests CDM EB to issue CERs accordingly.

All of our wind power projects were developed with a view to be registered as CDM projects, and are thus eligible to be registered as such projects. As of September 30, 2010, we had 57 CDM projects that have obtained the approval from the NDRC, of which 34 have been successfully registered with the CDM EB, and the remaining projects are under various stages of registration with the CDM EB, except for one project in Shandong with an installed capacity of 49.5 MW, whose initial application was declined by the CDM EB in July 2010. According to the official notification by CDM EB, CDM EB declined our initial application as it could not assess the suitability of the applied on-grid tariff of such wind power project based on the initial project documentation we submitted. As of the Latest Practicable Date, we had completed the preparation of the supplemental documentation, which we intend to submit with the CDM EB for registration after such project is validated by a designated operational entity.

We engage agents to assist in our CDM business. The buyers of our CERs primarily include reputable enterprises with global prominence according to United Nations Environment Programme. They include enterprises from the United Kingdom, Japan, Sweden and Switzerland. The agreements that we enter into with the buyers typically have a term not extending beyond 2012, with an option to renew by the buyers, and the unit price per CER is agreed after arm's length negotiation. CERs, once issued by CDM EB, are forwarded to a buyer's account on an annual basis, and payments are made within 20 days after each forwarding is completed. To centralize the management of our carbon credit transactions, we have established a carbon asset management team that manages the application and registration of our CDM projects and the sale of CERs, including finding and negotiating with potential CER buyers and coordinating government approvals and the registration, verification, issuance and delivery of CERs.

Foreign exchange policy

According to the “Notice on Further Strengthening the Supervision of Financial Derivatives Transactions of Central Enterprises” in China, state-owned enterprises in China are generally discouraged from entering into derivatives or similar transactions, even with a view to hedging a particular financial or market risk in their business operations, due primarily to the perception of high risks that are inherent in such transactions. To the date of this prospectus, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign exchange risk.

During the first half of 2010, we recorded foreign exchange net losses of RMB28.3 million, due primarily to the substantial depreciation of Euro against Renminbi relating to our sales of CERs, which is a direct result of the financial and political turbulence in the euro-zone economies. Going forward, our management may prudently choose to enter into derivatives transactions, in compliance with the relevant guidance in the PRC, to hedge foreign exchange risk in response to the prevailing market conditions and new developments in the foreign exchange policies in China. See “Risk Factors – Risks Relating to the PRC – Fluctuation of the Renminbi could adversely affect our financial condition and results of operation.”

Other Renewable Energy Projects

In addition to our continued focus on wind power business, we plan to prudently explore opportunities to develop solar power projects, and selectively participate in biomass energy projects. As of June 30, 2010, we had entered into development agreements with 11 local governments in China, with a total prospective capacity of 7,828.0 MW, of which 7,655.0 MW were for solar power projects and 173.0 MW for biomass energy projects. Under these development agreements, local governments generally grant us exclusive rights or priority to develop a solar power or biomass energy project at a reserved project site and agree to assist us in obtaining land use rights and other necessary approvals for the project, while we are generally responsible for the development, operation and management of the projects, including bearing all the costs and expenses involved.

We have established dedicated working teams, supported by professional staffs with relevant expertise, for the development of solar and biomass energy projects. As of June 30, 2010, our in-house working team for biomass energy projects, headed by one of our vice presidents, had eight engineers, each with one to six-year of working experience in the development of biomass energy projects. Our in-house working team for solar power projects had five professional employees (including three engineers), each with one to three-year of working experience in the development of solar power projects.

As of June 30, 2010, in our pipeline for other renewable energy projects, we only had one solar power project, the Qingtongxia solar power project in Ningxia province, which received the project approval from the NDRC. Our solar power project, with an attributable prospective capacity of 10 MW, is managed by one of our wholly owned subsidiaries. This solar power project started construction in July 2010 and is expected to become operational by the middle of 2011. As of June 30, 2010, we estimated that we would incur approximately RMB180 million of capital expenditure to develop and construct this solar power project, of which only a small amount was incurred during the third quarter of 2010 for preliminary work.

Wind Turbine Procurement

We have strong relationships with leading turbine suppliers such as Vestas, Goldwind and Sinovel. Our relationships with our suppliers range from six years to less than one year.

Our purchase agreements with turbine suppliers generally include quantity, pricing, payment, damages and termination, as well as warranty terms.

The purchase prices in our purchase agreements include the price of turbines and the costs of service that our suppliers agree to perform such as transportation and installation of turbines. We typically make advance payments of 10% to 20% of the purchase prices shortly after we enter into purchase agreements, with the balance of the purchase prices payable in several installments, the majority of which is payable upon turbine delivery.

We are also entitled to liquidated damages, our exclusive remedy under the purchase agreements, for the suppliers' non-performance or late performance of their obligations, such as the failure or delay in turbine delivery. Upon a default by a party, such as the failure to deliver turbines or make payments, the non-defaulting party has a right to terminate the purchase agreements and receive from the defaulting party a cancellation fee of 5% of the purchase price.

Warranties give us certain protections against costs associated with turbine non-performance, typically for two to three years after the relevant turbine successfully completes a non-stop trial run. These warranties typically include a "power curve" warranty, which requires the manufacturer to pay liquidated damages if turbine output falls below a specified level at certain wind speeds, and an "availability warranty," which ensures the reliability of the turbines for electrical production. For more information regarding risks relating to our turbine suppliers, see "Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Our electricity generation and results of operations are dependent on the operating performance of our wind turbines."

We generally select our turbine suppliers through a bidding process based on factors such as product quality, price, suitability, technology, production capabilities and after-sales support. The PRC government's increasing support of the domestic wind power industry has caused the turbine manufacturing industry in the PRC to experience accelerated growth, and the number of manufacturers to increase significantly over the past few years. Turbine prices have decreased as the supply of turbines continues to exceed market demand. We believe that our turbine procurement strategy, coupled with the surplus in turbine supply in the PRC, provide us a competitive advantage in turbine procurement and in negotiating favorable terms with turbine suppliers.

Operations and Maintenance ("O&M")

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

Each of our wind power projects has a timetable for routine maintenance, regular inspections and repairs. With our extensive operational experience and technical know-how, we have developed a self sufficient in-house O&M center to serve as a central facility for large-scale inspection, maintenance, repair and spare parts delivery for our projects. We aim to continue to increase our control of key O&M activities rather than outsourcing O&M services to turbine manufacturers. This enables us to reduce our overall O&M costs and improve the efficiency of our wind power projects. Our repairs and maintenance expenses, which primarily include costs associated with turbine maintenance, were RMB2.9 million, RMB7.0 million, RMB19.6 million and RMB8.8 million in 2007, 2008 and 2009 and for the six months ended June 30, 2010.

TOP FIVE CUSTOMERS AND SUPPLIERS

During the Track Record Period, we derived substantially all of our revenue from sales of electricity generated by our wind power projects. All of our sales of electricity are made to the local grid companies that are directly or indirectly controlled by the PRC government. In 2007, 2008, 2009 and for the six months ended June 30, 2010, we generated 48.1%, 50.9%, 40.3% and 42.3%, respectively, of our total revenue (excluding service concession construction revenue) from sales to our single largest customer. Our largest customer for 2007 and 2008 were Northeast China Grid Company Ltd. In 2009, the operations of Chifeng and Tongliao grids were transferred from Northeast China Grid Company Ltd. to East Inner Mongolia Electric Power Co., Ltd., which became our largest customer for 2009 and the six months ended June 30, 2010. Northeast China Grid Company Ltd. ceased to be one of our top five customers during such periods. During the same periods, we generated 100.0%, 97.8%, 89.6% and 91.2%, respectively, of our total revenue (excluding service concession construction revenue) from sales to our five largest customers.

In 2007, 2008, 2009 and for the six months ended June 30, 2010, our purchases of spare parts and other consumables from our five largest suppliers (as defined in the Listing Rules, meaning the ultimate supplier of items which are not of a capital nature) amounted to RMB0.8 million, RMB3.0 million, RMB9.6 million and RMB3.1 million, respectively, representing 58.9%, 62.3%, 54.6% and 48.6% of our total purchase of spare parts and other consumables. During the same periods, our purchases of spare parts and other consumables from our single largest supplier amounted to RMB0.3 million, RMB1.8 million, RMB2.7 million and RMB1.2 million, respectively, representing 25.2%, 37.5%, 15.4% and 18.1% of our total purchase of spare parts and other consumables. Our largest supplier for spare parts and other consumables was EULIKIND (Tianjin) Technology Co., Ltd. for 2007 and 2008; Nordex (Dongying) Wind Device Manufacturing Co., Ltd. for 2009 and Vestas Wind Technology (China) Co., Ltd. for the six months ended June 30, 2010.

Apart from the purchase of spare parts and other consumables, our purchases of wind turbines represented the largest portion of our total procurement expenditure. We entered into contracts with our five largest wind turbines suppliers for the purchase of wind turbines in the amount of RMB4,342.6 million, RMB6,481.1 million, RMB6,308.0 million and RMB3,437.3 million in 2007, 2008, 2009 and for six months ended June 30, 2010, respectively, representing 100.0%, 95.3%, 88.8% and 78.8% of our total purchases of wind turbines during those periods. During the same periods, we entered into contracts with our single largest wind turbine supplier for the purchase of wind turbines in the amount of RMB1,672.5 million, RMB2,567.1 million, RMB3,405.4 million and RMB1,113.8 million, respectively, representing 38.5%, 37.8%, 47.9% and 25.5% of our total purchases of wind turbines during those periods.

All of the above five largest suppliers as defined in the Listing Rules are Independent Third Parties. To the knowledge of our Directors, none of our Directors or Supervisors, their respective associates or any of our shareholders holding more than 5% of our issued capital, held any interest in any of the above five largest customers or suppliers as of the Latest Practicable Date.

COMPETITION

We compete with other wind power companies in the PRC for suitable land for wind power project construction, for turbine supplies and for access to bank borrowings. Although the entry barriers for wind power generation business are generally considered high due to its large capital requirements and highly regulated environment, competition in these areas will continue to increase as wind power companies in the PRC strive to expand their business in response to the favorable government policies promoting renewable energy. A few major wind power companies dominate the wind power industry in the PRC, and we face competition mainly from top players such as China Longyuan Power Group Corporation Limited. According to the BTM Report, we ranked second in China in terms of total wind power installed capacity as of December 31, 2009, which accounted for approximately 10.2% of the total wind power installed capacity of China.

INTELLECTUAL PROPERTY

Our intellectual property consists primarily of industry know-how and trade secrets. We do not have any registered patents or trademarks in the PRC. We have entered into a trademark license agreement with Datang regarding our use of its trademarks. See “Connected Transactions – Exempt Continuing Connected Transactions – 1 Trademark License Agreement” for details.

ENVIRONMENTAL REGULATION

We are committed to conducting our operations in compliance with applicable environmental laws and regulations, and endeavor to mitigate the adverse effect of our operations on the environment. We are subject to environmental laws and regulations relating to noise control, air and water emissions, water and ground protection and waste management in the construction and operation of renewable energy generation facilities. We operate under a number of licenses and authorizations that are related to environmental regulations.

Our PRC legal advisor has confirmed that we were in compliance with the applicable environmental laws and regulations (including, among others, the Provisional Measures on the Use of Construction Land and Administration of Environmental Protection of Wind Power Project (《風電場工程建設用地和環境保護管理暫行辦法》) during the Track Record Period, and were not subject to any material environmental claims, lawsuits, administrative penalties due to violations of the environmental laws and regulations as of the Latest Practicable Date.

Wind power is a renewable energy source that generally causes less pollution than fossil fuels. Environmental requirements relating to emissions, hazardous substances and waste management do not materially affect the operations of our wind power projects. Construction and operation of wind power projects are subject to national and local environmental laws and regulations. Typically, environmental laws and regulations require us to submit an environmental impact assessment to the relevant environmental protection authorities for approval. We conduct environmental impact studies throughout the design and construction phases to determine the most appropriate configuration of the facility based on its location.

HEALTH AND SAFETY COMPLIANCE

Our business operations involve risks and hazards that are inherent in such activities. These risks and hazards could result in damage to, or destruction of, property or production facilities, personal injury, business interruption and possible legal liability. All of our wind power projects have adopted various internal policies and taken protective measures to prevent health and safety risks and hazards. As of the Latest Practicable Date, our wind power projects had not encountered any material unplanned outages due to health and safety issues.

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

INSURANCE

Consistent with what we believe to be customary practice in the PRC, we do not insure fully against all risks associated with our business either because such insurance is not available or because we have determined that the premiums for certain insurance coverage are cost prohibitive. We maintain all property and construction risk insurance, machinery breakdown insurance, and customary worker's compensation and automobile insurance with reputable insurance companies in the PRC on terms as generally carried by companies engaged in similar businesses and owning similar properties. We review our insurance policies annually. We do not carry any third party liability insurance to cover claims in respect of personal injury, property or environmental damages arising from accidents on our property or relating to our operations, nor do we carry any business interruption insurance. We believe that the insurance coverage of our wind power projects is adequate and customary for the wind power industry in the PRC. See "Risk Factors – Risks Relating to Our General Business – Our assets and operations are subject to hazards customary to the wind power industry, and we may not have adequate insurance to cover all these hazards."

PROPERTIES

Land (excluding land for projects under construction)

As of the Latest Practicable Date, we held or occupied 2,320 parcels of land (excluding land for projects under construction), with a total site area of 4,891,567.5 m². We have proper land use rights to all such land except for three parcels of land (the "Defective Land") with a total site area of 32,794.5 m². See "Appendix IV – Property Valuation Report," and "Risk Factors – Risks Relating to Our General Business – We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy." We did not lease any land as of the Latest Practicable Date.

As of the Latest Practicable Date, the Defective Land only accounted for 0.7% of the total site area of the land we held or occupied (excluding land for projects under construction). We have a wind power project constructed on the Defective Land with an installed capacity of 49.5 MW which represented 1.8% of our total installed capacity and contributed 1.1% of our total revenue in 2009. In the event that the local government authorities require us to relocate such wind power project due to lack of proper certificates on the underlying land, we estimate the cost of such relocation to be approximately RMB11.2 million, and together with the possible loss of revenue of not more than RMB1.3 million, would represent only 1.1% and 2.6% of our total revenue in 2009 and for the six months ended June 30, 2010, respectively. As such, the existence of the Defective Land will not materially and adversely affect our business operations.

We had not obtained land use right certificates for the Defective Land because we made adjustments to the wind turbine locations based on our actual needs which delayed the process of obtaining approvals. As of the Latest Practicable Date, we had obtained the construction land approvals for the Defective Land and expected to obtain proper land use right certificates by the end of 2010. As a result, we are not exposed to the risk of being penalized by the local authorities for failure to obtain proper land use right certificates.

Land for projects under construction

As of the Latest Practicable Date, we held and occupied 600 parcels of land, with a total site area of approximately 1,054,268 m² for project construction. Of such land for projects under construction, we had obtained land use right certificates for 38 parcels, with a total site area of 639,646 m². For the remaining 562 parcels of land (the “Defective Land for Construction”), with a total site area of 414,621.6 m², we have received the pre-review opinions from the relevant land administration bureaus in compliance with the relevant PRC law, and we are in the process of applying for the relevant construction land use right certificates.

According to our PRC legal advisor, pursuant to the PRC law on Land Administration and its implementation rules, relevant government authorities may impose a fine on us in addition to injunctive relief, confiscation or other penalties on land without construction land use right certificates. As a result, we estimated that the potential fine may be up to RMB12.4 million, representing approximately 1% of our total revenue in 2009. As of the Latest Practicable Date, we had successfully obtained written confirmations from the relevant authorities concerning our current use of the 562 parcels of land for projects under construction. Upon receiving such confirmations, we will not be exposed to any penalties or to the risk of being required to cease our on-going constructions.

In addition, our failure to obtain proper land use right certificates for the Defective Land for Construction is due primarily to the complex administrative approval procedures with long waiting period and special characteristics of the wind farm construction. Generally, the land use right certificates will be issued to us during the process of construction or after our projects complete construction.

Pursuant to our Reorganization Agreement, Datang will assist us in obtaining the relevant land use right certificates and will indemnify us against all losses, claims, charges, or expenses arising from our failure to obtain the outstanding land use right certificates. See “History, Reorganization and Corporate Structure – Reorganization.” Our PRC legal advisor has confirmed that the above undertakings given by Datang are legally binding, valid and

enforceable. Our PRC legal advisor has further confirmed that there is no ownership dispute over the Defective Land and the Defective Land for Construction and no material legal impediment for us to obtain the relevant certificates upon meeting the applicable procedural requirements. As a result, the lack of proper land use right certificates will not materially and adversely affect our business operations.

BUILDINGS

Buildings (excluding buildings under construction and leased buildings)

As of the Latest Practicable Date, we held or occupied 94 buildings (excluding buildings under construction and leased buildings), with a total gross floor area of 70,837.9 m². Among these buildings, three, with a total gross floor area of 1,653.7 m², lacked ownership certificates (the “Defective Buildings”), which represented 2.3% of the total floor area of all our 94 buildings. We failed to obtain ownership certificates for these buildings on time due primarily to the delay in obtaining the corresponding land use right certificates of the Defective Land. Currently, the Defective Buildings are used as offices, warehouses and guard houses for one of our wind power projects.

According to our PRC legal advisor, the local government authorities may suspend our on-going construction, demolish buildings already erected, forfeit illegal income and/or impose a penalty up to 10% of construction costs on us for our failure to obtain such certificates. We estimate that the potential penalty may be up to RMB6,500,000. We are in the process of applying for proper certificates for the Defective Buildings and our PRC legal advisor has confirmed that there is no material legal impediment to obtain such certificates. See “Appendix IV – Property Valuation Report.”

Buildings under construction

As of the Latest Practicable Date, we held 35 buildings under construction, with a total gross floor area of 41,316.3 m². Among these buildings, 26 buildings (the “Defective Buildings Under Construction”) with a total site area of 28,463.1 m² lack land construction planning permits and construction project planning permits which appear to be crucial to our future operations. Pursuant to relevant PRC laws and regulations, construction land planning permit and construction project planning permit should be obtained before the construction and operation of new projects. We are in the process of applying for such permits and expect to obtain all relevant approvals before we occupy and use the Defective Buildings Under Construction.

Our PRC advisors confirmed that the Defective Buildings Under Construction have no safety concerns and we have obtained the confirmations from the relevant administrative authorities of quality supervision and inspection and work safety administrative authorities. Besides, there was no safety related accident in the Defective Buildings Under Construction during the Track Record Period. We also adopt the following measures to prevent the occurrence of safety accidents:

- (1) according to the relevant laws in China, we are required to adopt construction biddings for construction projects entirely or partially funded by state-owned capital, including the survey, design, construction, supervision of the project, and the procurement of the key equipment and materials;

- (2) our projects under construction are required to be carried out by professional parties who are responsible for project survey, design and construction;
- (3) the entities responsible for project design and construction, and the suppliers of equipments together with relevant construction supervision and inspection authorities will comprehensively inspect our design planning and the quality of our construction and installation of key equipment; and
- (4) electricity regulatory authorities, production safety regulatory authorities, environmental protection regulatory authorities and fire services regulatory authorities will supervise and inspect our projects under construction during the entire construction period.

There have not been any negative findings regarding (2) to (4) mentioned above.

According to our PRC legal advisor, local authorities may suspend any construction, demolish buildings already erected, forfeit illegal income and/or impose a penalty up to 10% of construction costs on us for our failure to obtain such certificates. We have obtained written confirmations from local governments that the process of applying for such permits is under progress and there is no material legal impediment for us to obtain them. Therefore, we are not exposed to the risk of being penalized by the relevant authorities.

Pursuant to our Reorganization Agreement, Datang will assist us in obtaining the relevant building ownership certificates for the Defective Buildings or Defective Buildings Under Construction and indemnify us against all losses, claims, charges, or expenses arising from our failure to obtain such certificates. Our PRC legal advisor confirmed that the above undertakings given by Datang are legally binding, valid and enforceable. Our PRC legal advisor further confirmed that there is no ownership disputes over the Defective Buildings or Defective Buildings Under Construction and no material legal impediment for us to obtain the relevant certificates upon meeting the applicable procedural requirements. As a result, our use and occupation of the Defective Buildings and the construction of the Defective Building Under Construction will not materially and adversely affect our business operations.

Leased buildings

As of the Latest Practicable Date, we leased 49 properties in the PRC, with a total gross floor area of 16,456.1 m². Among these leased buildings, the landlords of 36 buildings (the “Defective Leased Buildings”), with a total gross floor area of 7,897.3 m², had not obtained building ownership certificates, representing 9.0% of the total gross floor area of the properties we held and occupied.

Pursuant to the PRC laws and regulations, the effectiveness of the lease contracts shall not be affected without filing procedure. The Defective Leased Buildings have no material legal impediment relating to the filing procedure. Therefore, the lease contracts for the Defective Leased Buildings are effective and legally binding.

The Defective Leased Buildings accounted for a small percentage of the buildings we leased and have no ownership dispute. They are used as offices rather than for power generation. Therefore, the Defective Leased Buildings will not materially and adversely affect our business operations.

BUSINESS

Pursuant to our Reorganization Agreement, Datang will indemnify us against all losses, claims, charges, or expenses arising from any disputes over the Defective Leased Buildings if the relevant landlord has not indemnified us within 60 days from the date of our request. Our PRC legal advisor has confirmed that undertakings given by Datang are legally binding, valid and enforceable. Our PRC legal advisor also confirmed that there is no ownership disputes over the Defective Leased Buildings, and the lack of relevant certificates for the Defective Leased Buildings will not materially and adversely affect our business operations.

LEGAL PROCEEDINGS

Our Directors have confirmed that we did not have any material litigation or legal proceeding during the Track Record Period. Our PRC legal advisor has confirmed that there were no pending or threatened litigation, arbitration, or administrative penalties, and we were not involved in litigation or other proceedings, which would materially and adversely affect our business, financial condition or results of operations as of the Latest Practicable Date. As of the same date, our PRC legal advisor and Directors confirmed that we were in compliance with applicable PRC laws and regulations in all material aspects during the Track Record Period and had obtained permits, licenses, qualifications, authorizations and approvals material to our business operations.

RELATIONSHIP WITH DATANG GROUP

OVERVIEW

Our Company was established as a joint stock company with limited liability under the Company Law on July 9, 2010. Datang and Datang Jilin, a wholly-owned subsidiary of Datang, were our Promoters and owned 87.44% and 12.56%, respectively, of our registered share capital upon establishment. Immediately after completion of the Global Offering, Datang and Datang Jilin will own approximately 58.59% and 8.41%, respectively, of our share capital, (or 55.69% and 8.00%, respectively, if the Over-allotment Option is exercised in full). Datang (and Datang Jilin together with Datang) will continue to be our controlling shareholder(s).

Pursuant to the Reorganization Agreement, Datang transferred to us substantially all of its assets, liabilities and interests in relation to the wind power businesses directly or indirectly held by it without consideration. For details of the Reorganization, see “History, Reorganization and Corporate Structure – Reorganization.”

DELINEATION OF BUSINESS AND COMPETITION

Delineation of Business

Prior to the Reorganization, we were primarily engaged in the wind power business. In preparation for the Global Offering, we underwent the Reorganization which was aimed at providing a clear delineation between the business of our Group and that of Datang Group. Pursuant to the Reorganization, we retained equity interests and assets in all the businesses we originally operated and managed. In addition, Datang transferred equity interests in all entities engaged in wind power generation business as of the end of 2009 (excluding entities held by Datang Jilin) to China Datang Corporation Renewable Power Co., Ltd. (our predecessor) and Datang Jilin further contributed to the establishment of our Company by way of transfer of its equity interests in four wind power companies, resulting in the establishment of our Company as a joint stock company with Datang and Datang Jilin as our Promoters. Immediately following the Reorganization, we were positioned to operate wind power business as our core business within Datang Group, while Datang is principally engaged in other power generation businesses such as coal and thermal power, hydro power and nuclear power, and certain ancillary businesses such as coal, consultancy, and engineering, etc.

The following businesses and interests will continue to be retained or held by Datang after the Reorganization. Save for the businesses and interests referred to in this section, Datang does not directly or indirectly have any interest in other business which will compete or is likely to compete with our core business. As of the Latest Practicable Date, Datang (i) retains six wind projects, one solar project and one biomass project (the “Retained Business”); and (ii) holds shareholding in the following listed companies:

- approximately 36.07% shareholding in Datang Power, whose shares are traded on the Shanghai Stock Exchange (Stock Code: 601991), the Stock Exchange (Stock Code: 0991) and London Stock Exchange (DAT). Datang Power is engaged in a wide range of power generation businesses, including coal power, hydro power and wind power. As of June 30, 2010, the generation capacity of Datang Power’s wind power accounted for approximately 1.13% of its aggregate power generation capacity;

RELATIONSHIP WITH DATANG GROUP

- approximately 50.51% shareholding in Guangxi Guiguan, a company listed on the Shanghai Stock Exchange (Stock Code: 600236), which primarily engages in hydro power business. Apart from hydro power, Guangxi Guiguan also engages in certain coal power business in Guangxi. As of the end of 2009, generation capacity of wind power business only accounted for approximately 2.9% of Guangxi Guiguan's aggregate power generation capacity; and
- approximately 33.34% shareholding in Datang Huayin, a company listed on the Shanghai Stock Exchange (Stock Code: 600744). Datang Huayin principally engages in coal power and hydro power businesses in Hunan. Datang Huayin did not own any operating wind farm as of June 30, 2010.

To strengthen the delineation of core business between our Company and that of Datang, our Company and Datang entered into the Non-Competition Agreement, under which our Company was granted the option to take up new wind, solar and biomass power business opportunities, as well as the option and pre-emptive rights to acquire Datang's Retained Business and certain future new business as defined below.

Under the above arrangement, our Company's core business is substantially wind power business and Datang will focus on other power generation business. As such, the Directors consider that there is clear delineation between the businesses of the Group and that of the Datang.

Retained Business

Datang's wind power business

As our controlling shareholder, Datang is principally engaged in power generation businesses such as coal power, hydro power and nuclear power, and ancillary business such as coal, consultancy and engineering. The development strategy of Datang is to build itself into a managerial and holding international energy enterprise of market-oriented, collectivized, modernized and internationalized characteristics with strong development capability, profitability and global competitiveness. As of the Latest Practicable Date, Datang holds, and will after the Global Offering, continue to hold, equity interests in six wind power projects. The table below sets out the location and estimated installed capacity of each of the six wind power projects:

Project	Time of Approval	Approved Capacity (MW)	Location
Shaanxi Dingbian Zhangjiashan Wind Power Project (陝西定邊張家山風電項目)	January 2010	49.5	Dingbian, Shaanxi
Shandong Pingdu Xinhe Wind Power Project (山東平度新河風電項目)	April 2010	49.5	Pingdu, Shandong
Shandong Wendeng Wind Farm Phase II Project (山東文登二期風電項目)	April 2010	49.5	Wendeng, Shandong
Xinjiang Turpan Tuokexun Wind Farm Phase I Project (新疆吐魯番托克遜風電一期項目)	May 2010	49.5	Turpan, Xinjiang
Hubei Zhongxiang Huashangguan Wind Power Project (湖北鐘祥華山觀風電項目)	June 2010	22.5	Zhongxiang, Hubei
Pingyin Wind Farm Phase I Project (平陰風電場一期工程項目)	June 2010	49.5	Pingyin, Shandong

RELATIONSHIP WITH DATANG GROUP

By the end of 2009 when Datang transferred to the Company its interest in wind power business, the above-mentioned wind projects had not yet received relevant provincial DRC approvals, which are prerequisites for the development of wind farm projects. Despite that the Reorganization Agreement was executed on July 9, 2010. The transfer of wind power business to the Company was determined by reference to Datang's wind power business as of December 31, 2009, by when the six wind power projects had not been granted approvals by the relevant provincial DRC. The Directors are of the view that as of the Latest Practicable Date, the retained wind projects would not add value to the Company's business based on the following reasons: (1) the six wind power projects were in early development stage and most of them had not commenced construction work by the time the Reorganization Agreement was executed on July 9, 2010 and the six wind projects retained are expected to commence operation between the period from June 2011 to the end of 2012. As they haven't commenced operation, the six wind power projects have no revenue contribution to neither Datang nor the Company during the Track Record Period; and (2) the absence of concrete land procurement plan and power dispatch plan would give rise to uncertainties as to the prospect and profitability of the six wind power projects. Therefore, these retained wind projects were not injected to us during the Reorganization. Furthermore, given that we have the option and the pre-emptive right to acquire Datang's wind power business pursuant to the Non-Competition Agreement, we retain the flexibility to acquire the above wind farms retained by Datang should our Directors believe that in the future such acquisition would be in the interest of our business and our shareholders.

The Directors have considered the following factors in evaluating the competition between the Company's wind power business and Datang's wind power business:

- 1 of the above six wind projects, three are located in Shaanxi, Hubei and Xinjiang, respectively, representing 45% of the total installed capacity of the six wind projects retained, whereas wind projects operated by the Company are located in regions other than the three provinces. There is no geographical overlap between our wind power business and the three wind projects retained by Datang. The wind projects in Shaanxi, Hubei and Xinjiang will be connected to, and the electricity generated thereby will be sold to, Shaanxi, Hubei and Xinjiang grid companies, respectively, whereas the wind projects operated by the Company will be connected to and the electricity generated thereby will be sold to each of their regional grid companies. As such, the Directors believe that wind projects which connect to different grid companies will not compete with each other.
- 2 of the above six wind projects, three are located in Shandong province where our Company also operates wind farms. The three wind projects located in Shandong represent 55% of the total installed capacity of the six wind projects retained. According to the Renewable Energy Law and its implementation rules, grid companies generally must purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid company, and must provide grid-connection services and related technical support. In addition, the PRC government regulates the on-grid tariffs for wind farms. As a result of these legal requirements, the Directors are of the view that wind power companies in the PRC do not compete with each other even if they are located in the same province in terms of grid-connection, electricity sales and on-grid tariff.

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However, while the PRC government has repeatedly reaffirmed its intention to continue and strengthen the support to the wind power industry, and our Directors are not aware of any indication of potential changes to the existing policies favorable to wind power businesses, we cannot assure you that the PRC government will not in fact change the preferential measures and favorable policies at any time. For risks associated with any potential changes to the existing favorable policies applicable to the wind power industry and the adverse impact relating thereto, please see “Risk Factors – Risks relating to Our Wind Power Business and the Wind Power Industry – We depend on the PRC government’s policies and regulatory framework supporting renewable energy development”. Moreover, even though currently our operating wind power projects in Shandong province do not encounter dispatch problems, there is no guarantee as to the sufficiency of electricity transmission capacity in the future. As such, there might be potential competition between Datang’s Retained Business and the Company’s wind power businesses should wind projects in Shandong province experience dispatch problems in the future. The Directors, however, believe that the potential competition, will be limited and manageable as the Company has the flexibility to acquire any wind power businesses retained by Datang by exercising the option and pre-emptive right pursuant to the Non-Competition Agreement.

- 3 compared to the scale of our wind power business after the Reorganization, the wind power business retained by Datang is much smaller in terms of capacity. The total installed capacity of the Company’s wind power business as of June 30, 2010 was 2,717.0 MW and is expected to increase to approximately 4,000 MW by the end of 2010 and 5,500 MW by the end of 2011. By comparison, as of the Latest Practicable Date, the estimated total capacity of Datang’s wind power projects after becoming fully operational will be 270 MW representing 4.9% of the Company’s estimated installed capacity as of the end of 2011.

Based on the above reasons, the Directors believe that the wind farms retained by Datang will have limited competition with those of the Company following completion of construction.

As of the Latest Practicable Date, all of Datang’s wind power projects were still under construction or the construction work of which have not been commenced. The construction will continue to be performed by Datang, upon completion of which Datang will own and operate the wind power projects. However, pursuant to the Non-Competition Agreement, our Company has been granted an option and pre-emptive rights to acquire any wind power business owned by Datang. Please refer to the section headed “Non-Competition Agreement” below for details of the terms of such option and pre-emptive rights.

RELATIONSHIP WITH DATANG GROUP

Datang's solar and biomass business

As of the Latest Practicable Date, Datang holds, and will after the Global Offering, continue to hold, equity interests in one operating solar power project and one operating biomass power project. The table below sets out the location and installed capacity of each of the solar and biomass projects:

Name of Project Company	Time of Approval	Time of Commencement of Operation	Approved Capacity (MW)	Location
Datang Anqing Biomass Power Generating Co., Limited (大唐安慶生物質能發電有限公司)	December 30, 2006	July 3, 2008 and September 9, 2008	30 MW	Anqing, Anhui
Datang Gansu Wuwei MW-grade Photovoltaic Pilot Scientific Power Plant (大唐甘肅武威MW級併網光伏科技示範電站)	April 11, 2007	November 19, 2008	0.5 MW	Wuwei, Gansu

The Directors are of the view that there will be limited competition between the Company and Datang's solar and biomass projects based on (1) there is limited geographical overlap between Datang's operational biomass and solar projects and the Company's wind power businesses (i.e. the Company's wind power project are located in Yumen city and Jingtai city, respectively, in Gansu province; whilst Datang's solar project is in Wuwei city of Gansu province); (2) the relative small size of Datang's solar and biomass projects; (3) solar and biomass businesses of Datang are not advanced enough for development in scale in terms of economic return; and (4) the electricity generated by wind power projects and solar and biomass projects can be fully purchased by local grid according to Renewable Energy Law and its implementation rules. Given the relatively small scale of Datang's solar and biomass businesses, we believe the wind power businesses of the Company will not be materially affected by Datang's solar and biomass businesses in the foreseeable future.

Based on the same reasons above, these solar or biomass power projects were not transferred to the Company during the Reorganization. In addition, the Directors believe that as of the Latest Practicable Date, acquiring the solar or biomass business from Datang would be premature and not in the best interest of the Company for the following reasons:

- 1 while the current legal regime for the renewable energy industry supports solar and biomass power businesses, unlike the wind power industry where the PRC government has implemented an industry-wide on-grid tariff system, the tariff system applicable to solar and biomass power are still being perfected. Local authorities have not yet implemented many of the ancillary regulations, policies and subsidies associated with the solar and biomass power businesses, which vary significantly from city to city; and
- 2 the developing technologies in relation to solar and biomass power industry and the immature supporting commercial environment also represents a major challenge for the solar and biomass power operators in the PRC. The two solar and biomass power projects held by Datang are still in early operation stage and the developing technologies and immature supporting commercial environment would give rise to uncertainties as to the prospect and profitability of the two solar and biomass power projects.

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In addition, given that we have the option and the pre-emptive right to acquire Datang's solar and biomass power business pursuant to the Non-Competition Agreement, we retain the flexibility to acquire the above solar and biomass power projects retained by Datang should our Directors believe that in the future such acquisition would be in the interest of our business and our shareholders.

Datang Power's wind power business

Datang Power, a company whose shares are traded on Shanghai Stock Exchange, the Stock Exchange and the London Stock Exchange, is principally engaged in the business of coal-fired power generation and focuses on pursuing power generation business as its core development whilst complementing with synergistic diversifications. The power generation businesses that Datang Power engages in also include hydro power, nuclear power and wind power businesses, and the diversification that Datang Power pursues mainly include chemical and coal businesses. Based on publicly available information, as of June 30, 2010, the generation capacities of wind power only accounted for 1.13% of the generation capacities of Datang Power. For the three years ended December 31, 2007, 2008 and 2009, generation capacities of wind power business represented 0%, 0.16% and 0.94% respectively, of Datang Power's total generation capacities.

With respect to the wind power business operated by Datang Power, as a listed entity, Datang Power's major operational and investment decisions are subject to compliance with the relevant listing rules. As Datang Power is a listed company, its directors are required to act in the best interests of the shareholders of the company and, therefore Datang Power is not under an obligation to the Group not to invest in the wind power business. If Datang Power were to grant a non-competition undertaking to our Company, Datang Power's independent shareholders' approval would be required. Datang, as a shareholder having a material interest in the proposed resolution, would be required to abstain from voting.

According to the public available information, as of June 30, 2010, wind power generation capacity of Datang Power amounted to approximately 387.6 MW, representing 1.13% of Datang Power's total generation capacity. In terms of revenue contribution, revenue generated from wind power businesses only accounted for a very insignificant portion of Datang Power's total revenue during the Track Record Period.

The table below sets out the generation capacity of Datang Power's operating wind power businesses (which comprise six companies managing nine wind power projects) as of June 30, 2010:

Company	Generation capacity (MW)	Location
Inner Mongolia Datang International Zhuozi Windpower Company Limited	40	Inner Mongolia
Shanxi Datang International Zuoyun Wind Power Company Limited	99	Shanxi
Liaoning Datang International Faku Wind Power Development Company Limited	49.5	Liaoning
Liaoning Datang International Power Generation Company Limited.	49.5	Liaoning
Datang Zhangzhou Wind Power Generation Company Limited.	101.6	Fujian
Inner Mongolia Datang International Windpower Development Company Limited	48	Inner Mongolia

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In addition, according to the public information available to our Directors, Datang Power has, as of June 30, 2010, the following wind power projects under construction: Faku Windpower Project (法庫風電工程); Siyanping Windpower Project (四眼坪風電工程); Zhuozi Windpower Project (卓資風電工程); Hongmu Windpower Project (紅牧風電工程); Zuoyun Windpower Project (左雲風電工程); Hebei Windpower Project (河北風電工程); Changle Windpower Project (長樂風電工程); and Qianchatai and Houchatai Windpower Project (前查台、後查台風電工程).

The Directors believe that Datang Power's wind farms do not materially compete with us, the factors taken into account in evaluating the competition mainly include:

1. of the nine operating wind power projects of Datang Power, five are located in Shanxi and Fujian, respectively, representing 51.74% of the total installed capacity of Datang Power's operating wind power business, whereas operating wind farms of the Company are located in regions other than Shanxi and Fujian. There is no geographical overlap between our wind power projects and Datang's operating wind power projects in Shanxi and Fujian. The wind farms in Shanxi and Fujian will be connected to, and the electricity generated thereby will be sold to, Shanxi and Fujian grid companies, respectively, whereas the wind farms operated by the Company will be connected to and the electricity generated thereby will be sold to each of their regional grid companies. As such, the Directors believe that wind farms which connect to different grid companies will not compete with each other.
2. of the nine operating wind power projects of Datang Power, four are located in provinces where our Company also operates wind farms, namely, Inner Mongolia and Liaoning. The four operating wind projects in Inner Mongolia and Liaoning represent 48.26% of the total installed capacity of Datang Power's operating wind power business. According to the Renewable Energy Law and its implementation rules, grid companies generally must purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid company, and must provide grid-connection services and related technical support. In addition, the PRC government regulates the on-grid tariffs for wind farms. As a result of these legal requirements, the Directors are of the view that wind power companies in the PRC do not compete with each other even if they are located in the same province in terms of grid-connection, electricity sales and on-grid tariff.

However, while the PRC government has repeatedly reaffirmed its intention to continue and strengthen the support to the wind power industry, and our Directors are not aware of any indication of potential changes to the existing policies favorable to wind power businesses, we cannot assure you that the PRC government will not in fact change the preferential measures and favorable policies at any time. For risks associated with any potential changes to the existing favorable policies applicable to the wind power industry and the adverse impact relating thereto, please see "Risk Factors – Risks relating to Our Wind Power Business and the Wind Power Industry – We depend on the PRC government's policies and regulatory framework supporting renewable energy development."

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3. Moreover, despite the mandatory power purchase policy may in theory prevent wind power companies from competing with each other, wind farms in certain regions of PRC sometimes experience dispatch problems due to transmission capacity limitation of local grids. Please refer to “Risk Factors – Risks relating to Our Wind Power Business and the Wind Power Industry – Our sales of electricity are dependent on the availability of power grids with adequate transmission capacity” above for risks relating to the transmission limitation of local grids. As such, electricity transmission limitation may have certain impact on the competition relationship between the Company’s and Datang Power’s wind power businesses in overlapping provinces of Liaoning and Inner Mongolia:
- (1) In respect of Liaoning province, even though currently our operating wind power projects in Liaoning province do not encounter dispatch problems, there is no guarantee as to the sufficiency of electricity transmission capacity in the future. As such, there might be potential competition between Datang Power’s wind power business and the Company’s wind power businesses should wind projects in Liaoning province experience dispatch problems in the future. The Directors, however, believe that the potential competition, will be limited since Company’s and Datang Power’s wind power installed capacity respectively represent a small portion of the total installed capacity of Liaoning province. As of December 31, 2009, the Company’s wind farms have 30MW of installed capacity, representing approximately 1.2% of the total installed capacity of the wind farms in Liaoning based on CWEA Report, whereas Datang Power’s wind farms have 98 MW of installed capacity, representing approximately 4.0% of the total installed capacity of the wind farms in Liaoning based on CWEA Report. Hence the impact of the potential dispatch limitation on the competition between the wind power businesses of Datang Power and the Company in Liaoning province is expected to be limited.
 - (2) In respect of Inner Mongolia, as a result of the transmission limitation, some of our wind farms are not able to fully capitalize on their power generating potential. Hence, there may exist certain degree of competition between the wind power business of the Company and wind power business of Datang Power in Inner Mongolia as Inner Mongolia is the only province where both the Company and Datang Power own operating wind farms that encounter dispatch problems. However, the Directors are of the view that the competition between the Company’s and Datang Power’s operating wind power projects is limited in terms of grid connection and actual impact:
 - In terms of grid connection, within Inner Mongolia, the Company’s operating wind power projects only overlap with Datang Power’s operating wind power projects in Wulan Chabu (烏蘭察布). Despite both located within the coverage of western Inner Mongolia grid and subject to the transmission capability of that grid in general, the competition between operating wind power projects of the Company and Datang Power is indirect as operating wind power projects of the Company connect to 110 kilo-volt transmission line, whilst operating wind power projects of Datang Power connect to 220 kilo-volt transmission line. Therefore, Company’s operating wind power projects do not compete directly with Datang Power’s operating wind power projects in Inner Mongolia as they are either in different cities, or even if they are in the same city, they connect to different transmission lines.

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- In terms of the actual impact of dispatch restraints experienced by wind farms in Inner Mongolia, Datang Power only accounts for a small portion of the total installed capacity of the wind farms in Inner Mongolia. As of December 31, 2009, the Company's wind farms in Inner Mongolia had 1,618.1 MW of installed capacity, representing approximately 17.6% of the total installed capacity of the wind farms in Inner Mongolia (9,196.16 MW), and Datang Power's wind farms had 40 MW of installed capacity, representing approximately 0.5% of the total installed capacity of the wind farms in Inner Mongolia. As of June 30, 2010, the Company's wind farms in Inner Mongolia had 1,618.1 MW of installed capacity, and Datang Power's wind farms in Inner Mongolia had 88 MW of installed capacity. The competition to dispatch generated electricity generally exists among all the wind farms located in the same region, rather than between certain specific wind farms. In the event that the generating capacity by the existing power plants (including wind farms) in a province exceeds the dispatch capacity of the power grid in such province, the grid company may constrain the dispatch of electricity generated by all the power plants (including wind farms) in such province. Under such circumstance, according to our experience, the local grid company will inform the power plants (including wind farms) located in the areas covered by such grid company from time to time with a requirement that all the power plant (including wind farms) shall reduce their generated electricity to a similar extent applicable to the respective power generating business, where no single wind farm will be affected disproportionately. Therefore, although additional wind farms will theoretically reduce the amount of electricity dispatched by the existing wind farms in the same provinces, since the change caused by the additional wind farm is relatively small and will be borne by all the existing wind farms, the effect will be very limited to each of the wind farms. In other words, even though Datang Power ceases its operation of wind power business in Inner Mongolia, the shortfall of the generated electricity will be made up by all the remaining wind farms (including the Company's wind farms in the same provinces). Therefore, the effect of dispatch restraints on the competition relationship between Datang Power and the Company will be very limited.

In view of the above, the Directors believe that even though there is some degree of competition between the Company's wind farms and Datang Power's wind farms in Inner Mongolia due to the limited transmission capability in that region, the competition is limited.

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

- Datang Power is managed and operated by its senior management and board of directors supervise the overall management and key decisions of the company. Being a listed company, Datang Power is required to have strong independence element on the board. As such, out of the fifteen directors comprising the board of Datang Power, five directors are independent non-executive directors. With respect to the rest of the board members, Datang has nominated five directors to the board of directors and other shareholders nominated another five directors as of the Latest Practicable Date. Therefore, Datang is unable to control all the business decisions of Datang Power by virtue of its representation on the board of Datang Power; and

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- pursuant to the articles of association of Datang Power as disclosed on the website of SSE, a special resolution of two-thirds of the votes at the shareholders' general meeting is required to undertake material decisions or investment by Datang Power and independent shareholders' approval is required to undertake certain connected transactions between Datang and Datang Power in accordance with Listing Rules and Shanghai Listing Rules. Given that Datang only holds 36.07% of the share capital of Datang Power as of June 30, 2010, Datang is unable to exercise control over all the investment decisions of Datang Power by virtue of its shareholding in Datang Power, including decisions taken by Datang Power to compete, or not to compete, with our Group.

Guangxi Guiguan's wind power

Guangxi Guiguan, a company listed on the Shanghai Stock Exchange, is the leading company of Datang in developing hydro power resources on Hongshui River and will primarily focus on hydro power business. Prior to July 2009, Guangxi Guiguan did not have any wind power business. Based on publicly available information, as of the end of 2009, the installed capacity of wind power amounted to 89 MW, representing 2.9% of the 3,058 MW total installed capacity of Guangxi Guiguan. As of June 30, 2010, installed capacity of Guangxi Guiguan's operating wind power businesses remained 89 MW.

With respect to the wind power business operated by Guangxi Guiguan, as a listed company, its directors are required to act in the best interests of the shareholders of the company and, therefore Guangxi Guiguan is not under an obligation to the Group not to invest in the wind power business. If Guangxi Guiguan were to grant a non-competition undertaking to our Company, Guangxi Guiguan's independent shareholders' approval would be required. Datang, as a shareholder having a material interest in the proposed resolution, would be required to abstain from voting.

In July 2009, Guangxi Guiguan entered into Framework Agreement with Yantai Dongyuan Power Group Company Limited regarding transfer of equity interests in Yantai Dongyuan Wind Power Group Company Limited ("Yantai Dongyuan"), which is engaged in the development of wind power through its project companies. Following the share transfer, Yantai Dongyuan became a wholly-owned subsidiary of Guangxi Guiguan. Apart from the wind power business carried on through Yantai Dongyuan, Guangxi Guiguan do not own any operating wind power project. According to publicly available information, Guangxi Guiguan's wind power business comprises three wind farms located in Laizhou and Yantai in Shandong province and all of which were operated through Yantai Dongyuan's subsidiaries.

The table below sets out the installed capacity of each of the wind power companies of Guangxi Guiguan as of June 30, 2010:

Company	Generation capacity (MW)	Location
Yantai Haiyang Dongyuan Wind Power Development Co., Ltd	15	Laizhou, Shandong
Yantai Dongyuan Group Laizhou Wind Power Co., Ltd	48.5	Laizhou, Shandong
Yantai Dongyuan Group Development Zone Wind Power Co., Ltd. . . .	25.5	Yantai, Shandong

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Prior to 2009, no revenue was generated from Guangxi Guiguan's wind power business. According to the publicly available information and to the best knowledge of the Directors, revenue generating from Guangxi Guiguan's wind power business amounted to RMB17,117,997.26 for the year ended December 31, 2009, representing 0.56% of Guangxi Guiguan's total revenue for the corresponding year; revenue generating from Guangxi Guiguan's wind power business amounted to RMB53,553,052.28 for the first half of 2010, representing 2.70% of Guangxi Guiguan's total revenue for the corresponding period. By comparison, according to the public available information, revenue generating from the conventional power of Guangxi Guiguan for the year of 2009 represented 98.2% of Guangxi Guiguan's total revenue for the corresponding period.

As of June 30, 2010, Guangxi Guiguan has only one wind power project under construction located in Yantai, Shandong Province, the project is anticipated to commence operation by December 2011 and the installed capacity upon commencement of operation is expected to be 49.5 MW.

The Directors have considered the following factors in evaluating the competition between the Company's wind power business and Guangxi Guiguan's wind power business:

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

However, while the PRC government has repeatedly reaffirmed its intention to continue and strengthen the support to the wind power industry, and our Directors are not aware of no indication of any potential changes to the existing policies favorable to wind power businesses, we cannot assure you that the PRC government will not in fact change the preferential measures and favorable policies at any time. For risks associated with any potential changes to the existing favorable policies applicable to the wind power industry and the adverse impact relating thereto, please see "Risk Factors – Risks relating to Our Wind Power Business and the Wind Power Industry – We depend on the PRC government's policies and regulatory framework supporting renewable energy development."

Moreover, even though currently our operating wind power projects in Shandong province do not encounter dispatch problems, there is no guarantee as to the sufficiency of electricity transmission capacity in the future. As such, there might be potential competition between Guangxi Guiguan's wind power businesses and the Company's wind power businesses should wind projects in Shandong province experience dispatch

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problems in the future. The Directors, however, believe that the potential competition, will be limited because of the relative small scale of Guangxi Guiguan's wind power business (i.e. we had market share of approximately 16.2% in Shandong province based on CWEA Report, whereas installed capacity of Guangxi Guiguan's operating wind power projects represent less than 10% of wind power installed capacities of Shandong province).

- 2 with hydro power business as its principal business, Guangxi Guiguan's wind power business is much smaller in scale compared to our wind power business. The total installed capacity of our wind farms as of June 30, 2010 was 2,717 MW, whilst total installed capacity of Guangxi Guiguan's wind farms was 89 MW as of June 30, 2010. Accordingly, the Directors do not consider Guangxi Guiguan a significant competitor in wind power business to us.

Based on the above reasons, the Directors believe that Guangxi Guiguan's wind farms have limited competition with us.

The Directors believe that Datang does not compete with us through Guangxi Guiguan for the following reasons:

- Guangxi Guiguan is managed and operated by its senior management and the board of directors supervises the overall management and key decisions of the company. The board of directors of Guangxi Guiguan currently comprises ten directors and its senior management comprises six members. According to the Company Law, the directors of a PRC incorporated company shall act in the best interest of all shareholders of the company with respect to the affairs of the company and shall not conduct any act solely with a view to protect the interest of those shareholder(s) who nominated such director. Therefore, notwithstanding the fact that Datang has nominated five out of ten directors to Guangxi Guiguan's board of directors as of the Latest Practicable Date, the nomination only represents Datang's equity interest in Guangxi Guiguan as a controlling shareholder. Therefore, Datang is unable to control all the business decisions of Guangxi Guiguan.
- as an A share listed company, a special resolution of two-thirds of the vote at the shareholders' general meeting is required to undertake material decisions or investment by Guangxi Guiguan and independent shareholders approval is required to undertake any connected party transaction between Guangxi Guiguan and Datang pursuant to the Shanghai Listing Rules. Therefore, Datang is unable to control all the investment decisions of Guangxi Guiguan by virtue of its shareholding in Guangxi Guiguan, including decisions taken by Guangxi Guiguan to compete, or not to compete, with the Group.

Datang Huayin's wind power business

Datang Huayin is an A share listed company in Hunan province with primary market focus on coal power business and also participating in diversified industries. The diversified industries that Datang Huayin participates mainly include electricity technology development and tourism, etc. As of the Latest Practicable Date, to the best knowledge of the Directors, Datang Huayin has not owned or operated any wind power project in or outside Hunan. The first wind project of Datang Huayin, Datang Huayin Nanshan Wind Farm (大唐華銀南山風電場) is still under construction and is expected to commence operation in October 2011 and the wind

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farm will, upon completion, have an installed capacity of 49.5 MW. As such, no revenue was generated from the wind power business of Datang Huayin during the Track Record Period. Apart from Hunan province, where Datang Huayin Nanshan Wind Farm is located, to the best knowledge of the Directors, Datang Huayin does not own or operate any wind farms as of the Latest Practicable Date.

The Directors are of the view that Datang Huayin will have limited competition with us in respect of wind power business due to two reasons: (1) first, the Group operates no wind power project in Hunan province and therefore there is no geographical overlap between the wind power business of Datang Huayin and that of our Company; (2) the wind power business of Datang Huayin, when becoming operational, is much smaller than that of our Company in terms of scale.

With respect to the wind power business to be operated by Datang Huayin, as a listed company, its directors are required to act in the best interests of the shareholders of the company. Therefore, Datang Huayin is not under an obligation to the Group not to invest in the wind power business. If Datang Huayin were to grant a non-competition undertaking to our Company, Datang Huayin's independent shareholders' approval would be required. Datang, as a shareholder having a material interest in the proposed resolution, would be required to abstain from voting.

The Directors believe that Datang does not compete with us through Datang Huayin for the following reasons:

- Datang Huayin is managed and operated by its senior management and the board of directors supervises the overall management and key decisions of the company. The board of directors of Datang Huayin currently comprises eleven directors and its senior management comprises five members. According to the Company Law, the directors of a PRC incorporated company shall act in the best interest of all shareholders of the company with respect to the affairs of the company and shall not conduct any act solely with a view to protect the interest of those shareholder(s) who nominated such director. Therefore, notwithstanding the fact that Datang has nominated five out of eleven directors to Datang Huayin's board of directors, the nomination only represents Datang's equity interest in Datang Huayin as a controlling shareholder. Therefore, Datang is unable to control all the business decisions of Datang Huayin.
- as an A share listed company, a special resolution of two-thirds of the vote at the shareholders' general meeting is required to undertake material decisions or investment by Datang Huayin and independent shareholders approval is required to undertake any connected party transaction between Datang Huayin and Datang pursuant to the Shanghai Listing Rules. Given that Datang only holds 33.34% of the share capital of Datang Huayin as of June 30, 2010, Datang is unable to control all the investment decisions of Datang Huayin by virtue of its shareholding in Huayin, including decisions taken by Datang Huayin to compete, or not to compete, with the Group.

Above all, the Directors believe that whilst there is some degree of competition between the Company's wind power business and Datang Group's wind power business, the competition is limited and it does not and will not materially adversely affect the Company's operation and financial performance.

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Competition with Datang Group's conventional power generating business

According to the Renewable Energy Law and its implementation rules, grid companies must generally purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid companies, and must provide grid-connection services and related technical support. In addition, the PRC government regulates the on-grid tariffs for wind farms. The Directors are of the view that there is only limited competition between the Company's wind power businesses and other conventional power generating businesses of Datang Group, as they are regulated by different mechanisms in terms of grid-connection, electricity sales and on-grid tariff.

The Directors believe that the PRC policies favorable to the wind power generation businesses are unlikely to change in the foreseeable future. Since the promulgation of the Renewable Energy Law, the PRC government has adopted a series of favorable policies and regulations to promote the development of the wind power generation industry and to increase the proportion of electricity generated from wind power. Furthermore, China has announced to reduce its carbon emission intensity by 40-45% against its 2005 level by 2020 at the Copenhagen Climate Summit. In order to achieve that aim, the PRC government adopted new amendments to the Renewable Energy Law, which became effective on April 1, 2010, to elaborate the implementation requirements of several major preferential measures available for wind power generation projects, including without limitation mandatory grid connections, guaranteed acceptance by grid companies of the electricity dispatched from wind farms and favorable on-grid tariff premiums. As of the Latest Practicable Date, the Directors are not aware of any potential changes to the existing favorable policies applicable to wind power generation industry in the PRC that may expose the Company's wind power business to direct competition from other power generation business of Datang and Datang's listed companies. Given the PRC government's efforts to promote renewable energy and the increasing demand for electricity due to China's economic growth, the Directors expect that the Company's wind power business will continue to benefit from regulatory support from the PRC government. However, we cannot assure you that the PRC government will not in fact change the preferential measures and favorable policies at any time. For risks associated with any potential changes to the existing favorable policies applicable to the wind power industry and the adverse impact relating thereto, please see "Risk Factors – Risks relating to Our Wind Power Business and the Wind Power Industry – We depend on the PRC government's policies and regulatory framework supporting renewable energy development."

DIRECTORS' COMPETING INTERESTS

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

NON-COMPETITION AGREEMENT

We entered into a non-competition agreement with Datang on July 30, 2010 as amended by a supplementary agreement dated November 15, 2010 (collectively “Non-Competition Agreement”), under which Datang agreed that it and its subsidiaries (other than the Group and Datang’s listed companies and their subsidiaries) will not, and will procure its associates do not, compete with us in our wind, solar and biomass power business (other than the Retained Business) and granted to us options to take up any new business opportunities and to acquire the Retained Business and pre-emptive rights to acquire Datang’s interest in its Retained Business and certain future new business as defined below.

Datang has irrevocably undertaken in the Non-Competition Agreement that, other than the Retained Businesses as described above, during the term of the Non-Competition Agreement, it and its subsidiaries (other than the Group and Datang’s listed companies and their subsidiaries) will not, and will also procure that its associates do not, alone or with any other entity, in any form, directly or indirectly, engage in, assist or support a third party in the operation of, or participate in, any businesses that compete, or are likely to compete, with our wind, solar and biomass power businesses in the PRC.

The foregoing restrictions do not apply to the holding of securities in a company that is engaged in a competing business and whose securities are listed on any stock exchange, provided that Datang or its associates hold no more than 10% of the voting rights of the issued share capital of such company.

Options for New Business Opportunities

Datang has undertaken in the Non-Competition Agreement that:

- (i) Datang or its subsidiaries (other than the Group and Datang’s listed companies and their subsidiaries) will notify us in writing immediately upon becoming aware of a business opportunity which directly or indirectly competes, or may compete, with our wind, solar and biomass power businesses, and provide to us all information which is reasonably necessary for us to consider whether or not to engage in such business opportunity and procure to transfer the business opportunity to us upon terms that are fair and reasonable. The terms will be determined after arm’s length negotiation between the transferor and our Company.
- (ii) Datang or any of its subsidiaries (other than the Group and Datang’s listed companies and their subsidiaries) shall procure any of its associates to first offer to us any business opportunity which competes, or is likely to compete with our wind, biomass and solar power businesses.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to take up a new business opportunity referred to by Datang and such decision will be made by our independent non-executive Directors and the factors taken into consideration in making the decision mainly include: location, condition of grid connection, whether in line with our strategy, and prospect of profitability.

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Options for Acquisitions

In relation to:

- (i) the Retained Business; and
- (ii) any new business opportunity Datang or any of its subsidiaries (other than the Group and Datang's listed companies and their subsidiaries) may obtain which competes, or is likely to compete, directly or indirectly with our wind, solar and biomass power businesses,

Datang has undertaken to grant us the option, pursuant to relevant laws and regulations, to purchase any equity interest, assets or other interests which form part of the Retained Business or new businesses as described above. The acquisition of the Retained Business and certain future new businesses by the Company and the consideration paid therefor will be determined after arm's length negotiation between the Company and Datang. In addition, the transfer of the Retained Businesses shall be in compliance with requirements applicable to state-owned assets, such as appraisal, filing and state-owned equity trading procedures, as the case may be.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to exercise the options for acquisition of Datang's Retained Business or certain future new businesses and such decision will be made by our independent non-executive Directors and the factors taken into consideration in making the decision mainly include: location, profitability, and compatibility with our development strategies. When the Company intends to exercise the options for acquisition, the terms will be determined after arm's length negotiation between Datang and our Company, on basis of an asset valuation report prepared by an independent valuer who has the necessary qualification for the valuation, and the valuation report must be filed with relevant level of SASAC for registration as the subject matter of the transaction is a state-owned asset.

Pre-emptive Rights

Datang has undertaken that, if it or any of its subsidiaries (other than the Group and Datang's listed companies and their subsidiaries) (the "Transferor") intends to transfer, sell, lease or license any of the following interests to a third party:

- (i) Datang's Retained Business; and/or
- (ii) any new business opportunity of Datang or any of its subsidiaries (other than the Group and Datang's listed companies and their subsidiaries) referred to in the Non-Competition Agreement, which has been offered to, but has not been taken up by the Company, and has been retained by Datang or any of its subsidiaries, which competes, or may lead to competition, directly or indirectly with our wind, solar and biomass power business ("certain future new business"),

the Group shall have pre-emptive rights over these interests which can be exercised by the Group at any time for so long as the Non-Competition Agreement remains effective. The Transferor shall notify us by written notice ("Selling Notice") in advance. The Selling Notice shall attach the terms of the transfer, sale, lease or license and any information which may be reasonably required by the Company to make a decision. We shall reply to the Transferor within 30 days after receiving the Selling Notice. Datang has undertaken that until the Transferor

RELATIONSHIP WITH DATANG GROUP

receives the reply from the Company, the Transferor shall not notify any third party of the intention to transfer, sell, lease or license the business. If the Company decides not to exercise the pre-emptive rights or if the Company does not reply to the Transferor within the agreed time period, the Transferor is entitled to transfer, sell, lease or license the business to a third party pursuant to the terms stipulated in the Selling Notice. When the Company intends to exercise the right, the terms will be determined after arm's length negotiation between the Transferor and our Company, on basis of an asset valuation report prepared by an independent valuer who has the necessary qualification for the valuation, and the valuation report must be filed with relevant level of SASAC for registration as the subject of the transaction is a state-owned asset.

Our independent non-executive Directors will be responsible for reviewing and considering whether or not to take up an interest offered by Datang and such decision will be made by our independent non-executive Directors and the factors taken into consideration in making the decision mainly include: profitability, location and whether the project is in compliance with applicable laws and regulations.

The exercise of the options and pre-emptive rights will constitute connected transactions under the Listing Rules and will be subject to announcement and independent shareholders' approval (where applicable) requirement, as the case may be.

Our independent non-executive Directors would, on an annual basis, review Datang's compliance with the Non-competition Agreement, the options and pre-emptive rights provided by Datang for existing or future competing businesses.

Datang has further undertaken that:

- (i) subject to the request of a committee formed by our independent non-executive Directors, it will provide all information necessary for our independent non-executive Directors to review Datang's compliance with and enforcement of the Non-Competition Agreement;
- (ii) it will provide to our Company all information in respect of its compliance with and enforcement of the Non-Competition Agreement necessary for us to disclose the decision made by the above-mentioned committee in our annual report, or by way of announcement; and
- (iii) it will make a declaration to confirm to our Company and our independent non-executive Director on its compliance with the Non-Competition Agreement in our annual report.

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

- (i) Datang and its subsidiaries, directly or indirectly, holding less than 30% of our total share capital; or
- (ii) our H Shares no longer being listed on the Stock Exchange or other internationally recognized stock exchanges.

RELATIONSHIP WITH DATANG GROUP

Datang has further confirmed and undertaken that: (i) the Group is the ultimate platform of Datang for the development of wind, biomass and solar power businesses; (ii) it will support the development of the Group's wind power, biomass and solar power businesses on a priority basis and will not give priority to other subsidiaries of Datang Group (including the three listed companies) in the development of wind power, biomass and solar power businesses; (iii) the Group has the options and pre-emptive rights with respect to any potential wind power, biomass and solar power business opportunities of Datang Group (excluding the three listed companies) and any existing or potential wind power, biomass and solar power projects of Datang Group (excluding the three listed companies), in accordance with the terms and conditions of the Non-Competition Agreement; and (iv) it will procure the three listed companies to provide non-competition undertakings with respect to the wind, biomass and solar power businesses in favor of the Group as soon as practicable and in any event no later than one year from the date of the Listing. However, Datang cannot guarantee the provision of such non-competition undertakings by the three listed companies.

INDEPENDENCE FROM DATANG

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

Independence of Board and Management

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

Name of Directors	Position with the Company	Position with Datang as of the Latest Practicable Date	Position with Datang Jilin as of the Latest Practicable Date
Mr. Chen Jinhang	Chairman of the Board, Non-executive Director	Director, President	None
Mr. Wu Jing	Vice Chairman of the Board, Non-executive Director	Chief Economist	None
Mr. Yin Li	Non-executive Director	Director of Strategic Planning and Development Department	None
Mr. Jian Yingjun	Non-executive Director	None	General Manager
Mr. Hu Yongsheng	Executive Director, President	None	None
Mr. Zhang Xunkui	Executive Director, Vice President	None	None
Mr. Wang Guogang	Independent Non-executive Director	None	None
Mr. Yu Hon To David	Independent Non-executive Director	None	None
Mr. Liu Chaoan	Independent Non-executive Director	None	None

RELATIONSHIP WITH DATANG GROUP

Save for Mr. Chen Jinhang, Mr. Wu Jing, Mr. Yin Li and Mr. Jian Yingjun, none of our Directors or senior management holds any position or has any roles or responsibility in Datang or Datang Jilin. There is no overlapping Director or senior management between our Company and Datang's three listed companies.

None of our independent non-executive Directors has a relationship with Datang that might have an impact on the independence of such independent non-executive Director under Rule 3.13 of the Listing Rules. Mr. Liu Chaoan possesses in-depth knowledge and experience in the power industry while Mr. Wang Guogang possesses in-depth knowledge and experience in economics and finance and Mr. Yu Hon To David possesses in-depth knowledge and experience in accounting and the corporate governance of listed companies. On this basis, we believe there are sufficient non-overlapping directors who are independent and have relevant experience to allow the proper functioning of the Board.

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

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

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

RELATIONSHIP WITH DATANG GROUP

Independence of Business Operations

Pursuant to the Reorganization, Datang injected to the Company, substantially all of the assets, liabilities and equity interests in relation to wind power business held by it, save for the Retained Business and the wind power business held through its three listed companies. We are in possession of all production and operating facilities and technology relating to our businesses. Currently, we are engaged in our core businesses independently, with the independent right to make operational decisions and implement such decisions. We have independent access to customers and suppliers and are not dependent on Datang with respect to supplies for our business operations. We believe that we have sufficient capital, equipments and employees to operate our business independently from Datang.

The following connected transactions with Datang will continue after the Listing:

- *Provision of products and services:* we have entered into a master agreement on the mutual supply of products and services with Datang, under which Datang Group will provide us with goods such as spare parts, accessories and equipment, etc and services such as design consulting services, construction services and bidding agency services, etc. Further details of the master agreement are set out in the section headed “Connected Transactions – Non-exempt Continuing Connected Transactions” in this prospectus. We are free to purchase or procure the above mentioned goods and services from Independent Third Parties if we are able to secure such goods and services on commercial terms more favorable to us. Therefore, the arrangement does not affect the operational independence of us.
- *Use of trademarks:* we have secured the long-term use of Datang’s trademarks by entering into a trademarks license agreement with Datang. Pursuant to the trademark license agreement, Datang has granted us a license to use various trademarks owned by Datang at nil consideration for an initial term of three years after Listing. Subject to the class for which Datang is granted the trademarks, the Company is entitled to use the licensed trademarks in its products, services and documents (including but without limitation to bidding documents, promotion documents or advertisement). We believe the trademark license agreement is fair and reasonable and in the interest of our shareholders as a whole. The Directors are of the view that there is no risk for the Company to use the trademarks in its operation for the following reasons: (1) although the trademarks are not currently registered by the Company, Datang has undertaken to grant the Company the right to use the trademarks for a term of three years and such term may be renewed for a new term of three years upon expiry of the previous term, and on a repetitive basis as long as Datang remains the controlling shareholder of the Company; and (2) although the trademarks are licensed to the Company on a non-exclusive basis, all the other licensees are intra-group companies of Datang Group and hence the risk is effectively controlled. Further details of the trademark license agreement are set out in the section headed “Connected Transactions – Exempt Continuing Connected Transactions” in this prospectus.

Despite the continuation of the connected transactions, we will be able to function and operate independently from Datang as we do not place undue reliance on Datang in respect of the continuing connected transactions after the Listing.

RELATIONSHIP WITH DATANG GROUP

We have our own organizational structure with independent departments and businesses and administrative units, each with specific areas of responsibility. In addition to maintaining a set of comprehensive internal control procedures to facilitate the effective operation of our business, we have protective measures to avoid conflicts or potential conflicts of interest and to safeguard the interests of our shareholders as a whole. We have also adopted protective measures to ensure the enforceability of the Non-Competition Agreement between the Company and Datang. For further details of the enforceability of such protective measures, see “Relationship with Datang Group – Non-Competition Agreement.” The Company has also adopted a set of corporate governance manuals, such as rules of shareholders meeting and rules of Board meeting, which are based on the PRC laws and regulations.

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

Financial independence

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

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

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

Based on the above, the Directors are of the view that the Company is financially independent from Datang.

CONNECTED TRANSACTIONS

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

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard 24, “Related Party Disclosures,” and its interpretations by the International Accounting Standards Board. Accordingly, connected transactions set out in this section, which are described and disclosed in accordance with Chapter 14A of the Listing Rules, differ from the related party transactions set out in Note 33 to Appendix I – “Accountants’ Report.”

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

Transaction	Our Group member	Connected persons	Nature of relationship	Waiver sought	Historical amounts (if applicable)	Annual caps (if applicable)
Exempt continuing connected transactions						
1 Trademark License Agreement	the Company	Datang	Our controlling shareholder	Exempted	N/A	N/A
Non-exempt continuing connected transactions						
2 Provision of products and services by our Group	the Company	Datang	Our controlling shareholder	Announcement requirement	No such transaction existed during the three years ended December 31, 2007, 2008 and 2009 and for the six months ended June 30, 2010	For the three years ending December 31, 2010, 2011 and 2012, the annual caps are RMB0, RMB20 million and RMB40 million respectively
3 Provision of products and services to our Group	the Company	Datang	Our controlling shareholder	Announcement and independent shareholders' approval requirements	For the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the total transaction amount was approximately RMB245.6 million, RMB452.0 million, RMB2,648.7 million and RMB1,143.7 million respectively	For the three years ending December 31, 2010, 2011 and 2012, the annual caps are RMB3,000 million, RMB3,300 million and RMB3,630 million respectively
4 Provision of financial assistance to our Group	Datang Chifeng Renewable Energy Co., Ltd., a subsidiary of the Company	KEPCO International Hong Kong Ltd. (“KEPCO Hong Kong”)	An associate of a substantial shareholder of a subsidiary	Announcement and independent shareholders' approval requirements	For the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the total amount of interests of the financial assistance we paid was approximately US\$0, US\$4.2 million, US\$5.4 million and US\$2.1 million respectively.	For the three years ending December 31, 2010, 2011 and 2012, the annual caps are US\$71 million, US\$47.34 million and US\$23.68 million respectively, representing the outstanding balance of the principal as of the end of each year. The interests payable by us will be US\$4.00 million, US\$3.83 million and US\$2.40 million respectively.

OUR RESTRUCTURING

1 Reorganization Agreement

Our Company was established on July 9, 2010 as a joint stock limited company under the PRC law.

Pursuant to the Reorganization Agreement between Datang, Datang Jilin and China Datang Corporation Renewable Power Co., Ltd. (predecessor of the Company) effective on July 9, 2010, Datang has made various representations and warranties in relation to the assets, liabilities and interests injected to us under the Reorganization. Datang has agreed to be responsible for losses incurred as a result of claims relating to the assets injected to us which arose before July 9, 2010 unless estimates of such expenditure has been disclosed and provision has been made in the accountants' report. Datang has also agreed to indemnify our Company against all losses, claims, charges or expenses arising from our failure to obtain the outstanding land use right certificates and building ownership certificates, and all losses incurred by us as a result of failure of Datang to inject the assets and interests to us according to the Reorganization Agreement. For further details regarding the terms of the Reorganization Agreement, please see the sub-section headed "Reorganization" of the "History, Reorganization and Corporate Structure" section of this prospectus.

2 Non-Competition Agreement

In connection with the Reorganization, the Company entered into the Non-Competition Agreement with Datang on July 30, 2010, as amended by a supplementary agreement dated November 15, 2010. Under the agreement, Datang has undertaken to our Company that except in certain limited circumstances, for so long as the agreement remains effective, it shall not, and shall procure its associates (excluding our Group) not to, directly or indirectly and in whatever manner, engage, participate or be interested in, or provide support to, any business or activity which competes or is likely to compete with our wind, solar and biomass power business. Datang has also granted us an option and pre-emptive right to acquire certain interests retained by Datang following the Reorganization and certain future business. For details of the Non-Competition Agreement, please see the sub-section headed "Non-Competition Agreement" of the "Relationship with Datang Group" section of this prospectus.

Implications under the Listing Rules

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

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

CONNECTED TRANSACTIONS

EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

1 Trademark License Agreement

Parties: Datang (as the licensor); and
the Company (as the licensee)

Material terms: The Company entered into the Trademark License Agreement with Datang on November 15, 2010, pursuant to which, Datang agreed to grant to the Group a non-exclusive license to use certain trademarks of Datang on the Group's products and services as well as related documentation. The licensed trademarks include two registered trademarks. As for those trademarks pending registration, Datang may, upon the Company's reasonable request, grant to the Group a non-exclusive license to use those trademarks once registered.

The Trademark License Agreement is for a term of three years commencing from July 9, 2010 and may be renewed for a further term of three years upon the written notice by the Company and the written confirmation by Datang at least one month prior to the expiry of this agreement.

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

Historical transaction value: The Company did not pay any royalty fee to Datang for the use of the licensed trademarks for the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010.

Annual Caps: The Company will not be required to pay any amount to Datang for the use of the licensed trademarks in respect of the three years ending December 31, 2010, 2011 and 2012.

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

The estimated annual caps of the Trademark License Agreement fall below the de minimis threshold and will constitute a continuing connected transaction for the Company exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.11 of the Listing Rules after the Listing.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

A Continuing connected transactions subject to announcement requirement

The following transaction is made on normal commercial terms where each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules is expected to be less than 5% on an annual basis or, each of the relevant applicable percentage ratios is expected to be less than 25% on an annual basis and the annual consideration of each such transaction is expected to be less than HK\$10,000,000. By virtue of Rule 14A.34 of the Listing Rules, the transaction will constitute a continuing connected transaction for the Company exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

2 Provision of products and services by the Group to Datang Group

Parties: the Company; and
Datang

Material terms: The Company entered into a master agreement on the mutual supply of products and services with Datang on November 15, 2010 ("Datang Master Agreement"). Pursuant to the Datang Master Agreement, the goods to be mutually supplied by each party include: spare parts, accessories, equipment, water, power, gas, heat, raw materials, fuels, minerals and etc., and the services to be mutually supplied by each party include: design consulting services, maintenance services, technical consulting services, construction services, operation management services, CDM consulting services, bidding agency services, logistics services, communication services, property services and other related or similar services.

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

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

The Datang Master Agreement is for a term of three years ending on July 8, 2013. Either party may terminate the agreement upon giving the other party three months' written notice.

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

- (1) the price prescribed by the PRC government, if applicable;
- (2) where there is no government-prescribed price but there is a government-guidance price, then the government-guidance price;

CONNECTED TRANSACTIONS

- (3) where there is neither a government-prescribed price nor a government-guidance price, the market price (including the bidding price); or
- (4) where none of the above is applicable or where it is not practical to apply the above pricing policies, the price agreed between the relevant parties shall be the reasonable costs incurred in providing the products plus reasonable profits.

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

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

Historical transaction value: The Group did not provide any products or services to Datang Group during the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010.

Annual caps and basis of caps: Although the Group did not provide any product or service to Datang Group in the past, a repair and maintenance branch and a technology research center were established in 2009, providing maintenance services, technical consulting services, wind farm design services, operation and maintenance data assessment services to the wind farms of the Group and other companies, including the subsidiaries of Datang Group.

Established in 2009, the Company's repair and maintenance branch and technology research center were still in the early stage of development in 2010, only providing services within the Group on trial basis, instead of conducting transactions outside the Group, e.g. with Datang Group. Considering the performance in the past year, the Company's repair and maintenance business and technology research center are expected to develop fast in future years based on the huge market demand and sufficient human resource reserve and industry knowledge. By way of illustration, the repair and maintenance branch anticipate to be able to undertake examination and repair work for wind farms of Datang Group with installed capacity of 250-300 MW in 2011, while that capability will increase to 600 MW and 650 MW in 2012. Similarly, the design and research center of the Company will promote their technical ability as well. Based on the above, it is estimated that for the three years ending December 31, 2010, 2011 and 2012, the annual amount payable by Datang Group to the Group for the provision of products and services will be approximately RMB0 million, RMB20 million and RMB40 million respectively.

Listing Rules implications: Datang is the controlling shareholder of the Company, and is a connected person of the Company under Rule 14A.11 of the Listing Rules. The provision of products and services by the Group to Datang Group under the Datang Master Agreement will constitute a continuing connected transaction for the Company exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules after the Listing.

CONNECTED TRANSACTIONS

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

The following transactions are entered into on normal commercial terms where each of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis or, each of the relevant applicable percentage ratios is expected to be less than 25% on an annual basis and the annual consideration of each such transaction is expected to exceed HK\$10,000,000. By virtue of Rule 14A.34 and 14A.35 of the Listing Rules, each of such transactions will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3 Provision of products and services by Datang Group to the Group

Parties: The Company; and
Datang

Material terms: The Company entered into the Datang Master Agreement on the mutual supply of products and services with Datang on November 15, 2010. Please refer to the disclosures under Paragraph (2) under the sub-section headed "Non-exempt Continuing Connected Transactions" of this section for the material terms of this master agreement.

Pricing policy: Please refer to the disclosures under Paragraph (2) under the sub-section headed "Non-exempt Continuing Connected Transactions" of this section for the pricing policy of this master agreement.

Historical transaction value: Datang Group mainly provided spare parts, accessories, equipment, technical consulting services, maintenance services, construction services, operation management services, bidding agency services and CDM-related services to the Group in the past. For the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the total value of products and services provided by Datang Group to the Group amounted to approximately RMB245.6 million, RMB452.0 million, RMB2,648.7 million and RMB1,143.7 million respectively.

Annual caps and basis of caps: For the three years ending December 31, 2010, 2011 and 2012, the annual amount payable by the Group to Datang Group for the purchase of products and services will be approximately RMB3,000 million, RMB3,300 million and RMB3,630 million respectively.

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

- (1) although the transaction amount paid by the Group to Datang Group for the six months ended June 30, 2010 was only approximately RMB1,143.7 million, based on historical figures, the Group usually incur greater amount of connected transactions in the second half of the year (i.e. for the first half of 2009, the connected transactions between the Group and Datang Group were only amounted to RMB415.5 million whilst the connected transaction amount for the full year of 2009 was RMB2,648.7 million), mainly because most of the engineering and construction work take place at the second half of the year. In view of the above, transaction amount for 2010 is expected to be RMB3,000 million;

CONNECTED TRANSACTIONS

- (2) as the Group aims to increase the installed capacity to approximately 4,000 MW by the end of 2010 and 5,500 MW by the end of 2011 (representing an increase of approximately 37.5% from the end of 2010 to 2011). As such, the demand for relevant products and services to be provided by Datang Group under Datang Master Agreement (including without limitation to spare parts, accessories, equipment, technical consulting services, maintenance services, construction services, operation management services, bidding agency services and CDM-related services) will increase accordingly. Given the over 37.5% growth rate of the installed capacity of the Group's wind farms over 2010, the annual growth rate of transaction amounts between the Group and Datang Group for 2011 is expected to be approximately 10%, amounting to RMB3,300 million; and
- (3) given the estimated continued expansion of the Group's wind power business over 2012, the Company estimates that the transaction amount between the Group and Datang Group is likely to increase by the same growth rate as that over 2011, i.e. 10%, amounting to RMB3,630 million.

Listing Rules implications: Datang is the controlling shareholder of the Company, and is a connected person of the Company under Rule 14A.11 of the Listing Rules. The provision of products and services by Datang Group to the Group under the Datang Master Agreement will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements after the Listing.

4 Provision of financial assistance by KEPCO Hong Kong to the Group

Parties: Datang Chifeng Renewable Energy Co., Ltd.; and
KEPCO Hong Kong

Material terms: Datang Chifeng Renewable Energy Co., Ltd. entered into a loan agreement with KEPCO Hong Kong on November 22, 2010 ("KEPCO Loan Agreement"). KEPCO Hong Kong is a Hong Kong registered company focusing on project investment and a subsidiary of Korea Electric Power Corporation, the largest Korean utility company listed in Korea Exchange (Stock Code: 015760) and New York Stock Exchange (Stock Code: KEP). Pursuant to the KEPCO Loan Agreement, KEPCO Hong Kong granted to Datang Chifeng Renewable Energy Co., Ltd. a loan facility in the principal amount of US\$71 million to finance the construction and development of wind farms. The KEPCO Loan Agreement may be terminated if the borrower constitutes material breach under the agreement, which includes, inter alia, failure of the borrower to pay any amount payable on due date, any representation or warranty from the borrower found to be inaccurate in any material aspect on the date of such representation or warranty and failure to perform or breach of any other provisions under the agreement which is irremediable or otherwise has not been remedied within thirty days.

The loan is for a term of three years that will expire on November 21, 2013. The loan is repayable every six months and the interests rates charged by the KEPCO Hong Kong are 10% below the benchmark interest rates set by PBOC on each interest determination date. Datang Chifeng Renewable Energy Co., Ltd. can make full and partial early repayment of the loan without any penalty. The loan was secured by pledges of insurance policies, wind turbines and the tariff collection right of Datang Chifeng Renewable Energy Co., Ltd.

CONNECTED TRANSACTIONS

The Directors are of the view that the loan and guarantee arrangements under the KEPCO Loan Agreement are made on normal commercial terms.

Historical transaction value: During the Track Record Period, the Group had one loan arrangement with KEPCO Hong Kong. The following table sets forth the key terms of the loan:

Date of Loan	Lender	Borrower	Principal Amount	Interest Rate
March 14, 2008	KEPCO Hong Kong	Datang Chifeng Renewable Energy Co., Ltd.	US\$90 million	10% below the benchmark interest rates set by PBOC on each interest determination date

The above loan has been superseded by the KEPCO Loan Agreement. As of December 31, 2009 and June 30, 2010, the principal amount of the financial assistance by KEPCO Hong Kong to the Group were US\$80 million and US\$75.5 million respectively. For the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010, the total amount of interests of the financial assistance paid by the Group to KEPCO Hong Kong was approximately US\$0, US\$4.2 million, US\$5.4 million and US\$2.1 million respectively.

Annual caps and basis of caps: For the three years ending December 31, 2010, 2011 and 2012, the annual cap of the financial assistance provided by KEPCO Hong Kong to the Group will be approximately US\$71 million, US\$47.34 million and US\$23.68 million respectively, representing the outstanding balance of the principal as of the end of each year. The interests payable by the Group for the financial assistance for the three years ending December 31, 2010, 2011 and 2012 will be approximately US\$4.00 million, US\$3.83 million and US\$2.40 million respectively.

Implication under the Listing Rules: KEPCO Hong Kong is an associate of KEPCO Neimenggu International Ltd. (a Hong Kong registered company focusing on project investment and a subsidiary of Korea Electric Power Corporation) which, in turn, is the substantial shareholder of our subsidiary Datang Chifeng Renewable Energy Co., Ltd. by virtue of its shareholdings of 40% therein. Therefore, KEPCO Hong Kong will be deemed to be a connected person of the Company under Rule 14A of the Listing Rules. The provision of financial assistance by KEPCO Hong Kong to Datang Chifeng Renewable Energy Co., Ltd. will constitute a non-exempt continuing connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules after the Listing.

WAIVERS SOUGHT

The Directors (including the independent non-executive Directors) are of the view that the transactions set out in the sub-section headed "Non-exempt Continuing Connected Transactions" of "Connected Transactions" have been and will be entered into in the ordinary and usual course of business of the Company, at arm's length basis and on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole and that the annual caps of each of the relevant continuing connected transactions as disclosed in this section are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CONNECTED TRANSACTIONS

By virtue of Rule 14A.34 of the Listing Rules, the transaction under paragraph 2 will constitute a continuing connected transaction for the Company exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. By virtue of Rule 14A.34 and 14A.35 of the Listing Rules, each of the transactions under paragraph 3 to 5 will constitute non-exempt continuing connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

- (1) in respect of all continuing connected transactions under paragraphs 2 to 5, the aggregate value of each of these non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above; and
- (2) in respect of the continuing connected transactions under paragraphs 2 to 5, as required under Rule 14A.42(3), we have agreed that we will comply with the requirements specified under Chapter 14A of the Listing Rules. In addition, we will fully comply with the requirements under Chapter 14A of the Listing Rules for (i) transactions conducted after December 31, 2012 and before the Datang Master Agreement (referred to in paragraph 2 and paragraph 3 under the sub-section headed "Non-exempt Continuing Connected Transactions" of "Connected Transactions") expires in July 8, 2013; (ii) the financial assistance provided by KEPCO Hong Kong (referred to in paragraph 4 under the sub-section headed "Non-exempt Continuing Connected Transactions" of "Connected Transactions") after the expiry of the annual caps for the three years ending December 31, 2012.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the Company's continuing connected transactions described under the sub-section headed "Non-exempt Continuing Connected Transactions" of "Connected Transactions" have been entered into in the ordinary and usual course of business of the Company and on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the proposed annual caps (where applicable) for these continuing connected transactions referred to above are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

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

The following table presents certain information in respect of our Directors. All of our existing Directors were elected to their current term to the Board of Directors by our shareholders on July 1, 2010. The current term for all of our Directors expires in 2013.

Members of Our Board

Name	Age	Position	Date Appointed
Mr. Chen Jinhang	55	Chairman of the Board and Non-executive Director	July 1, 2010
Mr. Wu Jing	53	Vice Chairman of the Board and Non-executive Director	July 1, 2010
Mr. Yin Li	59	Non-executive Director	July 1, 2010
Mr. Jian Yingjun	47	Non-executive Director	July 1, 2010
Mr. Hu Yongsheng . . .	47	Executive Director and President	July 1, 2010
Mr. Zhang Xunkui . . .	42	Executive Director and Vice President	July 1, 2010
Mr. Wang Guogang . .	55	Independent non-executive Director	July 1, 2010
Mr. Yu Hon To David. .	62	Independent non-executive Director	July 1, 2010
Mr. Liu Chaoan	54	Independent non-executive Director	July 1, 2010

DIRECTORS

Non-Executive Directors

Mr. Chen Jinhang, aged 55, is the Chairman of the Board and a non-executive Director of our Company. He joined the Company in July 2010. Mr. Chen has been the director and general manager of Datang since February 2010. Prior to joining the Company, Mr. Chen served as the vice president of State Grid Corporation of China from July 2002 to February 2010, the vice president of Shanxi Electric Power Corporation, chairman of Shanxi Zhangze Electric Power Corporation Ltd. and Shanxi Yangcheng International Electric Power Co., Ltd. from September 2001 to July 2002, president of Shandong Electric Power Corporation from December 2000 to September 2001. Mr. Chen also successively worked as chief of Accounting Department, assistant to the chief, chairman of the Trade Union and vice president of Shandong Electric Power Corporation from January 1996 to December 2000, deputy chief and chief of Tai'an Electric Power Bureau from March 1991 to January 1996 and deputy chief of Shandong Heze Electric Power Bureau from July 1985 to March 1991. Mr. Chen graduated in 2002 from Shandong University with a master degree in Electronic Engineering. He is also a professor-grade senior engineer (教授級高級工程師, a senior title of qualification of specialty and technology equivalent to professor title in relation to engineering professional in the PRC).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wu Jing, aged 53, is the Vice Chairman of the Board and a non-executive Director of our Company. He joined the Company in July 2010. Mr. Wu has been the chief economist of Datang since December 2006. Mr. Wu served as the deputy chief economist of Datang from May 2004 to December 2006, the chief of Development and Planning Department of Datang from January 2003 to December 2006, the vice president of Shaanxi Electric Power Corporation from October 2000 to January 2003, the vice president of Xinjiang Electric Power Corporation from June 1998 to December 2000, and the vice president of Weihe Power Generation Co., Ltd. from June 1997 to June 1998. He also successively worked as assistant general engineer, deputy general engineer, deputy chief of Hancheng Power Plant and deputy chief and chief of Weihe Power Plant. Mr. Wu graduated in 2000 from Xi'an Jiaotong University with a master degree in Electronics and Information Engineering. He is also a professor-grade senior engineer (教授級高級工程師, a senior title of qualification of specialty and technology equivalent to professor title in relation to engineering professional in the PRC).

Mr. Yin Li, aged 59, is a non-executive Director of our Company. He joined the Company in July 2010. Mr. Yin has been the chief of Strategic Planning and Development of Datang since December 2006 and the president of the Tibet Branch of Datang since November 2009. Mr. Yin served as the deputy chief of Development and Planning Department of Datang from January 2003 to December 2006, the chief of Planning and Design Department of Huabei Electric Power Group from September 1997 to January 2003, and the deputy chief of Planning and Design Development of Huabei Electric Power Group from 1996 to September 1997. Mr. Yin graduated in 1982 from North China Electric Power College (currently named North China Electric Power University) with a bachelor degree in Thermokinetics. He is also a senior engineer (a senior title of qualification of specialty and technology in relation to engineering professional in the PRC).

Mr. Jian Yingjun, aged 47, is a non-executive Director of our Company. He joined the Company in July 2010. Mr. Jian has been the president of Datang Jilin since December 2005. Mr. Jian served as the president of Anhui Electric Power Corporation Ltd. from January 2005 to December 2005, the vice president of Anhui Electric Power Corporation Ltd. and Anhui Branch of Datang from August 2004 to January 2005, the president of Datang Huichun Power Generation Co., Ltd. from March 2002 to August 2004, the vice president of Huichun Power Generation Co., Ltd. from January 2001 to March 2002, the chief engineer of Jilin Thermoelectricity Factory from November 1998 to January 2001, and deputy chief engineer of Jilin Thermoelectricity Factory from November 1997 to November 1998. Mr. Jian graduated in 1986 from Northeast Dianli College (currently named Northeast Dianli University) with a bachelor degree in Thermokinetics. He is also a senior engineer (a senior title of qualification of specialty and technology in relation to engineering professional in the PRC).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors

Mr. Hu Yongsheng, aged 47, is an executive Director and the President of our Company. He joined the Company in September 2004. Mr. Hu has been the President of the Company (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Ltd.) since September 2004. Prior to joining the Company, Mr. Hu served as deputy chief of Electric Power Bureau of Tongliao, Inner Mongolia from July 2003 to September 2004, deputy chairman of Trade Union of Yuanbaoshan Power Plant from March 2002 to July 2003, and vice president and president of Dongyuan Electric Power Development Co., Ltd. from June 2000 to March 2002. He also successively worked as deputy chief and chief of Personnel Department, deputy chief economist and assistant to chief of Yuanbaoshan Power Plant. Mr. Hu graduated in 2003 from Dalian University of Technology with a master degree in management engineering. He is a senior economist (a senior title of qualification of specialty and technology for economic management professionals in the PRC).

Mr. Zhang Xunkui, aged 42, is an executive Director and Vice President of our Company. He joined the Company in November 2009. Mr. Zhang has been the Vice President of the Company (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Ltd.) since November 2009. Prior to joining the Company, Mr. Zhang served as chief of Safety Supervision Division of Safety Production Department of Datang from January 2003 to November 2009 and deputy chief of Safety Division of Power Generation and Transmission Operation Department of State Power Corporation from November 2001 to January 2003. He also successively worked as engineer of Power Plant Division of Beijing Coal Design and Research Institute and chief of Production Technology Division of Safety Operation Department of State Power Corporation. Mr. Zhang graduated in 1989 from Zhejiang University with a bachelor degree in thermal power engineering, thereafter, he obtained a master degree in Engineering Thermophysics from Zhejiang University in 1992.

Independent Non-Executive Directors

Mr. Wang Guogang, aged 55, is an independent non-executive Director of our Company. He joined the Company in July 2010. Mr. Wang is a director general, researcher and supervisor for doctorate candidates of Financial Research Institute of Chinese Academy of Social Sciences and a deputy secretary general and executive director of China Society For Finance & Banking. He is an independent non-executive director of Industrial Bank Co., Ltd. (601166.SH) and Tianjin Tasly Pharmaceutical Co., Ltd. (600535.SH). Mr. Wang previously served as a professor of International Business School of Nanjing University from July 1988 to October 1994 and a teacher of Fujian Normal University from December 1979 to September 1985. He also worked at Fujian Longyan Special Steel Plant from April 1971 to February 1977. Mr. Wang graduated in 1988 from Renmin University of China with a doctorate degree in Economics.

Mr. Yu Hon To David, aged 62, is an independent non-executive Director of our Company. He joined the Company in July 2010. Mr. Yu is the vice chairman of MCL Partners Limited, a Hong Kong based financial advisory and investment firm.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Yu currently acts in the capacity of independent non-executive director of the following nine (9) listed companies:

No.	Company Name and Stock Code
1.	Great China Holdings Limited (0141.HK)
2.	Haier Electronics Limited (1169.HK)
3.	Hong Kong Energy (Holdings) Limited (0987.HK)
4.	Media Chinese International Limited (previously known as Ming Pao Enterprise Corporation Limited) (0685.HK)
5.	One Media Group Limited (0426.HK)
6.	Playmates Holdings Limited (0635.HK)
7.	Synergis Holdings Limited (2340.HK)
8.	TeleEye Holdings Limited (8051.HK)
9.	VXL Capital Limited (0727.HK)

Mr. Yu also serves as an independent non-executive director of Sateri Holdings Limited (賽得利控股有限公司) since October 2010. He was also an independent non-executive director of the following listed companies:

No.	Company Name and Stock Code	Term of Office
1.	Cinda International Holdings Limited (previously known as Hantec Investment Holdings Limited) (0111.HK)	2002 to 2008
2.	BALtrans Holdings Limited (0562.HK, delisted in April, 2008)	2002 to 2008
3.	Shun Cheong Holdings Limited (0650.HK)	2004 to 2007
4.	Guangzhou Shipyard International Limited (0317.HK)	1996 to 2005
5.	Shimao International Holdings (0649.HK)	2004 to 2005

Mr. Yu was a partner of Coopers & Lybrand (now merged as PricewaterhouseCoopers) in Hong Kong from 1983 to 1995. Mr. Yu obtained a bachelor degree in Social Sciences from the Chinese University of Hong Kong in 1971. Mr. Yu is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Yu confirms that he has many years experience acting as independent non-executive director for listed companies. His position as the vice chairman of MCL Partners Limited is of a non-executive role, and not a full time employment and therefore allow himself sufficient time to discharge his duties in the above-mentioned listed companies. In addition, his appointment and service to the above-mentioned listed companies do not usually require frequent travel. As such, he undertakes and confirms that he will give sufficient attention to the affairs of the Company and perform his role as independent non-executive Director diligently.

Mr. Liu Chaoan, aged 54, is an independent non-executive Director of our Company. He joined the Company in July 2010. Mr. Liu has been the chairman of the board of China Power Engineering Consulting Corporation North China Power Engineering Co., Ltd. ("NCPE," a company mainly providing engineering design, consulting and other related services to the power companies in the PRC) since December 2009 and served as the chairman of the board of North China Power Engineering (Beijing) Co., Ltd. (a subsidiary of NCPE) from December 2005 to December 2009 and vice president of North China Power Engineering Co., Ltd. from October 2000 to December 2005. He also served as an independent non-executive director of Datang Power from January 2007 to July 2010. Mr. Liu worked as technician in Beijing Electric Power Design Institute in 1980 and successively worked as professional section chief, deputy division chief, assistant to president of North China Electric Power Design Institute (predecessor

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

of NCPE). Mr. Liu graduated from the Geological Institute of Jilin University in 1980 majoring in hydrogeology and obtained double bachelor degree in management engineering from Business Administration School of North China Electric Power University in 2001. Mr. Liu holds the attestation qualification of Registered Consulting Engineer, Registered Civil Engineer (Geotechnical) and Certified Senior Project Manager of International Project Management Association (IPMA Level B). He is also a professor-grade senior engineer (a senior title of qualification of specialty and technology in relation to engineering professional in the PRC).

BOARD OF SUPERVISORS

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

All of our existing Supervisors were elected to their current term to the board of Supervisors by our shareholders on July 1, 2010.

SUPERVISORS

Name	Age	Position	Date Appointed
Mr. Wang Guoping	53	Chief Supervisor	July 1, 2010
Mr. Zhang Xiaochun	38	Supervisor	July 1, 2010
Mr. Dong Jianhua	50	Employee Representative Supervisor	July 1, 2010

Mr. Wang Guoping, aged 53, is the Chief Supervisor of our Company. He joined the Company in July 2010. Mr. Wang has been the chief of Auditing Department of Datang since January 2003. Mr. Wang served as the deputy chief of Auditing Department of State Grid Corporation from October 2000 to January 2003, the deputy general accountant of Electric Power Bureau of Hunan Province from May 1999 to October 2000, and the chief of Accounting Department of Electric Power Bureau of Hunan Province from August 1995 to May 1999. He also successively worked as deputy chief of Yiyang Electric Power Bureau of Hunan Province, deputy chief of Finance Department and Auditing Department of Electric Power Bureau of Hunan Province. Mr. Wang took a part-time postgraduate program of Enterprise Management in Chinese Academy of Social Sciences and graduated in 1998. He is also a senior accountant (a senior title of qualification of specialty and technology in relation to accounting professional in the PRC).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Zhang Xiaochun, aged 38, is a Supervisor of our Company. He joined the Company in July 2010. Mr. Zhang has been the chief of Accounting Department of Datang Jilin since March 2007, and the deputy general accountant of Datang Jilin since July 2008. Mr. Zhang served as the deputy chief of Accounting Department of Datang Jilin from February 2006 to March 2007, the assistant to the chief of Accounting and Property Management Department of Datang from January 2005 to February 2006, the deputy general accountant of Huichun Power Generation Co., Ltd. from November 2004 to February 2006, the chief of Accounting Department of Huichun Power Generation Co., Ltd. from January 2004 to February 2006, and the deputy chief of Accounting Department of Huichun Power Generation Co., Ltd. from November 2001 to January 2004. Mr. Zhang graduated in 1994 from Shenzhen University with a bachelor degree in Accounting. He is also a senior accountant (a senior title of qualification of specialty and technology in relation to accounting professional in the PRC).

Mr. Dong Jianhua, aged 50, is the Employee Representative Supervisor of our Company. He joined the Company in May 2005. Mr. Dong has been the assistant to president and chief of politics department, chairman and deputy chairman of the Trade Union of the Company (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Ltd.) since May 2005. Prior to joining the Company, he successively worked as organization chief of Yuanbaoshan Power Plant of Northeast China Grid Company Limited, vice president of Inner Mongolia Dongmei Fuel Corporation Limited, chief of Labor and Personnel Department and Fuel Management Department of Yuanbaoshan Power Plant and manager of Deman Company. He is also a senior political officer (高級政工師), a senior title of qualification of specialty and technology in relation to political science professional in the PRC).

SENIOR MANAGEMENT

Name	Age	Position
Mr. Hu Guodong	47	Vice President, Board Secretary and Joint Company Secretary
Mr. Wang Wenpeng	44	Vice President
Mr. Meng Lingbin	48	Vice President
Mr. Zhang Xuefeng	42	Chief Financial Officer

Mr. Hu Guodong, aged 47, is a Vice President, the Board Secretary and one of the joint company secretaries of our Company. He joined the Company in August 2004. Mr. Hu has been the vice president of the Company (previously named China Datang Corporation Renewable Power Co., Ltd.) since November 2009. Mr. Hu served as the president of Datang Xilin Gol Wind Power Generation Co., Ltd., Datang Laizhou Wind Power Generation Co., Ltd., Datang Zhangbei Wind Power Generation Co., Ltd. and Datang Bayannur Wind Power Generation Co., Ltd. from March 2007 to November 2009, and the vice president of the Company (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd.) from August 2004 to March 2007. Prior to joining the Company, Mr. Hu worked successively as the shifter of Power Generation Department of Yuanbaoshan Power Plant, vice chief of Operation Branch of Yuanbaoshan Power Plant and president of Railway Operation Company of Yuanbaoshan Power Plant from August 1982 to December 2003. Mr. Hu graduated in 2005 from Dalian University of Technology with a master degree in Business Administration. He is also a senior engineer (a senior title of qualification of specialty and technology in relation to engineering professional in the PRC).

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wang Wenpeng, aged 44, is a Vice President of our Company. He joined the Company in August 2004. Mr. Wang has been the vice president of the Company (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Ltd.) since August 2005. He also worked as deputy chief of Datang Inner Mongolia Chifeng Power Project Preparation and Construction office from August 2004 to August 2005. Prior to joining the Company, Mr. Wang successively worked as deputy chief and chief of Electric Branch of Yuanbaoshan Power Plant, the manager of Electric Maintenance Branch of Dongyuan Electric Power Equipment Maintenance Company and vice president of Dongyuan Electric Power Equipment Maintenance Company. Mr. Wang graduated in July 1995 from Northeast Dianli University with a bachelor degree in Electric Power System and Automation. He is also a senior engineer (a senior title of qualification of specialty and technology in relation to engineering professional in the PRC).

Mr. Meng Lingbin, aged 48, is a Vice President of our Company. He joined the Company in January 2007. Mr. Meng has been the vice president of the Company (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Ltd.). Prior to joining the Company, Mr. Meng successively worked as deputy general engineer and chief of Production Department of Electric Power Bureau of Chifeng, the deputy chief of Electric Power Bureau of Chifeng and the vice president of Dongdian Maolin Wind Energy Development Co., Ltd. from April 1998 to January 2007. Mr. Meng graduated in 2002 from Northeast Dianli University with a bachelor degree in Electrical Engineering and Automation. He is also an engineer (a title of qualification of specialty and technology in relation to engineering professional in the PRC).

Mr. Zhang Xuefeng, aged 42, is the Chief Financial Officer of our Company. He joined the Company in February 2005. Mr. Zhang has been the deputy chief accountant and chief of Accounting Department of the Company (previously named China Datang Corporation Renewable Power Co., Ltd.) since March 2009. He also successively worked as chief of Accounting Department, deputy chief accountant and chief accountant of Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (our predecessor) from February 2005 to March 2009 and as accountant, chief accountant, deputy chief and chief of Accounting Department of Chifeng Heat Power Plant under Northeast Electric Administration Bureau (now named Northeast China Grid Company Limited) and accounting manager of Accounting Department of Fuye Company of Chifeng Heat Power Plant of China Power Investment Corporation from July 1990 to January 2005. Mr. Zhang graduated from a postgraduate program of Business Administration in Dalian University of Technology in September 2005. He is also a senior accountant (a senior title of qualification of specialty and technology in relation to accounting professional in the PRC).

JOINT COMPANY SECRETARIES

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

Ms. Gloria Sau-kuen Ma, aged 52, was appointed as the joint company secretary of our Company on November 15, 2010. Ms. Ma has almost 30 years of experience in corporate secretarial work, and is a director of KCS Hong Kong Limited, a corporate secretarial and

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

accounting services provider in Hong Kong. She was company secretary of NagaCorp Ltd (3918.HK) from January 2005 to May 2007, and Synergis Holdings Limited (2340.HK) from March 2008 to December 2008, respectively. Ms. Ma holds a master degree in Business Administration from the University of Strathclyde, Scotland, and is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

EMPLOYEES

As of June 30, 2010, the Group had a total of 1,042 full time employees. Set out below is a breakdown of the number of our employees by function:

Department	Number of employees
Production (including production preparation)	477
Project development	274
Project management	88
Management	203

Substantially all of our employees are based in the PRC. Our full-time employees in China participate in various employee benefit plans including pension, work-related injury benefits, medical benefit plans, unemployment insurance and childbirth insurance. The employment contracts generally specify the employees' responsibilities, remuneration and grounds for termination. We did not experience any material labor shortages for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010.

BOARD OF DIRECTORS COMMITTEES

Nomination Committee

The nomination committee of the Company consists of three Directors: Mr. Wu Jing, Mr. Liu Chaoan (independent non-executive Director) and Mr. Wang Guogang (independent non-executive Director). Mr. Wu Jing currently serves as the chairman of the nomination committee. The primary responsibilities of the Company's nomination committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management.

Strategic Committee

The strategic committee of the Company consists of three Directors: Mr. Yin Li, Mr. Hu Yongsheng and Mr. Zhang Xunkui. Mr. Yin Li currently serves as the chairman of the strategic committee. The primary responsibilities of the strategic committee are to formulate our overall development plans and investment decision-making procedures, including, among other things:

- reviewing the Company's long-term development strategies;
- reviewing the Company's strategic planning and implementing reports; and
- reviewing significant capital expenditure.

Remuneration and Assessment Committee

The remuneration and assessment committee of the Company consists of three Directors: Mr. Wu Jing, Mr. Yu Hon To David (independent non-executive Director) and Mr. Liu Chaoan (independent non-executive Director). Mr. Wu Jing currently serves as the chairman of the Company's remuneration and assessment committee. The primary responsibilities of the remuneration and assessment committee are to formulate the evaluation standards and conduct evaluation of the Directors and senior management, and to determine, and review the compensation policies and schemes for the Directors and senior management, including, among other things:

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

Audit Committee

The audit committee of the Company consists of three Directors: Mr. Wang Guogang (independent non-executive Director), Mr. Yu Hon To David (independent non-executive Director) and Mr. Jian Yingjun. Mr. Wang Guogang currently serves as the chairman of the audit committee. The primary responsibilities of the audit committee are to review and supervise our financial reporting process, which include, among other things:

- appointing and supervising the work of our independent auditors and pre-approving all non-audit services to be provided by our independent auditors;
- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;
- reviewing the planning and staffing of internal audits, the organization, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;
- reviewing our risk assessment and management policies; and
- establishing procedures for the treatment of complaints received by us regarding accounting, internal accounting controls, auditing matters, potential violations of law and questionable accounting or auditing matters.

COMPLIANCE ADVISOR

The Company has agreed to appoint China Everbright Capital Limited to be the compliance advisor upon listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules. The Company expects to enter into a compliance advisor's agreement with the compliance advisor prior to the Listing Date, the material terms of which are as follows:

- the Company will appoint China Everbright Capital Limited as the compliance advisor for the purposes of the Listing Rules for a period commencing from the Listing Date and ending on the date on which the Company distributes its annual report incorporating financial results for the first full financial year commencing after the Listing Date in compliance with Rule 13.46 of the Listing Rules;
- the compliance advisor will provide the Company with certain services, including providing the Company with proper guidance and advise as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines and to act as one of the Company's principal channels with the Stock Exchange;
- the Company may terminate the appointment of the compliance advisor if its work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable by the listed issuer to the compliance advisor; and
- the compliance advisor may terminate the appointment with one (1) month prior written notice if (1) the Company goes into liquidation; or (2) the Company commits a material breach of any of its obligations which is not remedied within thirty (30) days from the date of the written request served by the compliance advisor requiring that the breach complained of be remedied.

WAIVERS GRANTED BY THE STOCK EXCHANGE**Waiver from Rules 8.12 and 19A.15 of the Listing Rules**

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

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

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

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPENSATION OF THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

The Directors, Supervisors and senior management receive compensation in the form of salaries, bonuses, allowances and other benefits-in-kind, including the Company's contribution to the pension plan on their behalf. Total compensation paid to the Directors, Supervisors and senior management for the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010, was approximately RMB1.5 million, RMB1.7 million, RMB2.3 million and RMB1.7 million respectively. As required by PRC regulations, we participate in various defined pension schemes for our employees, including those organized by provincial or municipal governments as well as supplemental pension schemes. The employees covered by such schemes include our Directors, Supervisors and management personnel. The Company contributed RMB0.2 million, RMB0.3 million, RMB0.3 million and RMB0.1 million as post-employment benefits for the Directors, Supervisors and senior management for the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010 respectively. The aggregate amount of compensation the Company paid to the five highest paid individual employees during the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2010 were approximately RMB1.3 million, RMB1.5 million, RMB1.9 million and RMB1.3 million respectively. Under the existing arrangements currently in force, the aggregate remuneration payable to and benefits-in-kind receivable by the Directors (including three independent non-executive Directors) and Supervisors in respect of the year ending December 2010 are estimated to be approximately RMB1.11 million (including RMB0.21 million to be received by the independent non-executive Directors) and RMB0.4 million, respectively.

SHARE CAPITAL

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

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

Number of Shares	Description of Shares	Approximate percentage to total share capital
4,785,739,000	Domestic Shares ⁽¹⁾	67.0%
214,261,000	H Shares to be converted from Domestic Shares and held by NSSF	3.0%
2,142,610,000	H Shares to be issued under the Global Offering	30.0%
7,142,610,000		100.0%

Note:

(1) These Domestic Shares are held by Datang and Datang Jilin.

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

Number of Shares	Description of Shares	Approximate percentage to total share capital
4,753,600,000	Domestic Shares ⁽¹⁾	63.7%
246,400,000	H Shares to be converted from Domestic Shares and held by NSSF	3.3%
2,464,000,000	H Shares to be issued under the Global Offering	33.0%
7,464,000,000		100.0%

Note:

(1) These Domestic Shares are held by Datang and Datang Jilin.

SHARE CAPITAL

Our Shares

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

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the Company Law). Under the Company Law, promoter shares may not be sold within a period of one year from July 9, 2010, on which we were organized as a joint stock limited company. This lock-up period will expire on July 9, 2011. The Company Law further provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. However, based on the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds issued by the State Council, any transfer of the Shares issued to the NSSF before the Listing will not be subject to such transfer restriction. See “Risk Factors – Risks relating to the Global Offering – Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares” for risks associated with the possible transfer of the Shares held by the NSSF. Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares may be converted into H Shares.

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

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

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

Mechanism and Procedures for Conversion

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

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

SHARE CAPITAL

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

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

TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the disposal of state-owned shares, each of Datang and Datang Jilin is required to transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (214,261,000 H Shares before the exercise of the Over-allotment Option, and 246,400,000 H Shares after the exercise in full of the Over-allotment Option). At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by Datang and Datang Jilin to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by Datang and Datang Jilin to the NSSF was approved by SASAC on July 12, 2010. The conversion of those shares into H Shares was approved by the CSRC on November 8, 2010. We have been advised by our PRC legal advisor that the transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under PRC law.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

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

SUBSTANTIAL SHAREHOLDERS

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

Shareholder	Number of Shares held after the Global Offering	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering ⁽²⁾
Datang ⁽³⁾	4,785,739,000 Domestic Shares	Beneficial interest and interest of controlled corporation	100.0%	67.0%
Datang Jilin	601,020,822 Domestic Shares	Beneficial interest	12.56%	8.41%
Aluminum Corporation of China Overseas Holdings Limited.	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
Aluminum Corporation of China ⁽⁴⁾	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%
Angang Group Hong Kong Co., Limited.	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
Angang Group International Trade Corporation ⁽⁵⁾	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%
China Yangtze International (Hongkong) Co., Limited	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
China Yangtze Power Co., Ltd. ⁽⁶⁾	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%
State Grid International Development Limited	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
State Grid Corporation of China ⁽⁷⁾	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (excluding 214,261,000 H Shares to be converted from Domestic Shares and held by NSSF) (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 7,142,610,000 Shares in issue after the Global Offering.

SUBSTANTIAL SHAREHOLDERS

- (3) Datang is beneficially interested in 4,184,718,178 Domestic Shares, representing approximately 58.59% of the total share capital of the Company. Datang Jilin is a wholly-owned subsidiary of Datang and is interested in 601,020,822 Domestic Shares, representing approximately 8.41% of the total share capital of the Company. Datang is therefore deemed to be interested in the Domestic Shares held by Datang Jilin.
- (4) Aluminum Corporation of China Overseas Holdings Limited is a wholly-owned subsidiary of Aluminum Corporation of China. Aluminum Corporation of China is deemed to be interested in all the H Shares held by Aluminum Corporation of China Overseas Holdings Limited.
- (5) Angang Group Hong Kong Co., Limited is a wholly-owned subsidiary of Angang Group International Trade Corporation. Angang Group International Trade Corporation is deemed to be interested in all the H Shares held by Angang Group Hong Kong Co., Limited.
- (6) China Yangtze International (Hongkong) Co., Limited is a wholly-owned subsidiary of China Yangtze Power Co., Ltd.. China Yangtze Power Co., Ltd. is deemed to be interested in all the H Shares held by China Yangtze International (Hongkong) Co., Limited.
- (7) State Grid International Development Limited is a wholly-owned subsidiary of State Grid Corporation of China. State Grid Corporation of China is deemed to be interested in all the H Shares held by State Grid International Development Limited.

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

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

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into placing agreements with seven corporate investors, or the Cornerstone Investors, who in aggregate have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of US\$260 million. Assuming an Offer Price of HK\$2.76 per H Share, being the mid-point of the stated Offer Price range set forth in this prospectus, the total number of H Shares to be subscribed for by the Cornerstone Investors would be approximately 731,000,000 H Shares, representing approximately 10.23% of our total issued and outstanding share capital or 34.12% of the H Shares to be issued under the Global Offering (assuming the Over-allotment Option is not exercised). Each of the Cornerstone Investors is independent from and not related to each other. Other than State Grid International Development Limited and China Power International Holding Limited who are connected persons of our Company, each of the Cornerstone Investors is independent from our Company and none of them will be a substantial shareholder of our Company upon the Listing and during the six-month lock-up period as described below. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the placing agreement for the cornerstone placing. Immediately following the completion of the Global Offering, no Cornerstone Investor will have any board representation in our Company.

The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue. Save for the Offer Shares to be subscribed for by State Grid International Development Limited and China Power International Holding Limited of approximately 168,692,000 H Shares in aggregate (assuming an Offer Price of HK\$2.76, being the mid-point of the estimated Offer Price range set forth in this prospectus), all Offer Shares to be subscribed for by the Cornerstone Investors will be counted towards the public float of our Company. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering – Hong Kong Public Offering.”

OUR CORNERSTONE INVESTORS

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

Aluminum Corporation of China Overseas Holdings Limited

Aluminum Corporation of China Overseas Holdings Limited (“Aluminum China Overseas”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), Aluminum China Overseas would subscribe for approximately 140,577,000 H Shares, representing approximately 6.56% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

Aluminum China Overseas is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Aluminum Corporation of China, which is registered in PRC. It is principally engaged in resource and equity investment management, acting as the overseas investment platform of Aluminum Corporation of China Limited.

CORNERSTONE INVESTORS

Aluminum Corporation of China Limited is a joint stock limited company established in the PRC and its shares are listed on the New York Stock Exchange (stock code: ACH), the Stock Exchange (stock code: 2600) and the Shanghai Stock Exchange (stock code: 601600) respectively.

Angang Group Hong Kong Co., Limited

Angang Group Hong Kong Co., Limited (“Angang Hong Kong”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), Angang Hong Kong would subscribe for approximately 140,577,000 H Shares, representing approximately 6.56% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

Angang Hong Kong is a limited liability company incorporated in Hong Kong and is wholly owned by Angang Group International Trade Corporation. It is principally engaged in the sale of steel products produced by Anshan Iron and Steel Group Corporation.

Angang Group International Trade Corporation is the wholly owned subsidiary corporation of Angang Group. Angang Steel Company Limited, whose controlling shareholder is Angang Group, is a joint stock limited company established in the PRC and its shares are listed on the Stock Exchange (stock code: 0347) and the Shenzhen Stock Exchange (stock code: 000898) respectively.

China Yangtze International (Hongkong) Co., Limited

China Yangtze International (Hongkong) Co., Limited (“Yangtze International”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), Yangtze International would subscribe for approximately 140,577,000 H Shares, representing approximately 6.56% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

Yangtze International is a company incorporated in Hong Kong and is wholly owned by China Yangtze Power Co., Ltd.. It is principally engaged in the overseas development, investment, operation and management of power and energy.

China Yangtze Power Co., Ltd. (listed on Shanghai Stock Exchange, Stock Code: 600900) is a company established in the PRC in 2002 with water power as its main business.

Hero Asia Investment Limited

Hero Asia Investment Limited (“Hero Asia”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$30 million at the Offer Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), Hero Asia would subscribe for approximately 84,346,000 H Shares, representing approximately 3.94% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

Hero Asia is a wholly-owned subsidiary of China Longyuan Power Group Corporation Limited (“China Longyuan”) and incorporated in Hong Kong with investment as its main business. China Longyuan is the largest wind power generation company in the PRC and listed on the Stock Exchange (stock code: 00916).

High Action Limited

High Action Limited (“High Action”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$20 million at the Offer Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), High Action would subscribe for approximately 56,231,000 H Shares, representing approximately 2.62% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

High Action is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Thomas Lau. It is principally engaged in the business of investment.

State Grid International Development Limited

State Grid International Development Limited (“SGID”) has agreed, subject to the approval of the Stock Exchange, to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$50 million at the Offer Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), SGID would subscribe for approximately 140,577,000 H Shares, representing approximately 6.56% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

SGID is a wholly-owned subsidiary of the State Grid Corporation of China (“SGCC”). SGID is a subsidiary of SGCC for developing its international businesses and engaging in international investments, centralized procurement and other services. It focuses on the investment and operation in overseas power grid by various international cooperation modes, including franchise operation. Its comprehensive and specialized services to global power users include the assets maintenance, electricity provision and transmission, technical support and management consulting on grid, design and construction of overseas projects and export of power equipments.

SGCC, through Jilin Electric Power Corporation and Jilin Mingmen Electric Power Industrial Group Co., Ltd (a wholly-owned subsidiary of Jilin Electric Power Corporation), currently holds 29% shareholding in Datang Jilin Wind Power Generation Co., Ltd., a non-wholly owned subsidiary of the Company, operating Phase 1 of Taonan wind power project. SGID is therefore a connected person of our Company. We have applied to the Stock Exchange for, and have been granted by the Stock Exchange, a waiver from strict compliance with Rule 9.09 of the Listing Rules in respect of the subscription by SGID. See “Waivers and Exemptions from Compliance with the Listing Rules and Hong Kong Companies Ordinance – Cornerstone Investment by State Grid International Development Limited.”

China Power International Holding Limited

China Power International Holding Limited (“China Power International”) has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) which may be purchased with an aggregate amount of US\$10 million at the Offer

CORNERSTONE INVESTORS

Price. Assuming an Offer Price of HK\$2.76 (being the mid-point of the Offer Price range set forth in this prospectus), China Power International would subscribe for approximately 28,115,000 H Shares, representing approximately 1.31% of the H Shares to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised).

China Power International, incorporated in Hong Kong on October 6, 1994, is a wholly-owned subsidiary of China Power Investment Corporation. The principal business of China Power International is to develop, construct, own, operate and manage power plants in China. China Power International is the controlling shareholder of China Power International Development Limited (stock code: 02380) and China Power New Energy Development Company Limited (stock code: 00735), both of which are listed on the Stock Exchange.

China Power International New Energy Holding LTD currently holds 24% shareholding in Shanghai Donghai Wind Power Co., Ltd, a non-wholly owned subsidiary of the Company, operating Donghai Bridge offshore wind power project. As China Power International is an associate of China Power International New Energy Holding LTD (a substantial shareholder of Shanghai Donghai Wind Power Co., Ltd.), China Power International is therefore a connected person of our Company under the Listing Rules. We have applied to the Stock Exchange for, and have been granted by the Stock Exchange, a waiver from strict compliance with Rule 9.09 of the Listing Rules in respect of the subscription by China Power International. See “Waivers and Exemptions from Compliance with the Listing Rules and Hong Kong Companies Ordinance – Cornerstone Investment by China Power International Holding Limited.”

CONDITIONS PRECEDENT

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

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) and having not been terminated; and
- (2) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, our H Shares and that such approval or permission not having been revoked.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

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

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our combined financial information included in "Appendix I – Accountants' Report," together with the accompanying notes, included elsewhere in this prospectus. The combined financial information included in the Accountants' Report have been prepared in accordance with IFRSs.

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," and "Forward Looking Statements."

OVERVIEW

We are a leading renewable energy generation company in China in terms of wind power installed capacity, with a primary focus on the development, management and operation of wind power projects. According to the BTM Report, China ranked second in the world in terms of cumulative wind power installed capacity as of December 31, 2009, and first in the world in terms of incremental wind power installed capacity in 2009. We ranked second in China and eighth in the world, in terms of our total wind power installed capacity as of December 31, 2009 according to the BTM Report, which accounted for approximately 10.2% of the total wind power installed capacity of China as of the same date based on the CWEA Report.

Our total wind power installed capacity was 919.1 MW, 1,768.1 MW, 2,619.5 MW and 2,717.0 MW as of the end of 2007, 2008, 2009 and June 30, 2010, respectively, representing a CAGR of 68.8% from 2007 to 2009. As of the same dates, our total wind power generating capacity was 348.9 MW, 1,077.3 MW, 1,901.9 MW and 2,437.9 MW, respectively. Further, we also had 22 projects under construction as of June 30, 2010, with a total constructing capacity of approximately 1,462.4 MW.

In addition to the wind power projects in operation and under construction, we have secured abundant wind resource reserves, which we believe have established a solid foundation for our future growth. As of June 30, 2010, we had entered into development agreements with local governments in 22 provinces and municipalities in China, with a total prospective capacity of approximately 50.7 GW. Leveraging our abundant wind resource reserves, we aim to increase our total wind power installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011.

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During the Track Record Period, we derived a substantial portion of our revenue from the sale of electricity generated by our wind power projects. Our electricity sales revenue in 2007, 2008, 2009 and for the six months ended June 30, 2010 was RMB285.9 million, RMB612.6 million, RMB1,384.2 million and RMB1,043.2 million, respectively, representing a CAGR of 120.0% from 2007 to 2009. We sell substantially all of the electricity that we generate to local power grid companies that are directly or indirectly controlled by the PRC government. The weighted average on-grid tariff per kWh (including VAT) for our sales of electricity for 2007, 2008, 2009 and the six months ended June 30, 2010 was RMB0.586, RMB0.560, RMB0.562 and RMB0.559, respectively.

In addition to the revenue we generated from our sale of electricity, we generated income from the sale of CERs of RMB33.2 million, RMB71.6 million, RMB137.4 million and RMB101.6 million, respectively, in 2007, 2008, 2009 and for the six months ended June 30, 2010.

BASIS OF PRESENTATION

Our Company was established in the PRC on July 9, 2010 as a joint stock limited company through Reorganization. Our predecessor, Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰賽罕壩風力發電有限責任公司), was established by Datang on September 23, 2004, and was subsequently renamed to China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司). Pursuant to the Reorganization, Datang transferred to China Datang Corporation Renewable Power Co., Ltd. substantially all of the wind power businesses (including the associated assets, liabilities and interests) without consideration, except for the wind power businesses held by Datang Jilin and certain other businesses retained by Datang. Datang subsequently contributed all the assets, liabilities and equity interests it owned through China Datang Corporation Renewable Power Co., Ltd. to us. In addition, Datang Jilin contributed its equity interests in four wind power companies to us. As consideration for such transfers, we issued 4,372,071,041 and 627,928,959 Domestic Shares of par value RMB1.00 per share to Datang and Datang Jilin, respectively, which together represented our entire registered share capital upon our establishment. See “History, Reorganization and Corporate Structure.”

Datang owned and controlled the companies now comprising our Group before the Reorganization and continues to control these companies after the Reorganization. Accordingly, the Reorganization has been accounted for as a reorganization of business under common control transaction in a manner similar to a uniting of interests. Our financial information includes the combined financial position, results and cash flow of the companies now comprising our Group as if the existing group structure had been in existence throughout the Track Record Period or since the respective dates of incorporation or establishment or acquisition, whichever is the shorter period.

Our financial information has been prepared in accordance with IFRSs throughout the Track Record Period.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

During the Track Record Period, the following are the principal factors that have had a significant influence on our financial condition and results of operations:

Expansion of our business

Our results of operations and financial condition are significantly affected by the installed capacity of our operating wind power projects, and growth of our project portfolio. As we increase our installed capacity, our potential electricity sales also increase accordingly. The increased scale and production of our wind power project portfolio enable us to benefit from economies of scale and reduce project-specific risks. The following table sets out, for the periods presented, our total installed capacity, average generating capacity, electricity sales, and electricity sales revenue:

	As of or for the year ended December 31,					As of or for the six months ended June 30,		
	2007	2008	2009	% Change		2009	2010	% Change
				2008 vs. 2007	2009 vs. 2008			
Total installed capacity as of period end (MW)	919.1	1,768.1	2,619.5	92.4	48.2	1,866.4	2,717.0	45.6
Average generating capacity (MW)	280.9	622.8	1,400.9	121.7	124.9	1,209.0	2,162.4	78.9
Electricity sales (MWh)	570,833.1	1,279,194.3	2,880,272.6	124.1	125.2	1,461,135.0	2,182,530.1	49.4
Electricity sales revenue (RMB in millions)	285.9	612.6	1,384.2	114.3	126.0	687.8	1,043.2	51.7

Since 2007, we have experienced substantial growth and expect to continue increasing our wind power installed capacity over time. As of June 30, 2010, we had approximately 50.7 GW of wind power reserves suitable for future development, including approximately 297.0 MW of advanced pipeline projects, approximately 5,627.0 MW of intermediate pipeline projects, and approximately 44.8 GW of early pipeline projects. We expect to grow our total installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011.

Average utilization hours

In addition to our ability to expand our installed capacity, our results of operations also depend on the average utilization hours of our wind power projects that affect power generation.

The average utilization hours primarily depend on various conditions at our project sites, including (i) climatic and wind conditions at each project site, including, among other things, wind speed (and its daily, seasonal and other fluctuations), wind direction, air density, extreme weather conditions and the wake effect; (ii) transmission capacity on regional power grids; (iii) performance of wind turbines; and (iv) schedule of routine repairs and maintenance.

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According to the BTM Report, the average utilization hours of wind power projects in China were 2,000, 1,800 and 1,800 during 2007, 2008 and 2009, respectively. The following table sets out, for the periods presented, the average utilization hours of our wind power projects.

	Year ended December 31,				Six months ended June 30,		
	2007	2008	2009	% Change	2009	2010	% Change
				2008 vs. 2007			2009 vs. 2008
Average utilization hours	2,144.0	2,254.6	2,159.0	5.2	(4.2)	1,229.4 ⁽¹⁾	1,097.6 ⁽¹⁾ (10.7)

Note:

- (1) Average utilization hours for the period are calculated based on the amount of electricity sales for six months period rather than a year, and therefore it is not directly comparable to the average utilization hours in 2007, 2008 and 2009.

Our average utilization hours fluctuated during the Track Record Period, due primarily to transmission limitations or interruptions and changes in our project mix. We consider the technical transmission limitations imposed by the local power grids as a major obstacle affecting a wind power company's business in China. See "Business – Our Business – Transmission Limitations," and "– Project mix." We expect our average utilization hours to achieve an optimal level as we optimize our project mix, and adopt the latest turbine technology and project design techniques.

On-grid tariffs

The majority of our revenue is attributable to electricity sales, and therefore our results of operations and financial condition are also affected by the wind power on-grid tariffs in China and any changes to such tariffs.

On-grid tariffs for onshore wind power projects

Historically, on-grid tariffs for onshore wind power projects were either determined by concession tendering or approved by the PRC pricing authorities, a system known as government guided pricing. The average on-grid tariffs for onshore wind power projects varied significantly across regions during this period. Effective August 1, 2009, the NDRC replaced the previous government guided pricing with government fixed pricing, and divided China into four wind resource zones, applying the same benchmark on-grid tariff to all onshore wind power projects in each zone. Specifically, onshore wind power projects in zone one to zone four are entitled to a benchmark on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively. Regions in China with high technically exploitable capacity, such as Inner Mongolia, are generally categorized as zone one or zone two, and apply RMB0.51/kWh or RMB0.54/kWh as benchmark on-grid tariff. Regions with average or low technically exploitable capacity are generally categorized as zone three or zone four, and apply RMB0.58/kWh or RMB0.61/kWh as benchmark on-grid tariff. We believe that our wind power business will benefit from the new on-grid tariffs, as fixed pricing helps reduce uncertainties and allows us to better evaluate the potential of each project. As of the Latest Practicable Date, all of our operating onshore wind power projects applied the benchmark on-grid tariffs mentioned above, except for an onshore concession project which applied its concession tendering price of RMB0.5658/kWh (including VAT).

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In addition to the benchmark on-grid tariff fixed by the NDRC, some of our onshore wind power projects are entitled to (i) a tariff premium to compensate the costs of transmission lines that we constructed and owned to connect our wind power projects to the regional grids; or (ii) a discretionary tariff subsidy approved by the local government (such as in Shandong) to promote local wind power development.

On-grid tariffs for offshore wind power projects

Currently, there is no fully developed pricing mechanism in China for electricity generated from offshore wind power projects, and the on-grid tariff for these projects is determined by the national pricing authorities on a project-by-project basis. Approved by the NDRC on a stand-alone basis, our pilot offshore wind farm, Shanghai Donghai Bridge offshore wind power project, is currently entitled to an on-grid tariff of RMB0.9745/kWh (including VAT). The offshore concession wind power project that we won in October 2010 will apply its concession tendering price of RMB0.737/kWh (including VAT) after such project commences operation. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – The profitability of our future offshore wind power projects depends on the promulgation and development of a pricing mechanism for offshore wind power, and the availability and price of offshore wind turbines.”

However, PRC government authorities can change the current on-grid tariff at their discretion, which would impact our results of operations and financial condition. The following table sets out, for the periods presented, our weighted average on-grid tariffs for electricity generated from our wind power projects.

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	(RMB/kWh)				
Weighted average on-grid tariff					
Including VAT	0.586	0.560	0.562	0.551	0.559
Excluding VAT ⁽¹⁾	0.501	0.479	0.481	0.471	0.478

Note:

- (1) Calculated by dividing the weighted average on-grid tariff (including VAT) for a period by 1.17, reflecting the 17% VAT applicable to sales of electricity.

Our weighted average on-grid tariffs fluctuated during the Track Record Period, due primarily to the changes in pricing policies in China as well as changes in our project mix. See “– Project mix.”

Project mix

Our project mix during a period depends on our wind power generation in each region or wind resource zone in relation to our total electricity generation across China. Our project mix, and changes (or failure to make changes) to such mix in response to our business strategy, government policy and other factors may affect our average utilization hours and weighted average on-grid tariffs, and in turn, our electricity sales.

Historically, our wind power projects are concentrated in Inner Mongolia. As of June 30, 2010, around 60% of our total installed capacity was attributable to wind power projects located in Inner Mongolia, and therefore our results of operations are affected by characteristics specific to Inner Mongolia.

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In 2008, as a large number of our wind power projects commenced operations in regions with high technically exploitable capacity, in particular, Inner Mongolia, we recorded higher average utilization hours in 2008 compared to other periods. However, as regions with high technically exploitable capacity, such as Inner Mongolia, are generally associated with relatively lower on-grid tariffs compared to other regions in China, we also recorded a lower weighted average on-grid tariff in 2008 compared to other periods. Currently, wind power projects in Inner Mongolia are entitled to a benchmark on-grid tariff (including VAT) of RMB0.51/kWh or RMB0.54/kWh, depending on the actual project site. In 2009, due to the temporary transmission interruption on certain local power grids in Inner Mongolia as a result of system upgrades, our average utilization hours and electricity sales were adversely affected. In addition, our wind power projects in Inner Mongolia are currently adversely affected by transmission limitations due to the underdevelopment of local power grids. Rapid construction of wind power projects in recent years, attracted by favorable government policies and abundant wind resources in Inner Mongolia, combined with weaker economic condition and infrastructure development in such region, caused the local wind power installed capacity to outpace the transmission capacity of local power grids. See “Risk Factors – Risks Relating to Our Wind Power Business and The Wind Power Industry – Our wind power projects are concentrated in Inner Mongolia.”

To maintain optimal average utilization hours and weighted average on-grid tariffs, and reduce our region specific risks, we aim to continue to optimize our project mix by prudently selecting our pipeline wind power projects based on various factors, including, among other things, wind conditions, applicable benchmark on-grid tariffs and transmission capacity of local power grids.

Seasonal fluctuations

Our business expansion, electricity sales and average utilization hours have been subject to seasonal fluctuations during the Track Record Period.

As most of our wind power projects are located in northern China, our power generation normally peaks from October to April when local wind speed peaks, and bottoms out from July to August when local wind speed reaches a trough. Therefore, our electricity generation and, in turn, our electricity sales revenue fluctuates across different seasons in a year.

In addition, we generally start to construct our wind power projects during late spring and early summer when local weather conditions are more suitable for construction work, and our wind power projects normally commence operations towards the end of each year. Therefore, our installed capacity grows faster during the second half of a year compared to the first half. As a result, our business expansion and results of operations for an interim period may not be indicative of our performance for a particular year or other interim periods in the same year.

Going forward, our wind power business will continue to be affected by the seasonal fluctuations that are inherent in our operations, and as the construction and operation of our new wind power projects may continue to be concentrated during a certain period of a year, our results of operations between different periods may not be comparable due to such fluctuations.

Price of wind turbines

Approximately 60% to 70% of the total cost of a wind power project is attributable to turbine purchases. Our turbine purchases have been and will continue to be our principal capital expenditure.

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Historically, the combined effect of a limited number of qualified turbine suppliers in the PRC, rising commodity prices and increasing demand for turbines has led to escalating turbine prices. However, expanded turbine production capacity, the global financial crisis, as well as increased competition in the PRC and overseas among turbine suppliers have significantly reduced the turbine prices since the second half of 2008. We have established strong relationships with leading international turbine suppliers and their joint venture brands established in the PRC such as *Vestas*, as well as leading domestic turbine suppliers, such as *Sinovel* and *Goldwind*.

Generally, we make a 10% to 20% up-front payment upon execution of a turbine purchase agreement and additional progress payments in advance of turbine delivery. We finance our turbine purchases primarily through bank borrowings. As we grow, we expect to continue to incur additional indebtedness to purchase wind turbines in the future.

Financing arrangements

Apart from our operating cash flow and shareholder contributions, our wind power projects are primarily financed by bank borrowings. As of June 30, 2010, we had RMB18,836.0 million of long-term borrowings (including current portion), RMB1,086.2 million of which would mature prior to June 30, 2011. In addition, we had capital commitments (authorized and contracted for) of RMB4,726.2 million for the acquisition of property, plant and equipment, principally wind turbines, as of June 30, 2010. As we grow, we expect to require significant additional amount of bank borrowings. Our goal is to grow our total installed capacity to approximately 4,000 MW by the end of 2010 and 5,500 MW by the end of 2011. To achieve these targets, we estimated, as of June 30, 2010, that we would incur approximately RMB7.5 billion and RMB12.5 billion of capital expenditure during the second half of 2010 and in 2011, respectively, to complete construction of these additional projects in 2010 and 2011.

We have maintained long-term relationships with major commercial banks in China, and have been able to obtain banking facilities on competitive terms to fund our business expansion. The interest rate on our bank borrowings is normally 10% lower than the then prevailing benchmark rate in China. As of June 30, 2010, we had unutilized banking facilities of RMB6.6 billion. In addition, as of October 31, 2010, we had entered into strategic cooperative framework agreements with five major commercial banks in China to secure credit lines of up to RMB45 billion, subject to certain conditions, to finance our future capital expenditure. See “– Liquidity and Capital Resources – Capital Resources.”

The level of our borrowings and our ability to obtain additional bank borrowings on the existing terms as well as any interest rate fluctuations and other borrowing costs, have had and will continue to have a material effect on our finance costs and consequently, our results of operations and financial condition.

Income from the sales of CERs under the Kyoto Protocol

As income from our CDM projects is accounted for as other net income and other gains, and contributes directly to operating profit, our profitability and results of operations also depend on our income from the sales of CERs. We began to sell CERs for emission reductions attributable to the electricity generated from our qualified wind power projects since 2006. As of September 30, 2010, we had 57 CDM projects that have obtained the approval from the NDRC, of which 34 have been successfully registered with the CDM EB, and the remaining

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projects are under various stages of registration with the CDM EB, except for one project in Shandong with an installed capacity of 49.5 MW, whose initial application was declined by the CDM EB in July 2010. According to the official notification by CDM EB, CDM EB declined our initial application as it could not assess the suitability of the applied on-grid tariff of such wind power project based on the initial project documentation we submitted. As of the Latest Practicable Date, we had completed the preparation of the supplemental documentation, which we intend to submit with the CDM EB for registration after such project is validated by a designated operational entity. The following table sets out, for the periods presented, our income from CDM projects, and such income as a percentage of our operating profit.

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	(RMB in millions, except percentage) (unaudited)				
Income from CDM projects	33.2	71.6	137.4	58.1	101.6
Operating profit	207.1	461.8	859.8	457.1	646.6
%	16.0	15.5	16.0	12.7	15.7

Our sales of CERs depend on our ability to procure buyers for such carbon credits, which in turn depends on the CDM arrangement under the Kyoto Protocol. If the Kyoto Protocol is not renewed upon its expiration on December 31, 2012, we may be unable to derive income from sales of CERs. See “Risk Factors – Risks Relating to Our Wind Power Business and the Wind Power Industry – Sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB, and the expiration of the Kyoto Protocol or any change to the registration policies could affect our income from the sales of CERs.”

In addition, our income from CDM projects also depends on the registration process with the CDM EB and the timing of such registration is uncertain. Therefore, the growth of our income from CDM projects may not be comparable to the growth of our electricity sales during the same period, which generally corresponds with our business growth.

PRC preferential tax treatments

The development and profitability of our wind power projects are significantly dependent on PRC government policies and regulatory frameworks that support the development of the renewable energy industry. Since 2005, the PRC government has started its phased efforts to promulgate laws and regulations that support the development of wind power projects in China. In particular, our business during the Track Record Period benefited from various preferential tax treatments afforded to the wind power industry. For example, our government grants, which primarily relate to the VAT reduction or refund, represented 11.8%, 11.9%, 7.1% and 5.1% of our operating profit in 2007, 2008 and 2009 and for the six months ended June 30, 2010, respectively.

Any reduction, discontinuation or unfavorable application of these preferential treatments could have a material adverse effect on our business, financial condition and results of operations.

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Enterprise income tax ("EIT")

Prior to January 1, 2008, under the then effective PRC income tax laws, some of our subsidiaries were entitled to various preferential income tax treatments because of their location in western China, or their status as foreign invested enterprises. Other subsidiaries located in the PRC that did not enjoy any preferential tax treatment were generally subject to EIT at the statutory rate of 33%.

Since January 1, 2008, under the current PRC income tax laws promulgated on March 16, 2007, the EIT was reduced from 33% to a uniform tax rate of 25% on all PRC enterprises, including foreign-invested enterprises. Under the current PRC income tax laws, enterprises that previously enjoyed a preferential tax rate prior to January 1, 2008 will gradually transit to the new tax rate over five years from January 1, 2008. Enterprises that previously enjoyed a fixed period of tax exemption or reduction will continue to enjoy such preferential tax treatment until the expiry of such prescribed period. For those enterprises whose preferential tax treatment have not commenced due to lack of assessable profit, such preferential tax treatment commences from January 1, 2008.

Specifically, pursuant to the effective PRC income tax laws and regulations, certain of our subsidiaries have been entitled to a two-year or three-year EIT exemption followed by a three-year 50% EIT reduction during the Track Record Period:

- Assessable profit of our subsidiaries from wind power projects that obtained project approvals on or after January 1, 2008 were entitled to a three-year EIT exemption commencing from the first year with assessable revenue, followed by a three-year 50% EIT reduction.
- Some of our subsidiaries, which are foreign invested enterprises, were entitled to a two-year EIT exemption commencing from the first year with assessable profit, followed by a three-year 50% EIT reduction.
- Some of our subsidiaries, located in western China, were entitled to a two-year EIT exemption from the commencement of production, followed by a three-year 50% EIT reduction.

Value-added tax ("VAT")

Prior to July 1, 2008, our subsidiaries engaged in wind power generation were entitled to a 50% reduction of the VAT levied on their electricity sales. Since July 1, 2008, the prior VAT reduction policy in China was replaced by a VAT refund policy under which a wind power company is entitled to a 50% VAT refund after the full amount of VAT payable is paid.

Under a VAT reform in China, effective from January 1, 2009, general VAT payers in the PRC are allowed to deduct the input VAT relating to their acquisition of equipment from the output VAT levied on their sales. Therefore, we can generally deduct our input VAT for the purchase of wind turbines from our output VAT on electricity sales since 2009.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Preparation of our financial statements requires us to make estimates and judgments in applying the critical accounting policies that have a significant effect on the combined results that we report in our combined financial information. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. However, actual results may differ from these estimates under different assumptions and conditions. The selection of critical accounting policies, the judgments and other uncertainties affecting our application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our audited combined financial information. Our significant accounting policies are set out in detail in Note 3, and our critical accounting estimates and judgments are set out in detail in Note 5 of the Accountants' Report in Appendix I to this prospectus. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we also believe the following critical accounting policies, estimates and judgments warrant particular attention.

Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in our ordinary course of business. Revenue is shown net of VAT, returns, rebates and discounts and after eliminating our intra-group sales. Provided it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in the statement of comprehensive income as follows:

Sale of electricity

Electricity revenue is recognized when electricity is supplied to the local grid companies.

Service concession revenue

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period in which the services are provided by us. When we provide more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Rental income from operating leases

Rental income receivable under operating leases is recognized in the statement of comprehensive income in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Government grants

Grants from the government are recognized at their fair value when there is reasonable assurance that the grants will be received and we will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate for.

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Government grants relating to property, plant and equipment are included in non-current liabilities as “deferred income” and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Income from CDM Projects

We sell carbon credits known as CERs, generated from the wind farms and other renewable energy facilities which have been registered as CDM projects with the CDM EB of the United Nations under the Kyoto Protocol. Income in relation to the CERs is recognized when following conditions are met:

- CDM projects have received the approval from the NDRC and have been approved by the United Nations as registered CDM projects;
- the counterparties have committed to purchase the CERs and prices have been agreed; and
- the relevant electricity has been generated.

CERs is initially recognized at fair value, and is subsequently stated at the lower of cost and net recoverable amount.

Income from CDM is determined by the electricity volume generated during the respective period, emission reduction factors and unit price of CERs. The volumes of electricity transmitted to the grid companies are subject to the verification and certification by the independent supervisors assigned by the CDM EB. We believe that, based on our past experience, the discrepancy rate, if any, of the certified volumes will not exceed 3%. We have, therefore, recognized income from CDM projects after deducting estimated discrepancies based on past experience. The estimation based on existing experience may be different from the result of the next financial year.

As the CERs are generated over and are held for sales in our ordinary course of business, our Directors are of the view that our accounting policy in relation to CDM projects reflects the purposes of the intended use of the CERs and our CDM projects.

Our PRC legal advisor has confirmed that, as of the Latest Practicable Date, no rules or regulations had been issued on whether the income from sales of CERs is subject to any VAT or business tax in the PRC. Our directors are of the view that no such taxes will be applicable to the income from the sales of CERs.

Property, plant and equipment

Property, plant and equipment, apart from construction-in-progress (“CIP”), are stated at historical cost less accumulated depreciation and accumulated impairment loss. The initial cost comprises purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

CIP represents plants and properties under construction and is stated at cost, which includes the costs of construction, plant and machinery and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and ready for its intended use when they are transferred to the relevant asset categories.

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Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	8-30 years
Electricity utility plants	
– Wind turbines	20 years
– Others	5-30 years
Transportation facilities, office equipment and others	3-9 years

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds on disposal with the carrying amount and are included within 'other net income and other gains' in the combined statement of comprehensive income.

Useful lives of property, plant and equipment

Our management determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. Management will adjust the estimated useful lives where useful lives vary with previously estimated useful lives. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of property, plant and equipment.

Impairment of property, plant and equipment

We perform impairment tests on property, plant and equipment whenever any impairment indication exists. Impairment is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The estimation based on existing experience may be different from the result of the next financial year and may lead to material adjustments to the carrying amount of property, plant and equipment.

Intangible assets

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of our share of the identifiable net assets acquired is recorded as goodwill.

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Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Concession assets

Under service concession arrangement between us and government (the “Grantor”), we as an operator of wind power generation projects, are responsible for both the project’s construction and its subsequent services in a specified period after the construction. At the end of the concession period, we are obliged either to hand over the project factory to the Grantor or dispose it based on the conditions specified. Included under intangible assets, a concession asset is recognized when we have the right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses. Amortization of concession assets is charged to the statement of comprehensive income on a straight-line basis over the term of the arrangement upon the completion of construction.

Taxation

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity.

The statutory income tax is assessed on an individual entity basis, based on the results of operations of each of our subsidiaries. The commencement date of the tax holiday period of each power plant is individually determined. The income tax charges are based on assessable profit for the year and after considering deferred income tax.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference is controlled by us and it is probable that the temporary difference will not reverse in the foreseeable future.

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Deferred income tax assets and deferred income tax liabilities are offset when meeting both the conditions below:

- We have the legally enforceable right to settle current income tax assets and current income tax liabilities; and
- The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

VAT

Our sales of goods are subjected to VAT. VAT payable is determined by applying 17% on the taxable revenue arising from sales of goods after offsetting deductible input VAT of the period.

Pursuant to a circular issued by Ministry of Finance and State Administration of Taxation in 2001, wind power generation plants are entitled to a 50% reduction and refund, respectively, in the VAT levied on electricity generated from wind power. These favorable policies applied to us before and after July 1, 2008, respectively.

Income tax

The estimates of deferred income tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or benefit, as well as deferred income tax balance. The realization of deferred income tax assets also depends on the realization of sufficient profitability (taxable profit) of our Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets.

We pay income tax in various regions. There can be uncertainties on the ultimate income tax treatments for many transactions and events arising from normal operating activities, overall assets transfers and corporate restructuring. We have to make critical accounting judgments when calculating income tax expense at different regions. In the event that the finalized amounts recognized for such tax events are different from those originally recorded, this could result in material adjustments to income tax expense and deferred income tax.

Restrictions on power grid construction

Some of our wind construction projects are affected by the progress of grid connection system which transmits electricity from power generation companies. Local power grid companies are responsible for the construction of such grid connection system. The readiness for use of grid connection systems upon completion is a critical estimate and judgment of our directors. Such an estimate and judgment are based on historical experience, understanding of our projects, as well as the communication with power grid companies. Deviation from this estimate and judgment could result in material adjustments to the carrying amount of the property, plant and equipment.

FINANCIAL INFORMATION

COMPONENTS OF MAJOR INCOME STATEMENT LINE ITEMS

Revenue

We generate a substantial portion of our revenue from the sale of electricity from our operating wind power projects. Electricity generated by our wind power projects is sold to local grid companies either pursuant to the terms of PPAs we have entered into with these companies or in accordance with the applicable PRC regulatory framework. See “Regulatory Environment – Regulatory Requirements Relating to Renewable Energy.” Our PPAs typically include standard terms such as on-grid tariff (as fixed by the new pricing policy), payment and settlement, and scheduled electricity output for each month. However, neither the PPAs nor the applicable PRC regulatory framework specifically provide for any compensation from the respective local grid companies for any financial losses caused by transmission limitations, and we received no such compensation from the grid companies during the Track Record Period. Our PPAs usually have a term of one year, and can be renewed upon expiry. The PPAs typically provide that a party to a PPA may terminate the PPA under certain circumstances, including, among other things, revocation of a power project’s electric power business permit and sustained failure by a party to perform the obligations under the PPA.

Our service concession construction revenue represents the revenue we recognized for the construction of our onshore concession wind power project in Gansu. See “Business – Our Business – Our Portfolio of Wind Power Projects – Central and Western Development Region.” As we subcontracted all of the construction work for such concession project to outside contractors, we also recognized costs related to the construction, and the amount of such costs is the same as the corresponding service concession construction revenue. As a result, the recognition of service concession construction revenue and costs has no net effect on our operating profit. During the Track Record Period, our service concession construction revenue increased in 2008 when the construction of our concession wind power project was mainly concentrated, and such revenue decreased in 2009 as the construction was completed in the first quarter of 2009.

Other revenue mainly represents revenue from the provision of power transmission line lease service. We own and use a power transmission line that we built in Inner Mongolia, and during 2007, 2008 and 2009, we leased such transmission line to a third party wind power company located in the same area for a fee. Since late 2009, we have ceased to provide such service.

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The following table sets out, for the periods presented, the components of our revenue and each item as a percentage of our total revenue.

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
	(unaudited)									
Sales of electricity	285.9	73.1	612.6	71.2	1,384.2	96.9	687.8	94.6	1,043.2	100.0
Service concession construction revenue ⁽¹⁾	90.9	23.3	233.5	27.2	38.9	2.7	38.9	5.4	–	–
Others	14.1	3.6	14.2	1.6	5.0	0.4	–	–	–	–
	<u>390.9</u>	<u>100.0</u>	<u>860.3</u>	<u>100.0</u>	<u>1,428.1</u>	<u>100.0</u>	<u>726.7</u>	<u>100.0</u>	<u>1,043.2</u>	<u>100.0</u>

Note:

- (1) We, as an operator of wind power projects under the service concession arrangement between the government and us, are responsible for both the construction of the concession project and subsequent service in a specified period after the construction. In accordance with IFRIC-Int 12 "Service Concession Arrangements," we recognize a concession asset, included in the category of intangible asset, arising from a service concession arrangement when we have the rights to charge for the usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. In this connection, service concession construction revenue is recognized. As we sub-contracted all of our related construction work, the same amount of costs, represented the fair value of services received, are also recognized. As a result, the recognition of service concession construction revenue and costs has no net effect on our operating profit during the Track Record Period.

Other net income and other gains

Our other net income primarily consists of income from CDM projects and government grants. Government grants mainly represent VAT reductions or refunds, and to a lesser extent, fiscal interest subsidies. Other gains relate primarily to foreign exchange gains or losses realized on our Euro denominated receivables from our CDM projects. The following table sets out, for the periods presented, the components of our other net income and other gains and each item as a percentage of our total other net income and other gains.

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
	(unaudited)									
Other net income										
– Income from CDM projects	33.2	55.3	71.6	59.4	137.4	66.4	58.1	67.0	101.6	95.6
– Government grants	24.5	40.9	54.9	45.5	60.8	29.4	23.4	27.0	33.0	31.0
– Others	0.4	0.7	0.2	0.2	1.9	0.9	0.1	0.1	0.1	0.1
	<u>58.1</u>	<u>96.9</u>	<u>126.7</u>	<u>105.1</u>	<u>200.1</u>	<u>96.7</u>	<u>81.6</u>	<u>94.1</u>	<u>134.7</u>	<u>126.7</u>
Other gains, net										
– Foreign exchange gains/(losses), net	1.9	3.1	(6.1)	(5.1)	6.7	3.3	5.1	5.9	(28.4)	(26.7)
	<u>60.0</u>	<u>100.0</u>	<u>120.6</u>	<u>100.0</u>	<u>206.8</u>	<u>100.0</u>	<u>86.7</u>	<u>100.0</u>	<u>106.3</u>	<u>100.0</u>

FINANCIAL INFORMATION

Operating expenses

Our operating expenses primarily include depreciation and amortization, labor costs, repairs and maintenance as well as other operating expenses. The following table sets out, for the periods presented, the components of our operating expenses and each item as a percentage of our total operating expenses.

	Year ended December 31,						Six months ended June 30,			
	2007		2008		2009		2009		2010	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions) (unaudited)	%	(RMB in millions)	%
Depreciation and amortization . . .	117.1	48.0	212.5	40.9	552.7	71.3	243.1	68.2	395.4	78.6
Service concession construction costs	90.9	37.3	233.5	45.0	38.9	5.0	38.9	10.9	—	—
Labor costs	9.8	4.0	20.5	3.9	52.7	6.8	19.9	5.6	34.4	6.9
Repairs and maintenance	2.9	1.2	7.0	1.3	19.6	2.5	7.2	2.0	8.8	1.7
Material costs	2.2	0.9	3.2	0.6	9.4	1.2	3.8	1.1	6.1	1.2
Other operating expenses	20.9	8.6	42.4	8.3	101.8	13.2	43.4	12.2	58.3	11.6
	243.8	100.0	519.1	100.0	775.1	100.0	356.3	100.0	503.0	100.0

Depreciation and amortization, which relates primarily to our operating wind farm assets such as wind turbines, accounted for a majority of our total operating expenses.

Service concession construction costs represent the costs we recognize for the construction of our concession project because we sub-contracted all of the construction work to third parties. During the Track Record Period, the amount of our service concession construction costs was the same as the corresponding service concession construction revenue we recognized, and thus has no net effect on our operating profit.

Labor costs primarily include salaries, welfare benefits, retirement benefits, as well as housing funds.

Repairs and maintenance primarily includes costs associated with turbine maintenance.

Material costs primarily represent the costs of spare parts and consumables that we use for the repair and maintenance of our wind power projects.

Other operating expenses primarily include insurance, travel and administrative expenses, local government surcharge, and other miscellaneous expenses relating to our operations.

Operating profit and adjusted operating margin

Our operating profit represents revenue and other net income and other gains, after deducting operating expenses.

Our adjusted operating margin represents the difference between operating profit and other net income and other gains, as divided by the difference between total revenue and service concession construction revenue. Adjusted operating margin is not a standard measurement under IFRSs, but we present it here because we believe that, after excluding the effects of service concession construction revenue and other major non-recurring income items, such measurement provides a more accurate indicator of our wind power business's profitability.

FINANCIAL INFORMATION

The following table sets out, for the periods presented, our operating profit and adjusted operating margin.

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	(RMB in millions, except percentage)				
	(unaudited)				
Operating profit	207.1	461.8	859.8	457.1	646.6
Adjusted operating margin ⁽¹⁾⁽²⁾					
(%)	49.0	54.4	47.0	53.8	51.8

Notes:

- (1) Prospective investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to other similarly titled measures reported by other companies, due to different calculation methods or assumptions.
- (2) Compared with other top ten global independent power producers focused on wind power business, we generally have a higher adjusted operating margin during the Track Record Period, due primarily to the following:
 - comparatively lower depreciation and amortization as a result of our effective measures to control turbine costs;
 - comparatively lower repair and maintenance costs as a result of a combined effect that (i) the warranty terms of a large number of our wind turbines have not expired during the Track Record Period, and (ii) we have an in-house O&M team dedicated to the repair and maintenance of our wind turbines; and
 - comparatively lower administrative and staff costs as a result of our operating efficiency achieved through the economies of scale, together with comparatively lower labor costs in China.

Finance income

Our finance income consists of interest income on deposits with banks and other financial institutions.

Finance expenses

Our finance expenses primarily consist of interest expenses on bank borrowings and other loans, and foreign exchange net losses or gains on our foreign currency, principally U.S. dollar denominated, borrowings.

Share of losses of an associate

This represents the losses arising from our interest in our associated company, Xiangdian Wind Power, in which we received a 30% equity interest from Datang in April 2009. Xiangdian Wind Power was established in late 2007 and had not started to generate material sales revenue in 2009 and for the six months ended June 30, 2010, resulting a net loss during these periods.

Income tax

Income tax expenses represent our current income tax and deferred income tax. We are subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which our companies are domiciled or operate. Our subsidiaries located in the PRC were subject to EIT at the statutory tax rates of 33% in 2007 and 25% in 2008 and thereafter under the then effective and current PRC income tax laws. Pursuant to the effective relevant PRC income tax laws and regulations, some of our subsidiaries have been entitled to a two or three-year EIT exemption followed by a three-year 50% EIT reduction. See “– Significant Factors Affecting Our Results of Operations – PRC preferential tax treatments.”

FINANCIAL INFORMATION

Our weighted average effective tax rate, which is our income tax expense divided by profit before taxation, in 2007, 2008 and 2009 and for the six months ended June 30, 2010, was 7%, 9%, 5% and 12%, respectively. The fluctuations in our weighted average effective tax rate primarily reflect the combination of (i) the change in the number of our subsidiaries entitled to preferential tax treatments; (ii) the fact that the preferential tax treatments for our subsidiaries commenced and expired at different times, causing our tax benefits to fluctuate; and (iii) changes in the statutory EIT rate in China. For more information on our income tax expense, see Note 11 to the Accountants' Report included in Appendix I to this prospectus.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2010

	Six months ended June 30,		
	2009	2010	% Change
	(RMB in millions)	(RMB in millions)	
	(unaudited)		
Revenue	726.7	1,043.2	43.6
– Sales of electricity	687.8	1,043.2	51.7
Other net income and other gains	86.7	106.3	22.6
Operating expenses	(356.3)	(503.0)	41.2
– Operating expenses excluding service concession construction costs	(317.4)	(503.0)	58.5
Operating profit	457.1	646.5	41.5
Finance income	2.8	3.5	26.7
Finance expenses	(216.3)	(318.0)	47.0
Share of losses of an associate	(0.4)	(0.9)	122.6
Profit before taxation	243.2	331.1	36.2
Income tax	(24.4)	(41.3)	69.2
Profit for the period	218.8	289.8	32.5
Profit attributable to:			
Equity owners of the Company	141.0	202.6	43.7
Non-controlling interests	77.8	87.2	12.2
	218.8	289.8	32.5

Revenue

Our revenue increased by 43.6% to RMB1,043.2 million for the six months ended June 30, 2010 compared to RMB726.7 million for the corresponding period in 2009, due primarily to the increase in our electricity sales revenue.

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Our electricity sales revenue increased by 51.7% to RMB1,043.2 million for the six months ended June 30, 2010 compared to RMB687.8 million for the corresponding period in 2009, due primarily to (i) a 49.4% increase in our electricity sales; and (ii) a slight increase in our weighted average on-grid tariff. The increase in our electricity sales reflects the increase in our average generating capacity from 1,209.0 MW during the first half of 2009 to 2,162.4 MW during the first half of 2010, as a result of our steady business growth during the periods. The slight increase in our weighted average on-grid tariff primarily reflected the minor change in our project mix during the first half of 2010 when our projects generated more electricity in regions associated with higher on-grid tariffs.

Our service concession construction revenue was nil for the six months ended June 30, 2010 compared to RMB38.9 million for the corresponding period in 2009 as we had no concession wind power project under construction during the first half of 2010.

Other net income and other gains

Our other net income and other gains increased by 22.6% to RMB106.3 million for the six months ended June 30, 2010 compared to RMB86.7 million for the corresponding period in 2009, due primarily to the increases in income from CDM and government grants.

Our income from CDM projects increased by 75.0% to RMB101.6 million for the six months ended June 30, 2010 compared to RMB58.1 million for the corresponding period in 2009, due primarily to the increase in the number of our registered CDM projects from 18 as of June 30, 2009 to 31 as of June 30, 2010.

Our government grants increased by 40.7% to RMB33.0 million for the six months ended June 30, 2010 compared to RMB23.4 million for the corresponding period in 2009, due primarily to the increase in our VAT refund as a result of the increased electricity sales.

We experienced foreign exchange net losses of RMB28.3 million for the six months ended June 30, 2010, compared to foreign exchange net gains of RMB5.1 million during the corresponding period in 2009 on our Euro denominated receivables from CDM projects. Such losses, offsetting the increases in our other net income, were due primarily to the depreciation of the Euro against the Renminbi during the first half of 2010, a direct result of the financial and political turbulence in the euro-zone economies. See “Business – Our Business – Carbon Credit Transactions – Foreign exchange policy.” Our other net income and other gains as a percentage of our electricity sales revenue decreased to 10.2% for the six months ended June 30, 2010 compared to 12.6% for the corresponding period in 2009, due primarily to our foreign exchange net losses during the first half of 2010.

Operating expenses

Our operating expenses (excluding service concession construction costs) increased by 58.5% to RMB503.0 million for the six months ended June 30, 2010 compared to RMB317.4 million for the corresponding period in 2009. This increase was mainly attributable to the increases in (i) depreciation and amortization; (ii) labor costs; and (iii) other operating expenses.

Our depreciation and amortization increased by 62.6% to RMB395.4 million for the six months ended June 30, 2010 compared to RMB243.1 million for the corresponding period in 2009, due primarily to the increased number of operating wind turbines that were subject to asset depreciation.

FINANCIAL INFORMATION

Our labor costs expenses increased by 73.1% to RMB34.4 million for the six months ended June 30, 2010 compared to RMB19.9 million for the corresponding period in 2009, due primarily to the increased number of employees we hired to manage and staff our expanded wind power business.

Our other operating expenses increased by 34.3% to RMB58.3 million for the six months ended June 30, 2010 compared to RMB43.4 million for the corresponding period in 2009, due primarily to the increased administrative expenses we incurred to manage an increased number of project companies.

Operating profit and adjusted operating margin

Our operating profit increased by 41.5% to RMB646.5 million for the six months ended June 30, 2010 compared to RMB457.1 million for the corresponding period in 2009, reflecting our steady business growth during the periods.

Our adjusted operating margin decreased to 51.8% for the six months ended June 30, 2010 compared to 53.8% for the corresponding period in 2009, due primarily to (i) a decrease in our average utilization hours as a result of more severe transmission limitations in Inner Mongolia; and (ii) the fact that the increase in our operating expenses (excluding service concession construction costs) outpaced the increase in our electricity sales revenue during the first half of 2010.

Finance income

Our finance income increased by 26.7% to RMB3.5 million for the six months ended June 30, 2010 compared to RMB2.8 million for the corresponding period in 2009, due primarily to the increase in the average balance on our bank deposits as a result of the increased electricity sales revenue during the first half of 2010.

Finance expenses

Our finance expenses increased by 47.0% to RMB318.0 million for the six months ended June 30, 2010 compared to RMB216.3 million for the corresponding period in 2009, due primarily to the increase in the average balance on our bank borrowings and loans as a result of our business growth.

Share of losses of an associate

We recorded a loss of RMB0.4 million and RMB0.9 million in share of losses of an associate for the six months ended June 30, 2009 and 2010, respectively, which represent the losses from our equity interest in Xiangdian Wind Power.

Income tax

Our income tax increased by 69.2% to RMB41.3 million for the six months ended June 30, 2010 compared to RMB24.4 million for the corresponding period in 2009. This increase was mainly attributable to (i) an increase in our profit before taxation, and (ii) an increase in our weighted average effective income tax rate from 10% for the first half of 2009 to 12% for the first half of 2010 as the preferential tax treatments for our subsidiaries commenced and expired at different times, causing our tax benefits to fluctuate.

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Profit for the period

As a result of the above, our profit for the period increased by 32.5% to RMB289.8 million for the six months ended June 30, 2010 compared to RMB218.8 million for the corresponding period in 2009. Our profit for the period as a percentage of our total revenue (excluding service concession construction revenue) decreased to 27.8% for the six months ended June 30, 2010 compared to 31.8% for the corresponding period in 2009, due primarily to (i) a decrease in our average utilization hours as a result of more severe transmission limitations in Inner Mongolia; (ii) the fact that the increase in our operating expenses (excluding service concession construction costs) outpaced the increase in our electricity sales revenue; and (iii) our foreign exchange net losses during the first half of 2010.

Profit attributable to equity owners of the Company

Our profit attributable to equity owners of the Company increased by 43.7% to RMB202.6 million for the six months ended June 30, 2010 compared to RMB141.0 million for the corresponding period in 2009.

Profit attributable to non-controlling interests

Our profit attributable to non-controlling interests increased by 12.2% to RMB87.2 million for the six months ended June 30, 2010 compared to RMB77.8 million for the corresponding period in 2009.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2009

	Year ended December 31,		
	2008	2009	% Change
	(RMB in millions)	(RMB in millions)	
Revenue	860.3	1,428.1	66.0
– Sales of electricity	612.6	1,384.2	126.0
Other net income and other gains	120.6	206.8	71.4
Operating expenses	(519.1)	(775.1)	49.3
– Operating expenses excluding service concession construction costs	(285.6)	(736.2)	157.8
Operating profit	461.8	859.8	86.2
Finance income	2.2	5.9	160.8
Finance expenses	(223.8)	(480.7)	114.8
Share of losses of an associate	–	(0.8)	N/A
Profit before taxation	240.2	384.2	59.9
Income tax	(21.7)	(17.3)	(20.2)
Profit for the year	218.5	366.9	67.9
Profit attributable to:			
Equity owners of the Company	139.8	248.4	77.6
Non-controlling interests	78.7	118.5	50.6
	218.5	366.9	67.9

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Revenue

Our revenue increased by 66.0% to RMB1,428.1 million in 2009 compared to RMB860.3 million in 2008, due primarily to the increase in our electricity sales revenue, which was partially offset by a decrease in our service concession construction revenue.

Our electricity sales revenue increased significantly to RMB1,384.2 million in 2009 compared to RMB612.6 million in 2008, due primarily to (i) a significant increase in our electricity sales; and (ii) a slight increase in our weighted average on-grid tariffs in 2009. The increase in our electricity sales reflects the increase in our average generating capacity from 622.8 MW in 2008 to 1,400.9 MW in 2009, as a result of our substantial business growth during the years. The slight increase in our weighted average on-grid tariff primarily reflected the change in our project mix in 2009 when our projects generated more electricity in regions associated with higher on-grid tariffs than the preceding year.

Our service concession construction revenue decreased significantly to RMB38.9 million in 2009 compared to RMB233.5 million in 2008 as we completed the construction of our concession wind power project in early 2009, resulting in less service revenue being recognized in 2009.

Other net income and other gains

Our other net income and other gains increased by 71.4% to RMB206.8 million in 2009 compared to RMB120.6 million in 2008, due primarily to (i) an increase in our income from CDM; (ii) an increase in our government grants; and (iii) our foreign exchange net gains.

Our income from CDM increased by 92.0% to RMB137.4 million in 2009 compared to RMB71.6 million in 2008, due primarily to the increase in the number of our registered CDM projects from 16 by the end of 2008 to 22 by the end of 2009.

Our government grants increased by 10.6% to RMB60.8 million in 2009 compared to RMB54.9 million in 2008, due primarily to the increase in our VAT reduction or refund as a result of the increased electricity sales in 2009. However, our government grants increased at a slower rate compared to our electricity sales in 2009, which reflects a decrease in our VAT payables due to the introduction of a new VAT policy on January 1, 2009. See “– Significant Factors Affecting Our Results of Operations – PRC preferential tax treatments.”

We recorded foreign exchange net gains of RMB6.7 million in 2009 compared to foreign exchange net losses of RMB6.1 million in 2008 on our Euro denominated receivables from CDM projects, primarily reflecting the fluctuations of the foreign exchange rate between the Euro and the Renminbi.

Our other net income and other gains as a percentage of our electricity sales revenue decreased to 14.9% in 2009 compared to 19.7% in 2008, reflecting the slower increase in our government grants due to the change in VAT policy.

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Operating expenses

Our operating expenses increased by 49.3% to RMB775.1 million in 2009 compared to RMB519.1 million in 2008. This increase was due primarily to the increases in (i) depreciation and amortization; (ii) labor costs; (iii) repairs and maintenance; and (iv) other operating expenses, which were partially offset by a decrease in our service concession construction costs.

Our depreciation and amortization increased significantly to RMB552.7 million in 2009 compared to RMB212.5 million in 2008, due primarily to the increased number of operating wind turbines that were subject to asset depreciation.

Our labor costs increased significantly to RMB52.7 million in 2009 compared to RMB20.5 million in 2008, due primarily to the increased number of employees we hired to manage and staff our expanded wind power business.

Our repairs and maintenance expenses increased significantly to RMB19.6 million in 2009 compared to RMB7.0 million in 2008, due primarily to the increased number of wind turbines that required our repairs and maintenance after the expiry of their warranty periods.

Our other operating expenses increased significantly to RMB101.8 million in 2009 compared to RMB42.4 million in 2008, due primarily to the increased administrative expenses we incurred to manage an increased number of project companies in 2009.

Our service concession construction costs decreased significantly to RMB38.9 million in 2009 compared to RMB233.5 million in 2008 as we completed the construction of our concession wind power project in early 2009, resulting in less service concession construction costs being recognized in 2009.

Operating profit and adjusted operating margin

Our operating profit increased by 86.2% to RMB859.8 million in 2009 compared to RMB461.8 million in 2008, reflecting our substantial business growth in 2009.

Our adjusted operating margin decreased to 47.0% in 2009 compared to 54.4% in 2008, due primarily to (i) temporary transmission interruptions on certain regional power grids due to system upgrades; and (ii) a decrease in our average utilization hours due primarily to the changes in our project mix during the years.

Finance income

Our finance income increased significantly to RMB5.9 million in 2009 compared to RMB2.2 million in 2008, due primarily to the increase in the average balance on our bank deposits as a result of the increased electricity sales revenue in 2009.

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Finance expenses

Our finance expenses increased significantly to RMB480.7 million in 2009 compared to RMB223.8 million in 2008, due primarily to the increase in the average balance on our bank borrowings and loans as a result of our business growth.

Share of losses of an associate

We recorded a loss of RMB0.8 million in share of losses of an associate in 2009, which represents the losses that we derived from our equity interest in Xiangdian Wind Power. There was no such loss in 2008 as we received an equity interest in Xiangdian Wind Power in 2009.

Income tax

Our income tax decreased by 20.2% to RMB17.3 million in 2009 compared to RMB21.7 million in 2008. This decrease was due primarily to a reduction in our weighted average effective income tax rate from 9% in 2008 to 5% in 2009 as a result of the commencement of the EIT exemption for some of our subsidiaries. Such decrease was partially offset by an increase in our profit before taxation in 2009.

Profit for the year

As a result of the above, our profit for the year increased by 67.9% to RMB366.9 million in 2009 compared to RMB218.5 million in 2008. Our profit for the year as a percentage of our total revenue (excluding service concession construction revenue) decreased to 26.4% in 2009 compared to 34.9% in 2008, due primarily to (i) temporary transmission interruptions on certain regional power grids; (ii) a decrease in our average utilization hours; and (iii) the decrease in our other net income and other gains as a percentage of our electricity sales revenue in 2009 compared to 2008.

Profit attributable to equity owners of the Company

Our profit attributable to equity owners of the company increased by 77.6% to RMB248.4 million in 2009 compared to RMB139.8 million in 2008.

Profit attributable to non-controlling interests

Our profit attributable to non-controlling interests increased by 50.6% to RMB118.5 million in 2009 compared to RMB78.7 million in 2008.

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Year Ended December 31, 2007 Compared to Year Ended December 31, 2008

	Year ended December 31,		% Change
	2007	2008	
	(RMB in millions)	(RMB in millions)	
Revenue	390.9	860.3	120.1
– Sales of electricity	285.9	612.6	114.3
Other net income and other gains	60.0	120.6	101.3
Operating expenses	(243.8)	(519.1)	113.0
– Operating expenses excluding service concession construction costs	(152.9)	(285.7)	86.8
Operating profit	207.1	461.8	123.0
Finance income	0.5	2.2	334.7
Finance expenses	(110.3)	(223.8)	103.0
Profit before taxation	97.3	240.2	146.9
Income tax	(6.9)	(21.7)	214.1
Profit for the year	90.4	218.5	141.7
Profit attributable to:			
Equity owners of the Company	56.1	139.8	149.0
Non-controlling interests	34.3	78.7	129.7
	90.4	218.5	141.7

Revenue

Our revenue increased significantly to RMB860.3 million in 2008 compared to RMB390.9 million in 2007, due primarily to a significant increase in our electricity sales revenue and service concession construction revenue.

Our electricity sales revenue increased significantly to RMB612.6 million in 2008 compared to RMB285.9 million in 2007, due primarily to a significant increase in our electricity sales, partly offset by a 4.4% decrease in our weighted average on-grid tariff. The increase in our electricity sales reflects the increase in our average generating capacity from 280.9 MW in 2007 to 622.8 MW in 2008, as a result of our significant business growth during the years. The decrease in our weighted average on-grid tariff primarily reflected the changes in our project mix in 2008 when our projects generated more electricity in regions associated with lower on-grid tariffs than the preceding year.

Our service concession construction revenue increased significantly to RMB233.5 million in 2008 compared to RMB90.9 million in 2007 as the construction of our concession wind power project was mainly concentrated in 2008, resulting in more service concession construction revenue being recognized in 2008.

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Other net income and other gains

Our other net income and other gains increased significantly to RMB120.6 million in 2008 compared to RMB60.0 million in 2007, due primarily to increases in our income from CDM and government grants.

Our income from CDM increased significantly to RMB71.6 million in 2008 compared to RMB33.2 million in 2007, due primarily to the increase in the number of our registered CDM projects from eight by the end of 2007 to 16 by the end of 2008.

Our government grants increased significantly to RMB54.9 million in 2008 compared to RMB24.5 million in 2007, due primarily to the increase in our VAT reduction or refund as a result of the increased electricity sales in 2008.

Such increases were partially offset by our foreign exchange net losses of RMB6.1 million in 2008 on our Euro denominated receivables from CDM projects, as the Euro depreciated against the Renminbi during the years. Our other net income and other gains as a percentage of our electricity sales revenue was 19.7% in 2008 and 21.0% in 2007, which we believe were relatively stable.

Operating expenses

Our operating expenses increased significantly to RMB519.1 million in 2008 compared to RMB243.8 million in 2007. This increase was due primarily to significant increases in (i) depreciation and amortization; (ii) service concession construction costs; (iii) labor costs; and (iv) other operating expenses.

Our depreciation and amortization increased significantly to RMB212.5 million in 2008 compared to RMB117.1 million in 2007, due primarily to the increase in the number of operating wind turbines that were subject to asset depreciation.

Our service concession construction costs increased significantly to RMB233.5 million in 2008 compared to RMB90.9 million in 2007 as the construction of our concession wind power project was mainly concentrated in 2008 resulting in more service concession construction costs being recognized in 2008.

Our labor costs increased significantly to RMB20.5 million in 2008 compared to RMB9.8 million in 2007, due primarily to the increased number of employees we hired to manage and staff our expanded business.

Our other operating expenses increased significantly to RMB42.4 million in 2008 compared to RMB20.9 million in 2007, due primarily to the increased administrative expenses we incurred to manage an increased number of project companies in 2008.

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Operating profit and adjusted operating margin

Our operating profit increased significantly to RMB461.8 million in 2008 compared to RMB207.1 million in 2007, reflecting our significant business growth in 2008.

Our adjusted operating margin increased to 54.4% in 2008 compared to 49.0% in 2007, primarily reflecting the increase in our average utilization hours due to changes in our project mix, which was partly offset by a decrease in our weighted average on-grid tariff in 2008.

Finance income

Our finance income increased significantly to RMB2.2 million in 2008 compared to RMB0.5 million in 2007, due primarily to the increase in the average balance on our bank deposits as a result of the increased electricity sales revenue in 2008.

Finance expenses

Our finance expenses increased significantly to RMB223.8 million in 2008 compared to RMB110.3 million in 2007, due primarily to the increase in the average balance on our bank borrowings and loans as a result of our business growth.

Income tax

Our income tax increased significantly to RMB21.7 million in 2008 compared to RMB6.9 million in 2007. This increase was mainly attributable to (i) an increase in our profit before taxation, and (ii) an increase in our weighted average effective income tax rate from 7% in 2007 to 9% in 2008 due primarily to the increased number of our newly established subsidiaries that were not subject to the then effective preferential income tax treatments in 2008.

Profit for the year

As a result of the above, our profit for the year increased significantly to RMB218.5 million in 2008 compared to RMB90.4 million in 2007. Our profit for the year as a percentage of our total revenue (excluding service concession construction revenue) increased to 34.9% in 2008 compared to 30.1% in 2007, due primarily to the increase in our average utilization hours.

Profit attributable to equity owners of the Company

Our profit attributable to equity owners of the company increased significantly to RMB139.8 million in 2008 compared to RMB56.1 million in 2007.

Profit attributable to non-controlling interests

Our profit attributable to non-controlling interests increased significantly to RMB78.7 million in 2008 compared to RMB34.3 million in 2007.

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LIQUIDITY AND CAPITAL RESOURCES

To date, we have funded our business expansion principally from bank borrowings, cash flow from operations and capital contributions from shareholders. Our cash requirements relate primarily to funding the development of our wind power projects.

We have a successful track record of obtaining the capital necessary to execute our development plan through a combination of debt and equity financing. Historically, approximately 70% to 80% of our total project costs were financed by bank borrowings and the remaining balance by our operating cash flow and shareholder contributions.

We estimated, as of June 30, 2010, that we would incur approximately RMB7.5 billion and RMB12.5 billion of capital expenditure during the second half of 2010 and in 2011, respectively, to complete the construction of our additional projects in 2010 and 2011. See “– Capital Expenditures.” We expect to meet these capital requirements from the following sources:

- approximately RMB43.6 billion (as of October 31, 2010) from borrowings under unutilized banking facilities, primarily including the undrawn credit lines under the strategic cooperative framework agreements we entered into with five commercial banks in China;
- approximately RMB1.7 billion (as of October 31, 2010) of cash and cash equivalents; and
- approximately RMB2.2 billion (equivalent to approximately 45% of our total estimated net proceeds) from the Global Offering that we intend to use for the construction of wind power projects (assuming an Offer Price of HK\$2.76 per H Share, being the mid-point of the stated Offer Price range, and assuming that the Over-allotment Option is not exercised).

Working Capital

Taking into account the financial resources available to our Group, including the internally generated funds, the available banking facilities and the estimated net proceeds of the Global Offering, our Directors are of the opinion that our Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this prospectus.

Liquidity

Wind power project development is a capital intensive process. Generally, approximately 60% to 70% of the total cost of a wind power project is attributable to the purchase of wind turbines. As of June 30, 2010, we had capital commitments (authorized and contracted for) of RMB4,726.2 million for the purchase of property, plant and equipment, principally wind turbines. We had incurred a substantial amount of bank borrowings, and therefore net current liabilities during the Track Record Period, reflecting the fact that the increase in our current liabilities outpaced the increase in our current assets.

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Net current liabilities

The following table sets out our current assets, current liabilities and net current liabilities as of the dates presented.

	As of December 31,			As of June 30,	As of October 31,
	2007	2008	2009	2010	2010
	(RMB in millions)			(RMB in millions)	
	(unaudited)				
CURRENT ASSETS					
Inventories	–	0.7	6.0	7.6	8.3
Trade and bills receivable	196.2	438.0	861.7	1,069.4	1,295.0
Prepayments, other receivables and other current assets . . .	133.2	479.2	1,178.0	1,479.7	2,317.7
Current income tax prepayment	–	–	12.0	27.8	12.6
Restricted deposits	199.5	–	–	–	–
Cash and cash equivalents . . .	148.1	545.1	531.2	1,023.6	1,701.4
Total current assets	677.0	1,463.0	2,588.9	3,608.1	5,335.0
CURRENT LIABILITIES					
Borrowings	540.9	1,172.4	1,527.5	2,086.2	2,907.2
Trade and bills payable	1.6	8.6	6.1	8.4	88.4
Current income tax liabilities . .	4.4	26.2	28.2	58.2	32.2
Other payables	917.4	2,419.9	2,978.3	3,409.3	3,301.7
Total current liabilities	1,464.3	3,627.1	4,540.1	5,562.1	6,329.5
NET CURRENT LIABILITIES . .	(787.3)	(2,164.1)	(1,951.2)	(1,954.0)	(994.5)

Given our rapid expansion and development plans during the Track Record Period and the fact that wind power projects cannot generate sales revenue during the development and construction stages, we have relied on both long-term and short-term borrowings to fund a substantial portion of our capital requirements. As of December 31, 2007, 2008 and 2009 and June 30, 2010, our net current liabilities totaled RMB787.3 million, RMB2,164.1 million, RMB1,951.2 million and RMB1,954.0 million, respectively. As of October 31, 2010, which is the latest practicable date to determine our indebtedness, our net current liabilities totaled RMB994.5 million, which reduced from RMB1,954.0 million as of June 30, 2010, due primarily to the increase in our prepayments for the preliminary development of our new wind power projects which were mainly financed by long-term borrowings.

Our net current liabilities during the Track Record Period principally reflected (i) our payables for the purchase of wind turbines, (ii) the current portion of our long-term borrowings for project construction and (iii) the short-term borrowings that we incurred to finance our project design and preliminary development. We expect that we may continue to record net current liabilities in the foreseeable future as we construct more wind power projects. See “Risk Factors – Risks Relating to Our General Business – Our borrowing levels, interest payment obligations and net current liabilities could limit the funds available to us for various business purposes.”

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In light of our net current liabilities during the Track Record Period, our Directors intend to apply part of the net proceeds of the Global Offering to repay some of our outstanding bank loans. Assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK\$2.76 per H Share, being the mid-point of the stated Offer Price range, we currently intend to apply approximately HK\$1,418 million (equivalent to approximately 25% of our total estimated net proceeds), to repay bank borrowings; and approximately HK\$567 million (equivalent to approximately 10% of our total estimated net proceeds), respectively, for working capital requirements and other general corporate uses. See “Future Plans and Use of Proceeds.”

Cash management

To mitigate the risk that our operating cash flow may be insufficient to service our debt obligations as they become due, we intend to continue to focus our efforts on increasing our cash inflow from operations and strengthening our cash management system through various measures, including:

- i. enhancing budgetary control at Group level;
- ii. optimizing our debt capital structure to ensure appropriate use of our cash resources;
- iii. maintaining certain minimal levels of cash and cash equivalents;
- iv. increasing our efforts to collect receivables and improve our credit policies to prevent bad debt;
- v. utilizing alternative financial products such as finance lease to diversify our source of funding; and
- vi. maintaining strategic and long-term relationship with our principal banks to obtain sufficient bank borrowings on favorable terms.

Capital Resources

The principal sources of liquidity of our future operation and capital expenditure are expected to be derived from our existing and new borrowings, as well as existing cash and cash flow from operations.

Bank borrowings

We have maintained long-term relationships with major commercial banks in China, and have been able to obtain banking facilities on favorable terms to fund our business expansion. The interest rate on our bank borrowings is normally 10% lower than the then prevailing benchmark rate in China. See “– Indebtedness – Borrowings” for more details on our bank borrowings.

We generally apply for long-term bank borrowings on a project basis. For our wind power projects which have obtained their project approval, we would execute loan agreements with our borrowing banks, to obtain bank borrowings. For certain wind power projects which are in the process of applying for the project approval, we would receive bank commitment letters whereby our borrowing banks agree, in principle, to grant us long-term bank borrowings, after we receive project approval, to finance our capital requirements.

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During the Track Record Period, we did not experience any material difficulty in renewing our short-term loans from our principal banks upon maturity of the existing term loans. However, based on our experience and our relationship with our principal banks, we believe that we will continue to be able to obtain short-term borrowings from banks on similar terms.

Strategic cooperative framework agreements

As of October 31, 2010, we had entered into strategic cooperative framework agreements with five major commercial banks in China to secure credit lines of up to RMB45 billion to finance our future capital expenditures. According to these framework agreements, the five banks agreed to provide us borrowings or other financing (such as bank commitment letter, letter of credit and bank acceptance letter) during a period of one to five years, subject to, among other requirements for each draw-down, credit approval, review of our financial conditions and proposed use of such funds as well as the execution of final loan agreements. Our Directors believe that our ability to secure new credit lines of up to RMB45 billion from major PRC banks reflected our proven capability in obtaining new financing in the current competitive market and the five banks' recognition of our credit history and business prospects. Based on our leading position in the PRC wind power industry, and our experience and relationship with these banks, we believe that we will be able to draw down loans from our credit lines under these cooperative framework agreements and to secure additional financing at competitive terms to finance our business growth.

The following table sets out the strategic cooperative framework agreements that we entered into with five PRC commercial banks as of October 31, 2010:

Date of Agreement	Name of Bank	Amount
May 21, 2010.	Bank of China	RMB5 billion
May 28, 2010.	China Construction Bank	RMB10 billion
June 24, 2010	Agricultural Bank of China	RMB5 billion
August 6, 2010.	China Development Bank	RMB20 billion
August 10, 2010.	Bank of Communications	RMB5 billion
Total		<u>RMB45 billion</u>

Our PRC legal advisor has confirmed that the strategic cooperative framework agreement is a mutually beneficial arrangement, intended to promote and deepen the business cooperative relationship between the relevant banks and us and for such banks to provide us the agreed amount of credit lines within a limited period. Therefore, once signed, our strategic cooperative framework agreements are legally binding on both parties.

Cash and cash equivalents

Our cash and cash equivalents increased from RMB148.1 million by the end of 2007 to RMB531.2 million by the end of 2009, and further to RMB1,023.6 million as of June 30, 2010. As of October 31, 2010, our cash and cash equivalents amounted to RMB1,701.4 million.

FINANCIAL INFORMATION

Cash flow

The following table sets out, for the periods presented, selected cash flow data from our combined cash flow statements.

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	(RMB in millions)			(RMB in millions) (unaudited)	
Net cash from operating activities.	149.9	481.0	1,008.2	568.4	913.3
Net cash used in investing activities.	(3,477.5)	(5,956.8)	(8,253.2)	(3,859.1)	(3,912.2)
Net cash from financing activities.	3,444.9	5,870.8	7,231.4	3,662.3	3,491.2
Net increase/(decrease) in cash and cash equivalents	117.3	395.0	(13.6)	371.6	492.3
Cash and cash equivalents at beginning of year/period . . .	31.2	148.1	545.1	545.1	531.2
Effect of foreign exchange rate changes	(0.4)	2.0	(0.3)	—	0.1
Cash and cash equivalents at end of year/period.	148.1	545.1	531.2	916.7	1,023.6

Cash flows from operating activities

We derive our cash from operating activities principally through the receipt of payments for the sale of electricity. Our cash used in operating activities is mainly used to pay for labor costs, the purchase of spare parts for our turbines and other costs and expenses relating to our operating activities.

For the six months ended June 30, 2010, our net cash from operations was RMB913.3 million, which was mainly contributed by our profit before taxation of RMB331.2 million, as adjusted for income statement items with no operating cash effect, and the negative effects of changes in working capital. The negative effects of changes in working capital primarily consisted of (i) an increase of RMB207.7 million in trade and bills receivable due to increased electricity sales; and (ii) an increase of RMB85.1 million in prepayments, other receivables and other current assets, due primarily to an increase in our CDM assets. These negative effects were partially offset by an increase of RMB177.2 million in other payables, due primarily to the increased tax payables as a result of our sales growth during the period.

In 2009, our net cash from operations was RMB1,008.2 million, which was mainly contributed by our profit before taxation of RMB384.2 million, as adjusted for income statement items with no operating cash effect, and the negative effects of changes in working capital. The negative effects of changes in working capital primarily consisted of (i) an increase of RMB423.8 million in trade and bills receivable due to increased electricity sales; and (ii) an increase of RMB51.4 million in prepayments, other receivables and other current assets, due primarily to an increase in our CDM assets. These negative effects were partially offset by an increase of RMB105.9 million in other payables, due primarily to the increased tax payables as a result of our sales growth in 2009.

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In 2008, our net cash from operations was RMB481.0 million, which was mainly contributed by our profit before taxation of RMB240.2 million, as adjusted for income statement items with no operating cash effect, and the negative effects of changes in working capital. The negative effects of changes in working capital primarily consisted of an increase of RMB195.5 million in trade and bills receivable due to increased electricity sales. These negative effects were partially offset by an increase of RMB26.8 million in other payables, due primarily to the increased tax payables as a result of our sales growth in 2008.

In 2007, our net cash from operations was RMB149.9 million, which was mainly contributed by our profit before taxation of RMB97.3 million, as adjusted for income statement items with no operating cash effect, and the negative effects of changes in working capital. The negative effects of changes in working capital primarily consisted of (i) an increase of RMB134.1 million in trade and bills receivable due to increased electricity sales; and (ii) an increase of RMB47.6 million in prepayments, other receivables and other current assets, due primarily to an increase in our CDM assets.

Cash flows from investing activities

Our cash used in investing activities consists primarily of payments for the purchase of property, plant and equipment, land use rights and intangible assets. Our cash inflows from investing activities consist primarily of proceeds received from repayments of entrusted loans and from repayments of loans to related parties.

For the six months ended June 30, 2010, our net cash used in investing activities was RMB3,912.2 million. Our cash outflows primarily reflected payments of RMB3,965.5 million for the purchase of property, plant and equipment, land use rights and intangible assets to support our business growth during the period.

In 2009, our net cash used in investing activities was RMB8,253.2 million. Our cash outflows primarily reflected (i) payments of RMB8,140.8 million for the purchase of property, plant and equipment, land use rights and intangible assets, to support our business growth in 2009; and (ii) payments of RMB162.9 million to settle the remaining balance on the consideration for our acquisition of two wind power companies in Inner Mongolia.

In 2008, our net cash used in investing activities was RMB5,956.8 million. Our cash outflows primarily reflected (i) payments of RMB5,493.4 million for the purchase of property, plant and equipment, land use rights and intangible assets, to support our business growth in 2008; (ii) payments of RMB275.5 million for our acquisition of two wind power companies in Inner Mongolia; and (iii) additional entrusted loans of RMB120.6 million we made to related parties.

In 2007, our net cash used in investing activities was RMB3,477.5 million. Our cash outflows primarily reflected payments of RMB3,474.0 million for the purchase of property, plant and equipment, land use rights and intangible assets, to support our business growth in 2007.

Cash flows from financing activities

Our cash inflow from financing activities consists primarily of proceeds from borrowings, and capital contributions from the equity owners of the Company and the non-controlling interests. Our cash outflow from financing activities consists primarily of repayment of borrowings, interest paid and repayments of loans from related parties.

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For the six months ended June 30, 2010, our net cash from financing activities was RMB3,491.2 million, reflecting primarily our net proceeds from borrowings of RMB4,018.5 million, partially offset by our interest payments of RMB474.5 million during the period.

In 2009, our net cash from financing activities was RMB7,231.4 million, reflecting primarily (i) our net proceeds from borrowings of RMB7,071.2 million; and (ii) capital contributions of RMB1,092.5 million from the equity owners of the Company and the non-controlling interests. These cash inflows were partially offset by our interest payments of RMB745.9 million in 2009.

In 2008, our net cash from financing activities was RMB5,870.8 million, reflecting primarily (i) our net proceeds from borrowings of RMB4,182.2 million; (ii) capital contributions of RMB1,836.9 million from the equity owners of the Company and the non-controlling interests; and (iii) our net proceeds from loans from related parties of RMB293.7 million. These cash inflows were partially offset by our interest payments of RMB419.8 million in 2008.

In 2007, our net cash from financing activities was RMB3,444.9 million, reflecting primarily (i) our net proceeds from borrowings of RMB1,935.7 million; (ii) capital contributions of RMB1,264.5 million from the equity owners of the Company and the non-controlling interests; and (iii) our net proceeds from loans from related parties of RMB410.4 million. These cash inflows were partially offset by our interest payments of RMB165.8 million in 2007.

CERTAIN CURRENT ASSETS AND CURRENT LIABILITIES

Inventory analysis

Our inventories primarily consist of spare parts and other consumables that we use for the repair and maintenance of our wind power projects. The following table sets out a summary of our inventory balances as of the dated presented.

	As of December 31,			As of
	2007	2008	2009	June 30,
	(RMB in millions)			2010
Inventories	–	0.7	6.0	7.6

The increase in our inventory balance during the Track Record Period reflected the increased stock of spare parts to support the expansion of our wind power business.

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Trade and bills receivable

Our trade and bills receivable primarily represents receivables from local grid companies for the purchase of the electricity we generated. The following table sets out a summary of our trade and bills receivable as of the dates presented.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
Trade receivables	196.2	435.9	861.7	1,067.4
Bills receivable	—	2.1	—	2.0
	196.2	438.0	861.7	1,069.4
Less: provision for doubtful debts.	—	—	—	—
	<u>196.2</u>	<u>438.0</u>	<u>861.7</u>	<u>1,069.4</u>

The steady increase in our trade and bills receivable during the Track Record Period reflected our increased sales of electricity to local grid companies. These receivables are unsecured and non-interest bearing.

During the Track Record Period, we generally collected the proceeds from electricity sales from the local grid companies in two payments either pursuant to the terms of PPAs we entered into with these companies or in accordance with the applicable PRC regulatory framework. For the first payment, which is based on the benchmark price for coal power, we usually grant a credit period of approximately 30 days to local grid companies from the date of sales recognition. The second payment is based on the difference between the applicable on-grid tariffs for wind power and the benchmark price for coal power, as well as other tariff premiums that we may receive. Compared to the first payment, our second payment is settled much later as such payment is subject to the government allocation of the tariff surcharge for renewable energy paid by electricity end-users nationwide. Therefore, the credit period for the second payment generally ranges from six to twelve months.

The following table sets out, for the periods presented, the turnover of our average trade and bills receivable.

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Average trade and bills receivable turnover (days) ⁽¹⁾	138	185	171	168

Note:

- (1) Average trade and bills receivable equals trade and bills receivables at the beginning of the period plus trade and bills receivable at the end of the period, divided by two. Turnover of average trade and bills receivable (in days) equals average trade and bills receivable divided by revenue (excluding service concession construction revenue) and then multiplied by the number of days in the relevant period, which was 365 for 2007 and 2009, 366 for 2008, and 181 for the six months ended June 30, 2010.

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The changes in our average trade and bills receivable turnover days during the Track Record Period primarily reflected the fluctuations in the turnover days of our second payment, which is subject to the government allocation and may vary across different regions.

The following table sets out the aging analysis of our trade and bills receivable as of the dates presented.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
Within one year	193.9	435.7	859.4	1,039.0
Between one and two years	2.3	–	–	28.1
Between two and three years	–	2.3	–	–
Over three years	–	–	2.3	2.3
	<u>196.2</u>	<u>438.0</u>	<u>861.7</u>	<u>1,069.4</u>

Our trade and bills receivable includes receivables with a carrying amount of RMB2.3 million that were past due but not impaired as of December 31, 2007, 2008 and 2009. As of June 30, 2010, we had RMB30.4 million of trade receivables that were past due but not impaired, which represent certain amounts of the second payment on our electricity sales that was subject to the allocation by the local government. We have not made any provisions for such receivables because there has not been any significant change in credit quality and we still consider the amounts to be fully recoverable. We do not hold any collateral securing these receivables.

In determining the recoverability of a trade receivable, we consider the creditworthiness of our customers on an individual basis and any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. As of June 30, 2010, receivables from local grid companies accounted for a substantial majority of our balance of trade and bills receivables. Our management believes that there is no material credit risk associated with receivables from these grid companies which are government controlled or owned entities with strong credit quality and with which we have maintained long term and stable business relationships. In addition, our management continuously monitors the levels of risk exposure to ensure that proper actions are promptly taken to lower the risk exposure or to recover overdue balances.

As of September 30, 2010, approximately RMB213.7 million, or 20.0% of our trade and bills receivable as of June 30, 2010 were subsequently settled.

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Prepayments, other receivables and other current assets

During the Track Record Period, our prepayments, other receivables and other current assets primarily consist of (i) VAT recoverable that mainly represents the input VAT relating to the acquisition of equipment, which is deductible from output VAT since January 1, 2009; (ii) amounts due from related parties, mainly reflecting the advances we made to Datang Group prior to the Reorganization; (iii) CDM assets relating to the sales of CERs to third party buyers; and (iv) other prepayments mainly reflecting our prepayments for certain properties. The following table sets out the breakdown of our prepayments, other receivables and other current assets as of the dates presented.

	As of December 31,			As of
	2007	2008	2009	June 30,
	(RMB in millions)			2010
Prepayments or advances for				
plant constructions	16.2	80.0	129.5	152.7
Other prepayments	3.5	12.6	53.5	106.4
CDM assets	39.9	73.0	161.3	219.0
VAT recoverable	49.2	43.4	620.2	822.7
VAT refund	—	59.4	—	—
Entrusted loans	2.6	123.2	16.1	18.0
Staff advances	2.1	3.2	5.7	17.3
Amounts due from related parties	6.1	64.9	154.5	57.0
Other debtors	13.6	19.5	37.2	86.6
	133.2	479.2	1,178.0	1,479.7
Less: provision for doubtful debts	—	—	—	—
	<u>133.2</u>	<u>479.2</u>	<u>1,178.0</u>	<u>1,479.7</u>

Our prepayments, other receivables and other current assets increased to RMB1,479.7 million as of June 30, 2010 compared to RMB1,178.0 million as of December 31, 2009. This increase was mainly attributable to (i) an increase in our VAT recoverable due primarily to the increased input VAT relating to the acquisition of equipment that we can apply to deduct our output VAT levied on electricity sales; (ii) an increase in other prepayments due primarily to a payment of RMB88 million that we made to purchase an office building in early 2010; and (iii) an increase in our CDM assets due to the increased sales of CERs from our registered CDM projects. These increases were partly offset by a decrease in the amounts due from related parties as Datang Group settled a portion of its current accounts with us prior to the Reorganization.

Our prepayments, other receivables and other current assets increased to RMB1,178.0 million as of December 31, 2009 compared to RMB479.2 million as of December 31, 2008. This increase was mainly attributable to (i) a significant increase in our VAT recoverable due primarily to the change of VAT policy in China; (ii) an increase in amounts due from related parties as we made additional advances to Datang Group prior to the Reorganization and (iii) an increase in our CDM assets due to the increased sales of CERs from our registered CDM projects. These increases were partly offset by a significant decrease in our entrusted loans as Datang Group settled a substantial portion of these entrusted loans with us prior to the Reorganization.

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Our prepayments, other receivables and other current assets increased to RMB479.2 million as of December 31, 2008 compared to RMB133.2 million as of December 31, 2007, due primarily to (i) a significant increase in entrusted loans we made to Datang Group prior to the Reorganization; (ii) VAT refund of RMB59.4 million for our foreign invested subsidiaries due to tax credits arising from the purchase of qualified domestically made equipment in 2008; and (iii) an increase in our CDM assets due to the increased sales of CERs from our registered CDM projects.

We recorded entrusted loans of RMB2.6 million, RMB123.2 million, RMB16.1 million and RMB18.0 million as of December 31, 2007, 2008, 2009 and June 30, 2010. We made these entrusted loans, prior to the Reorganization, to our related parties through Datang Finance Co., Ltd, a subsidiary of Datang, in accordance with Datang's capital management policy of pooling additional cash of its subsidiaries for central management and disposal, promoting more efficient use of capital within the Datang Group. Our PRC legal advisor has confirmed that our provision of entrusted loans to related parties were in compliance with applicable PRC laws and regulations. As of the Latest Practicable Date, we had no equity interest in Datang Finance Co., Ltd.

Our Directors have confirmed that (i) all of our entrusted loans to related parties as of June 30, 2010, and (ii) all outstanding amounts due from related parties of non-trade nature as of June 30, 2010, were settled before the Latest Practicable Date.

Restricted deposits

Our restricted deposits primarily represent cash pledged as collateral for performance security of certain construction development and equipment purchase contracts. Our restricted deposits were RMB199.5 million as of December 31, 2007, which were released in 2008 upon the completion of these contracts.

Trade and bills payable

Our trade and bills payable primarily represents the purchase of spare parts and other consumables from various suppliers. The following table sets out a summary of our trade and bills payable as of the dates presented.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
Trade payables	1.6	7.3	6.1	8.4
Bills payable	–	1.3	–	–
	<u>1.6</u>	<u>8.6</u>	<u>6.1</u>	<u>8.4</u>

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The changes in our trade and bills payable during the Track Record Period reflected our business growth and demand for spare parts. Generally, our major suppliers of spare parts and other consumables grant us a flexible credit period of 1 to 30 days. As of December 31, 2007, 2008 and 2009 and June 30, 2010, all trade and bills payable were within one year since the invoice date.

Other payables

Our other payables primarily consist of (i) payables for acquisition of property, plant and equipment, principally wind turbines; and (ii) amounts due to related parties.

	As of December 31,			As of
	2007	2008	2009	June 30,
	(RMB in millions)			2010
Payables for acquisition of property, plant and equipment.	452.4	1,432.8	2,241.9	2,604.8
Payables for CDM project.	6.4	13.1	27.3	36.6
Payables for land use rights	—	—	2.5	40.2
Payables equity investment	—	162.9	—	—
Payables for staff related costs	5.6	4.6	10.6	23.4
Payables for other taxes.	13.9	44.9	17.5	13.7
Interests payable	7.7	26.3	27.4	32.5
Dividends payable	—	6.4	36.9	194.2
Amounts due to related parties	337.8	633.2	550.7	374.2
Other accruals and payables	93.6	95.7	63.5	89.7
	<u>917.4</u>	<u>2,419.9</u>	<u>2,978.3</u>	<u>3,409.3</u>

Our other payables were RMB917.4 million, RMB2,419.9 million, RMB2,978.3 million and RMB3,409.3 million as of December 31, 2007, 2008 and 2009 and June 30, 2010. During the Track Record Period, the increase in our other payables was mainly attributable to the increase in our payables for acquisition of property, plant and equipment, principally wind turbines, as a result of our business growth.

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INDEBTEDNESS

Borrowings

As of October 31, 2010, being the latest practicable date for the purpose of the indebtedness statements, we had total borrowings of RMB24,430.5 million. As of the same date, we had unutilized banking facilities of approximately RMB43.6 billion. The following table sets out the breakdown of our interest-bearing bank borrowings as of the dates presented.

	As of December 31,			As of June 30,	As of October 31,
	2007	2008	2009	2010	2010
					(unaudited)
	(RMB in millions)				
Long-term borrowings					
Bank loans					
– Unsecured loans	–	575.0	4,839.0	7,906.3	16,595.3
– Guaranteed loans	2,855.1	5,856.4	7,849.9	8,163.6	4,748.1
– Secured loans	512.0	961.8	874.3	726.4	477.3
Other borrowings					
– Unsecured	–	–	1,216.0	1,457.0	–
– Guaranteed loans	–	–	–	70.0	–
– Secured loans	–	615.1	546.3	512.7	482.2
	3,367.1	8,008.3	15,325.5	18,836.0	22,302.9
Less: Current portion of long-term borrowings					
– Bank loans	163.9	366.1	926.7	974.3	718.1
– Other borrowings	–	68.3	108.8	111.9	61.5
Total	3,203.2	7,573.9	14,290.0	17,749.8	21,523.3
Short-term borrowings					
Bank loans					
– Unsecured loans	377.0	238.0	192.0	152.0	2,037.6
Other borrowings					
– Unsecured	–	100.0	300.0	848.0	90.0
– Guaranteed loans	–	400.0	–	–	–
Current portion of long-term borrowings					
– Bank loans	163.9	366.1	926.7	974.3	718.1
– Other borrowings	–	68.3	108.8	111.9	61.5
Total	540.9	1,172.4	1,527.5	2,086.2	2,907.2
Total borrowings	3,744.1	8,746.3	15,817.5	19,836.0	24,430.5

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Given our rapid expansion and development plans during the Track Record Period and the fact that wind power projects cannot generate sales revenue during the development and construction stages, we have relied on both long-term and short-term borrowings to fund a large portion of our capital requirements, and expect to continue to do so in the foreseeable future. The increase in our long-term borrowings was due primarily to the increased capital expenditures to support our business growth. The increase in our short-term borrowings was due primarily to the increase in the current portion of our long-term borrowings. As of December 31, 2007, 2008 and 2009 and June 30, 2010, our total borrowings were RMB3,744.1 million, RMB8,746.3 million, RMB15,817.5 million and RMB19,836.0 million.

During the Track Records Period, apart from a U.S. dollar denominated term loan with a principal amount of US\$90 million, all of our borrowings were denominated in Renminbi and were primarily made from domestic banks and financial institutions. The following table sets out the carrying amount of our borrowings denominated in Renminbi and U.S. dollar as of the dates presented.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
RMB	3,744.1	8,131.2	15,271.3	19,323.3
USD (RMB equivalent)	–	615.1	546.2	512.7
	<u>3,744.1</u>	<u>8,746.3</u>	<u>15,817.5</u>	<u>19,836.0</u>

Long-term borrowings

We generally incur long-term borrowings on a project basis to fund our business expansion and capital expenditures. Our long-term borrowings were RMB3,203.2 million, RMB7,573.9 million, RMB14,290.0 million and RMB17,749.8 million as of December 31, 2007, 2008 and 2009 and June 30, 2010.

In particular, we entered into a loan agreement with KEPCO Hong Kong, a connected person to our Company, on March 14, 2008, pursuant to which KEPCO Hong Kong granted us a ten-year term loan in the principal amount of US\$90 million to finance the development and construction of our wind farms. According to the terms of the loan agreement, this U.S. dollar denominated loan is repayable every six months with the interest rates being 10% below the benchmark interest rates set by the PBOC on each interest determination date. This US\$90 million term loan was secured by:

- certain of our wind turbines with a carrying amount of RMB626 million, RMB596 million, and RMB580 million as of December 31, 2008 and 2009 and June 30, 2010, and
- certain of our tariff collection rights and insurance contracts.

As of October 31, 2010, we have repaid US\$19 million of this US\$90 million term loan. On November 22, 2010, we entered into a supplemental loan agreement with KEPCO Hong Kong, which, among others, reduced the remaining term of this loan to three years, expiring on November 21, 2013. See “Connected Transactions – Non-exempt Continuing Connected Transactions.”

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The following table sets out the maturity profile of our long-term borrowings as of the dates presented.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
Within one year	163.9	434.4	1,035.5	1,086.2
After one year but within two years	255.4	758.4	1,106.7	1,461.9
After two years but within five years	795.2	1,597.7	3,748.4	5,098.5
After five years	2,152.6	5,217.8	9,434.9	11,189.4
	<u>3,367.1</u>	<u>8,008.3</u>	<u>15,325.5</u>	<u>18,836.0</u>
Wholly repayable within five years	<u>77.0</u>	<u>445.1</u>	<u>450.0</u>	<u>614.0</u>

Short-term borrowings

We generally incur short-term borrowings to finance our project design and other preliminary development before we receive the project approval from the government as well as to finance our working capital. Our short-term borrowings were RMB540.9 million, RMB1,172.4 million, RMB1,527.5 million and RMB2,086.2 million as of December 31, 2007, 2008 and 2009 and June 30, 2010.

Capital management and gearing ratio

We regularly review and manage our capital structure and make adjustments, taking into consideration changes in economic conditions, our future capital requirements, prevailing and projected profitability and operating cash flow, projected capital expenditures and projected strategic investment opportunities. We manage our capital, through among other things, monitoring our gearing ratio, which is calculated as net debt divided by total equity and net debt. Net debt includes interest-bearing short-term and long-term borrowings, less cash and cash equivalents. The following table sets out our gearing ratios as of the dates presented.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions, except percentage)			
Long-term borrowings	3,203.2	7,573.9	14,290.0	17,749.8
Short-term borrowings	<u>540.9</u>	<u>1,172.4</u>	<u>1,527.5</u>	<u>2,086.2</u>
Total debt	<u>3,744.1</u>	<u>8,746.3</u>	<u>15,817.5</u>	<u>19,836.0</u>
Less: cash and cash equivalents	<u>148.1</u>	<u>545.1</u>	<u>531.2</u>	<u>1,023.6</u>
Net debt	<u>3,596.0</u>	<u>8,201.2</u>	<u>15,286.3</u>	<u>18,812.4</u>
Total equity	<u>2,200.0</u>	<u>4,311.3</u>	<u>5,645.3</u>	<u>5,836.6</u>
Gearing ratio	<u>62.0%</u>	<u>65.5%</u>	<u>73.0%</u>	<u>76.3%</u>

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Our gearing ratio as of December 31, 2007, 2008 and 2009 and June 30, 2010 was 62.0%, 65.5%, 73.0% and 76.3%, respectively. Our gearing ratio increased during the Track Record Period mainly because the increase in borrowings outpaced the increase in equity. Upon the completion of the Global Offering, we expect our gearing ratio to be reduced as we intend to apply 25% of the total net proceeds of the Global Offering to repay some of our outstanding bank loans. See “Future Plans and Use of Proceeds.”

Other than those disclosed in this prospectus or in the statement of indebtedness and apart from intra-group liabilities and normal trade payables, we did not have any outstanding loan, capital issued and outstanding or agreed to be issued, bank overdrafts, pledges, charges, debentures, mortgages, loans, debt securities or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities or acceptances (other than normal trade bills), acceptance creditors or any guarantees or other material contingent liabilities outstanding at the close of business as of October 31, 2010.

Our Directors have confirmed that there has been no material adverse change in our indebtedness and contingent liabilities since October 31, 2010, the indebtedness date.

CAPITAL EXPENDITURES

Our capital expenditures principally comprise expenditures for the acquisition of property, plant and equipment, primarily wind turbines. The following table sets out our capital expenditures for the periods presented.

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
	(RMB in millions)			
Acquisition of property, plant and equipment	3,563.1	6,910.5	8,245.9	3,858.7

The wind power project development is a capital intensive process. Approximately, 60% to 70% of the total cost of a wind power project is attributable to the purchase of wind turbines. We have incurred, and expect to continue to incur, significant capital expenditures in the foreseeable future as we develop and construct new wind power projects, purchase additional wind turbines, hire additional employees, and expand our operations.

Our goal is to grow our total installed capacity to approximately 4,000 MW by the end of 2010 and approximately 5,500 MW by the end of 2011. To achieve these targets, we estimated, as of June 30, 2010, that we would incur approximately RMB7.5 billion and RMB12.5 billion of capital expenditure during the second half of 2010 and in 2011, respectively, to complete construction of these additional projects in 2010 and 2011, consisting of:

For our projects due for completion during the second half of 2010:

- approximately RMB7.5 billion to fund the development of our projects under construction (as of June 30, 2010) due for completion in 2010.

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For our projects due for completion in 2011:

- approximately RMB1.6 billion to fund the development of our projects under construction (as of June 30, 2010) due for completion in 2011;
- approximately RMB2.4 billion to fund the development of our six advanced pipeline projects, with approximately 297.0 MW of prospective capacity as of June 30, 2010; and
- approximately RMB8.5 billion to fund the development of some intermediate pipeline projects due for completion in 2011, with approximately 1GW of prospective capacity as of June 30, 2010.

Our anticipated capital expenditures are subject to change from time to time based on the reassessment of our business plan, including but not limited to, the progress of our projects under construction and pipeline projects, prevailing market conditions, regulatory environment and outlook of our future results of operations. See “– Liquidity and Capital Resources” for a summary of our financing sources.

Commitments

Capital commitments

The table below sets out our commitments for the purchase of property, plant and equipment as of the dates presented.

	As of December 31,			As of
	2007	2008	2009	June 30,
				2010
	(RMB in millions)			
Authorized and contracted for.	3,438.0	4,529.7	6,456.5	4,726.2
Authorized but not contracted for	2,394.7	5,516.9	8,831.5	2,706.6
	<u>5,832.7</u>	<u>10,046.6</u>	<u>15,288.0</u>	<u>7,432.8</u>

Historically, our capital commitments (authorized and contracted for) were primarily attributable to turbine purchases. As we grow, we expect to continue to have significant capital commitments to support the expansion of our wind power business. We intend to finance our capital commitments of RMB7,432.8 million as of June 30, 2010 from a combination of banking borrowings and operating cash flow.

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Operating lease commitments

We lease a number of properties under non-cancellable operating leases. The following table sets out our future minimum lease payments under non-cancellable operating leases as of the dates indicated.

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
Within one year	1.7	1.4	2.8	3.9
After two and five years	3.1	2.9	4.0	7.3
Over five years	9.0	8.4	7.8	7.7
	<u>13.8</u>	<u>12.7</u>	<u>14.6</u>	<u>18.9</u>

OFF BALANCE SHEET ARRANGEMENTS

We do not have any outstanding derivative financial instruments, off-balance sheet guarantees or foreign currency forward contracts. We do not engage in trading activities involving non-exchange traded contracts.

MARKET RISK

We are exposed to various types of market risks in the normal course of our business, including interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Interest rate risk

We are subject to interest rate risk, mainly arising from our interest-bearing bank loans, which we do not currently hedge. Loans with variable interest rates expose us to cash flow interest rate risk.

As of December 31, 2007, 2008, 2009 and June 30, 2010, if interest rates on Renminbi and U.S. dollar denominated loans had been 50 basis points higher/lower respectively with all other variables held constant, interest expense charged to the statements of comprehensive income would have been RMB9 million, RMB21 million and RMB48 million, RMB67 million higher/lower, respectively.

Foreign exchange risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables and payables, borrowings and cash balances that are denominated in a foreign currency. The currencies giving rise to this risk are primarily Euro and U.S. dollar.

Except for CERs sales which were denominated in foreign currencies, all of our revenue-generating operations are transacted in Renminbi. In addition, we have certain borrowings that are denominated in U.S. dollar. Our Directors believe that our exposure to foreign currency risk is not significant.

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On the other hand, Renminbi is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent us from satisfying sufficient foreign currency demands.

The following table sets out, as of the dates presented, our exposure to currency risk arising from recognized assets or liabilities denominated in a currency other than Renminbi to which they relate.

	As of December 31,						As of June 30,	
	2007		2008		2009		2010	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
	(RMB in millions)							
Cash and cash equivalents . . .	–	–	0.7	–	14.6	–	23.2	–
Other current assets	2.4	37.5	3.2	69.7	10.4	150.9	11.4	207.6
Long-term borrowings . . .	–	–	(615.1)	–	(546.3)	–	(512.7)	–
Net exposure in RMB	<u>2.4</u>	<u>37.5</u>	<u>(611.2)</u>	<u>69.7</u>	<u>(521.3)</u>	<u>150.9</u>	<u>(478.1)</u>	<u>207.6</u>

A 5% strengthening of Renminbi against the following currencies as of December 31, 2007, 2008, 2009 and June 30, 2010 would have increased/(decreased) the exchange gain by the amounts shown below:

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	(RMB in millions)			
USD	(0.1)	30.6	26.1	23.9
EUR	(1.9)	(3.5)	(7.6)	(10.4)
	<u>(2.0)</u>	<u>27.1</u>	<u>18.5</u>	<u>13.5</u>

A 5% weakening of Renminbi against the above currencies as of December 31, 2007, 2008, 2009 and June 30, 2010 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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Credit risk

We have no significant credit risk with any power grid companies as we maintain long-term and stable business relationships with these companies. For other trade and other receivables, we perform an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and are of the opinion that no debts are impaired. Regarding balances with related parties, we assess the credibility of the borrowers by reviewing the operating results and gearing ratios periodically.

Our maximum exposure to credit risk is represented by the carrying amount of each financial asset shown in the balance sheet after deducting any impairment allowance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, we aim to maintain flexibility in funding by maintaining availability under committed credit facilities. Our management monitors the cash flow rolling forecasts of our Group which comprises the undrawn borrowing facility and cash and cash equivalents available as of each month end in meeting its liabilities. As of June 30, 2010, we had total unutilized banking facilities of approximately RMB6,639 million, all of which are valid for more than 12 months after June 30, 2010. Please refer to Note 4.1 to the Accountants' Report in Appendix I to this prospectus for the maturity profile of our financial liabilities.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance which would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

DIVIDEND POLICY

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

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

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

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

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

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

DISTRIBUTION

Pursuant to an ordinary resolution passed by our shareholders on July 12, 2010, our shareholders approved a distribution of our distributable profit for the period from March 31, 2010 (our asset valuation date) to July 31, 2010 to Datang and Datang Jilin (the "Distribution"). Our Company did not distribute any cash dividend from January 1, 2010 to the date of this prospectus.

We currently estimate this Distribution to be approximately RMB107 million. The actual amount of the Distribution will be determined based on the distributable profit of our Company from April 1, 2010 to July 31, 2010, which will be determined based on the audited financial statements prepared in accordance with PRC GAAP or IFRSs, whichever is a lower amount. We expect to pay the Distribution to Datang and Datang Jilin in April 2011 from our available cash and cash equivalents (approximately RMB1.7 billion as of October 31, 2010) after the actual amount of the Distribution is determined. We will make an announcement regarding the actual amount of the Distribution before we pay such Distribution to Datang and Datang Jilin.

The holders of our H Shares are not entitled to share the Distribution. Any distributable profit for distribution to our shareholders after the Global Offering will exclude the Distribution we will pay to Datang and Datang Jilin. You should not rely on the Distribution as an indication of our future dividends distribution policy or practice.

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UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets attributable to equity owners of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2010. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position as of June 30, 2010 or any future date following the completion of the Global Offering.

	Combined Net Tangible Assets Attributable to Equity Owners of the Company as of June 30, 2010⁽¹⁾	Estimated net Proceeds From the Global Offering⁽²⁾	Unaudited Pro Forma Adjusted Net Tangible Assets	Unaudited Pro Forma Adjusted Net Tangible Assets per Share⁽³⁾	
	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on the Offer Price of HK\$2.33 per Share	3,552,898	4,104,036	7,656,934	1.07	1.25
Based on an Offer Price of HK\$3.18 per Share	3,552,898	5,630,647	9,183,545	1.29	1.50

Notes:

- (1) The combined net tangible assets attributable to equity owners of the Company as of June 30, 2010 was based on the combined net assets attributable to equity owners of the Company of approximately RMB3,956.7 million, with adjustments for our intangible assets of approximately RMB404.6 million and the share of our intangible assets by non-controlling interests of approximately RMB0.6 million. Our intangible assets of approximately RMB404.6 million, which mainly comprised of concession assets of approximately RMB340.6 million, and the combined net assets attributable to equity owners of the Company as of June 30, 2010 were extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$2.33 and HK\$3.18 per Share (after deducting the underwriting fees and other related expenses payable by the Company but excluding any discretionary incentive fee), and do not take into account of any Shares which may be issued pursuant to the Over-allotment Option. The Company may pay a discretionary incentive fee out of the gross proceeds raised from the Global Offering. If the Company decides to pay such additional discretionary incentive fee, the unaudited pro forma adjusted net tangible assets per Share will decrease. For the purpose of the estimated net proceeds from the Global Offering, the translation of Renminbi into HK dollars was made at the rate of HK\$1.00 to RMB0.8598.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 7,142,610,000 Shares were in issue assuming the Global Offering had been completed on June 30, 2010, but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8598.
- (4) Details of the valuations of the Company's properties as of September 30, 2010 are set out in "Appendix IV Property Valuation Report" in this prospectus. The revaluation surplus or deficit of these properties was not incorporated in the Company's combined financial information for the six months ended June 30, 2010. It is the Company's accounting policy to state its land use rights and property, plant and equipment at cost less accumulated depreciation/amortization and any impairment loss rather than at revalued amounts. Had these properties been stated at such valuation, an additional depreciation/amortization charge of approximately RMB0.5 million per annum would have been incurred.
- (5) On July 12, 2010, the Company resolved to make a distribution to Datang and Datang Jilin, the promoters of the Company, in an amount equal to the distributable profits of our Company for the period from March 31, 2010 to July 31, 2010 (the "Distribution"). The amount of the Distribution will be determined based on the audited financial statements prepared in accordance with PRC GAAP or IFRSs, whichever is lower.

The unaudited pro forma adjusted net tangible assets and the unaudited pro forma adjusted net tangible assets per Share have not taken into account the effect of the Distribution. If the Distribution has been accounted for, the unaudited pro forma adjusted net tangible assets and the unaudited pro forma adjusted net tangible assets per Share would be reduced.

- (6) No adjustments have been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions which the Group entered into subsequent to June 30, 2010.

FINANCIAL INFORMATION

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

Forecast consolidated profit attributable
to equity owners of the Company⁽¹⁾ not less than RMB405 million
(approximately HK\$471 million)

Unaudited pro forma forecast earnings per Share⁽²⁾ not less than RMB0.0567
(approximately HK\$0.0659)

Notes:

- (1) The forecast consolidated profit attributable to equity owners of our Company for the year ending December 31, 2010 is extracted from the section headed “Financial Information – Profit Forecast for the Year Ending December 31, 2010” in this prospectus. The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity owners of our Company for the year ending December 31, 2010 based on the audited combined result for the six months ended June 30, 2010 as well as unaudited management accounts for the three months ended September 30, 2010 and the forecast results of the consolidated results for the remaining three months ending December 31, 2010. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by the Group as set out in Note 3 of Section II of the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.
- (2) The calculation of unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 is based on the forecast consolidated profit attributable to equity owners of our Company for the year ending December 31, 2010 and on the basis that 7,142,610,000 Shares were in issue during the entire year and assuming that the Global Offering had been completed on January 1, 2010. The calculation takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) For the purpose of this unaudited pro forma forecast earnings per Share, the translation of Renminbi into HK dollars was made at the rate of HK\$1.00 to RMB0.8598.

PROPERTY INTEREST

Particulars of our property interests are set out in Appendix IV to this Prospectus.

Jones Lang LaSalle Sallmanns Limited has valued our property interests as of September 30, 2010. A summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV to this prospectus.

FINANCIAL INFORMATION

The following table sets out the reconciliation of aggregate amounts of property interests from our audited combined financial information as of June 30, 2010 to the unaudited net book value of our property interests as of September 30, 2010:

	RMB in millions
	(unaudited)
Net book value of property interests of the Group as of June 30, 2010	833
Additions	69
Depreciation	(8)
Reclassification	(172)
Net book value as of September 30, 2010	722
Valuation surplus as of September 30, 2010	11
Valuation on buildings under construction as of September 30, 2010 per "Appendix IV – Property Valuation Report"	117
Valuation as of September 30, 2010 per "Appendix IV – Property Valuation Report"	850

Note:

(1) Property interests include buildings and land use rights.

DISTRIBUTABLE RESERVES

As of June 30, 2010, the Company did not have reserves available for distribution to the shareholders of our Company.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position since June 30, 2010, being the date of our latest audited combined financial results.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business – Our Strategies” in this Prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$2.76 per H Share (being the mid-point of the stated Offer Price range), we estimate that we will receive net proceeds of approximately HK\$5,671 million from the Global Offering after deducting the underwriting commissions and other estimated expenses (excluding any discretionary incentive fee which may be payable by us), if the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to us from the offering of these additional H Shares will be approximately HK\$865 million, after deducting the underwriting commissions and other estimated expenses (excluding any discretionary incentive fee which may be payable by us), assuming an Offer Price of HK\$2.76 per H Share.

In line with our strategies, we intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 45%, or HK\$2,552 million, will be used for the construction of wind power projects in our three development regions as follows:
 - (i) approximately 57% of the above, or HK\$1,455 million, will be allocated to projects in the Inner Mongolia and Northeastern development region;
 - (ii) approximately 27% of the above, or HK\$689 million, will be allocated to projects in the Central and Western development region; and
 - (iii) approximately 16% of the above, or HK\$408 million, will be allocated to projects in the Southeastern Coastline development region.
- approximately 25%, or HK\$1,418 million, will be used for the repayment of bank loans, including, among other things, (i) two short-term loans from China Everbright Bank and China Construction Bank, respectively, with an aggregate principal amount of RMB850 million, at an annual interest of 4.779% each, which will mature in August and September 2011, respectively; (ii) a two-year term loan from China Merchants Bank of RMB600 million, at an annual interest rate of 4.860%, which will mature in August 2012; and (iii) a 15-year term loan from Bank of Communication, with a principal amount of RMB280 million, at an annual interest of 5.526%, which will mature in 2020;
- approximately 20%, or HK\$1,134 million, will be used primarily for the purchase of wind turbines and, to a lesser extent, key components and spare parts, produced by manufacturers overseas; and
- approximately 10%, or HK\$567 million, will be used for working capital and other general corporate uses.

FUTURE PLANS AND USE OF PROCEEDS

The allocation of the proceeds described above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price. Assuming the Over-allotment Option is not exercised, if the Offer Price is fixed at HK\$3.18 per H Share, being the high end of the stated Offer Price range, the net proceeds will be increased by approximately HK\$878 million. In such circumstances, we presently intend to use such additional proceeds to finance our potential acquisitions. Our criteria for identifying and selecting a potential acquisition target is largely based on whether such target business or asset meets our required internal rate of return. As of the Latest Practicable Date, we had not identified any suitable acquisition targets. If the Offer Price is fixed at HK\$2.33 per H Share, being the low end of the stated Offer Price range, the net proceeds will be decreased by approximately HK\$898 million. In such circumstances, we presently intend to reduce the net proceeds applied to same purposes above (other than for the repayment of bank loans and as general working capital) on a pro rata basis.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK\$865 million (assuming the Offer Price is determined at the mid-point of the stated Offer Price range), approximately HK\$996 million (assuming the Offer Price is determined at the high end of the stated Offer Price range) or approximately HK\$730 million (assuming the Offer Price is determined at the low end of the stated Offer Price range) will be applied to finance our potential acquisitions.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks or financial institutions in Hong Kong or the PRC.

UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

UBS AG, Hong Kong Branch

China Everbright Securities (HK) Limited

Cinda International Capital Limited

Credit Suisse (Hong Kong) Limited

J.P. Morgan Securities (Asia Pacific) Limited

Macquarie Capital Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on, and subject to, the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

UNDERWRITING

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

- (a) there develops, occurs, exists or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, Canada, the United Kingdom, any member of the European Union or Japan (each a “Relevant Jurisdiction”); or
 - (ii) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or
 - (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, riots, public disorder, economic sanction, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, large scale outbreak of diseases or epidemics, including, but not limited to, Severe Acute Respiratory Syndrome (“SARS”) and H1N1 or swine or avian influenza or such related/mutated forms of accident or interruption or delay in transportation) in or affecting any Relevant Jurisdiction; or
 - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
 - (v) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or

UNDERWRITING

- (vi) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the H Shares; or
- (vii) any change or prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (viii) a petition is presented for the winding-up or liquidation of the Company or any of its subsidiaries or the Company or any of its subsidiaries makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any of its subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any of its subsidiaries or anything analogous thereto occurs in respect of the Company or any of its subsidiaries; or
- (ix) any litigation or claim being threatened or instigated against the Company or any of its subsidiaries,

and which, in any such case and in the sole opinion of the Joint Bookrunners (for themselves and on behalf of the other Hong Kong Underwriters):

- (A) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company or its subsidiaries taken as a whole; or
 - (B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable, inexpedient or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or
 - (C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
- (b) there has come to the notice of the Joint Bookrunners or any of the Hong Kong Underwriters:
- (i) that any statement contained in this prospectus, the Application Forms, the Formal Notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was (when it was issued), has or is likely to become untrue, inaccurate, incorrect or misleading in any material respect; or

UNDERWRITING

- (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or
- (iii) any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement has become, is (or might reasonably be expected to when repeated) untrue, inaccurate, incorrect or misleading in any respect; or
- (iv) any event, act or omission which gives or may give rise to any material liability of the Company or any other indemnifying party pursuant to the indemnities given by the Company or them under the Hong Kong Underwriting Agreement; or
- (v) any breach of any of the obligations of the Company or any other indemnifying party under the Hong Kong Underwriting Agreement; or
- (vi) any material adverse change or prospective material adverse change in the business, properties, results of operations, in the financial or trading position, conditions or prospects of the Company and its subsidiaries as a whole,

then the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole discretion and upon giving notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange

By Our Controlling Shareholder

Each of our Controlling Shareholders, Datang and Datang Jilin, has undertaken to the Hong Kong Stock Exchange and us that, save as permitted under the Listing Rules:

- (a) in the period commencing on the date of the attached Hong Kong Prospectus and ending on the date which is six months from the Listing Date, it will not, and in the case of Datang, it will procure Datang Jilin will not, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares directly or indirectly beneficially owned by it (except for the share transfer to NSSF as required by relevant PRC law; or
- (b) in the period of six months commencing on the date on which the period referred to in the above paragraph (a) expires, it will not, and in the case of Datang, it will procure Datang Jilin will not, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares directly or indirectly beneficially owned by us if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be our Controlling Shareholder.

UNDERWRITING

Each of our Controlling Shareholders has further undertaken to the Hong Kong Stock Exchange and us that, within the period commencing on the date of the attached Hong Kong Prospectus and ending on the date which is 12 months after the Listing Date, it will:

- (a) when it pledges or charges any shares of our Company beneficially owned by us directly or indirectly in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of any such pledges or charges and the number of shares of our Company so pledged or charged; and
- (b) when it receives any indication, either verbal or written, from any such pledgee or charge of the pledged or charged shares of our Company will be disposed of, immediately inform us of any such indication.

Undertakings to the Hong Kong Underwriters

By our Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “First Six-Month Period”), we have undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters and the Joint Sponsors not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators and the Joint Bookrunners (on behalf of the International Underwriters) and unless in compliance with the requirements of the Listing Rules (and only after the consent of any relevant PRC administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organization or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign (“Authority”) (if so required) has been obtained):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (“Encumbrance”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

UNDERWRITING

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in subparagraph (a) and (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in subparagraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in subparagraph (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the "Second Six-Month Period"), the Company enters into any of the transactions specified in subparagraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Indemnity

We have agreed to indemnify the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant underwriters (but not the other Hong Kong Underwriters).

Assuming an Offer Price of HK\$2.76 per Offer Share (being the mid-point of the stated Offer Price range), the aggregate commissions and fees (excluding any discretionary incentive fee which may be payable by the Company), together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$242 million in total (assuming the Over-allotment Option is not exercised). Such commissions, fees and expenses are payable by our Company.

UNDERWRITING

Hong Kong Underwriters' interest in our Company

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or any other member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Company.

International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Bookrunners and the International Underwriters on or about December 10, 2010, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally but not jointly, agree to procure subscribers to subscribe for or purchasers to purchase, or failing which to subscribe for or purchase themselves, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

Stabilization and Over-allotment

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, UBS AG, Hong Kong Branch, as stabilizing manager (the "**Stabilizing Manager**"), or any person acting for it, on behalf of the Underwriters, may make purchases, over-allocate or effect transactions in the market or otherwise take such stabilizing action(s) with a view to stabilizing or supporting the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out any covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for

UNDERWRITING

the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of our H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of our H Shares that may be over-allocated will not exceed the number of our H Shares that may be sold under the Over-allotment Option, namely, 321,390,000 H Shares, which is no more than 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;
- (b) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price;
- (c) subscribing, or agreeing to subscribe, for our H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, our H Shares for the sole purpose of preventing or minimizing any reduction in the market price;
- (e) selling our H Shares to liquidate a long position held as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of our H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in our H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our H Shares.

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Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of our H Shares for longer than the stabilizing period, which begins on the day on which trading of our H Shares commences on the Stock Exchange and end on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Sunday, January 9, 2011. As a result, demand for our H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise might exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of our H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for our H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Offer price range

The Offer Price will be not more than HK\$3.18 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Price payable on application

Applicants for Hong Kong Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$3.18 for each Hong Kong Offer Share (plus 1% brokerage, 0.003% SFC transaction levy, and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK\$3.18, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications. See “Further Terms and Conditions of the Hong Kong Public Offering – 8. Refund of Application Monies.”

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring our H Shares in the International Offering. Prospective investors will be required to specify the number of H Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around Friday, December 10, 2010.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and our Company, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, December 10, 2010.

If, for any reason, we and the Joint Bookrunners (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Thursday, December 16, 2010, the Global Offering will not proceed and will lapse.

Reduction in indicative offer price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Bookrunners (on behalf of the Underwriters and with our consent) consider it appropriate, the indicative offer price range and/or the number of Offer Shares may be reduced below those stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) notices of the reduction in the number of Offer Shares and/or the indicative offer price range. Upon issue of such a notice, the revised number of Offer Shares and/or indicative offer price range will be final and conclusive and the Offer Price, if agreed upon with us, will be fixed within such revised range. Such notice will also include such information as agreed with the Stock Exchange which may change materially as a result of such reduction.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The H Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

Allocation of our H Shares pursuant to the International Offering will be determined by the Joint Bookrunners and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell H Shares after the listing of our H Shares on the Stock Exchange. Such allocation may be made to professional, institutional and corporate investors and is intended to result in a distribution of our H Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our shareholders as a whole.

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Announcement of Offer Price and basis of allocations

The Offer Price for H Shares under the Global Offering is expected to be announced on Thursday, December 16, 2010 on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk). The level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on Thursday, December 16, 2010 on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk).

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) and any H Shares, converted from Domestic Shares, which are to be held by NSSF in connection with the Global Offering, subject only to allotment and the dispatch of share certificates in respect thereof, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- the Offer Price having been duly agreed between us and the Joint Bookrunners (on behalf of the Underwriters) and the execution and delivery of the price determination agreement on or around the Price Determination Date;
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

STRUCTURE OF THE GLOBAL OFFERING

- the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become and remained unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in such agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Hong Kong Public Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be caused to be published by us on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "Further Terms and Conditions of the Hong Kong Public Offering – 8. Refund of Application Monies." In the meantime, the application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Hong Kong Banking Ordinance.

H Share certificates for the Offer Shares are expected to be issued on Thursday, December 16, 2010 and will only become valid certificates of title at 8:00 a.m. on Friday, December 17, 2010, provided that (a) the Global Offering has become unconditional in all respects and (b) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for termination" has not been exercised.

HONG KONG PUBLIC OFFERING

We are initially offering 214,262,000 Hong Kong Offer Shares at the Offer Price, representing approximately 10% of the Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will initially be divided equally into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of HK\$5 million or less; and
- Pool B: The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee) of more than HK\$5 million and up to the value of Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

STRUCTURE OF THE GLOBAL OFFERING

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 107,131,000 Hong Kong Offer Shares will be rejected.

The allocation of H Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of H Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 642,784,000, 857,044,000 and 1,071,306,000 Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate, and such additional Shares will be allocated to Pool A and Pool B. In addition, the Joint Global Coordinators may at their discretion allocate International Offer Shares to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners. Subject to the foregoing paragraph, the Joint Bookrunners may in their discretion reallocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Bookrunners will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL OFFERING

The International Offering will initially consist of 1,928,348,000 H Shares to be offered by us initially: (a) in the United States to Qualified Institutional Buyers (as such term is defined in Rule 144A under the Securities Act), and (b) outside of the United States in reliance on Regulation S under the Securities Act, including to professional and institutional investors in Hong Kong.

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators after consultation with the Joint Bookrunners and on behalf of the International Underwriters at any time from the date we sign the International Underwriting Agreement until 30 days after the last day for the lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 321,390,000 additional H Shares, representing in aggregate no more than 15% of the Offer Shares initially available under the Global Offering. These shares will be issued or sold at the Offer Price to, among other things, cover over-allocations in the International Offering, if any.

STRUCTURE OF THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, December 17, 2010, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:30 a.m. on Friday, December 17, 2010.

Our H Shares will be traded in board lots of 1,000 H Shares each.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a United States person (as defined in Regulation S), or a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO** service.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made through a duly authorized attorney under a valid power of attorney, we and the Joint Bookrunners (or their respective agents and nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We and the Joint Bookrunners or the designated **White Form eIPO** Service Provider (where applicable), in their capacity as our agent, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of shares in the Company, the directors, supervisors or chief executive of the Company or any of its subsidiaries or their respective associates (as "associate" is defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of the Company or persons who will become connected persons of the Company immediately upon completion of the Global Offering.

You may apply for H Shares under the Hong Kong Public Offering or indicate an interest for H Shares under the International Offering, but may not do both.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are four channels to make an application for the Hong Kong Offer Shares:

- You may apply for the Hong Kong Offer Shares by using a **WHITE** Application Form. Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name;
- Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** service by submitting applications online through the designated website at www.eipo.com.hk. Use **White Form eIPO** service if you want the Hong Kong Offer Shares to be issued in your own name.
- You may apply for the Hong Kong Offer Shares by using a **YELLOW** Application Form. Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account; or
- Instead of using a **YELLOW** Application Form, you may give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service (www.eipo.com.hk) or by giving **electronic application instructions** to HKSCC.

3. WHERE TO COLLECT THE PROSPECTUS AND APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus from:

Any of the following addresses of the Hong Kong Underwriters:

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China Everbright Securities (HK) Limited
36/F, Far East Finance Center
16 Harcourt Road
Hong Kong

Cinda International Capital Limited
45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

Credit Suisse (Hong Kong) Limited

45/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited

28/F, Chater House
8 Connaught Road, Central
Hong Kong

Macquarie Capital Securities Limited

Level 18, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

or any of the following branches of:

(a) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch Chai Wan Branch	3/F, 1 Garden Road Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon	Hoi Yuen Road Branch Mong Kok (President Commercial Centre) Branch	55 Hoi Yuen Road, Kwun Tong 608 Nathan Road, Mong Kok
New Territories	Yuen Long (Hang Fat Mansion) Branch	8-18 Castle Peak Road, Yuen Long

(b) Bank of Communications Co., Ltd. Hong Kong Branch

	Branch Name	Address
Hong Kong Island	Hong Kong Branch North Point Sub-Branch Hennessy Road Sub-Branch	20 Pedder Street, Central 442-444 King's Road G/F., Bank of Communications Bldg., 368 Hennessy Road
Kowloon	Hunghom Sub-Branch	Flat/Rm A6, G/F, Wing Kwai Bldg, 1-3 Tak Man Street, Whampoa Estate
New Territories	Tiu Keng Leng Sub-branch	Unit L2-064 & 065, Metro Town Shopping Mall, 8 King Ling Road

HOW TO APPLY FOR HONG KONG OFFER SHARES

(c) Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
Kowloon	Tsimshatsui Branch Kwun Tong Branch	G/F, 10 Granville Road, Tsimshatsui 1A Yue Man Square, Kwun Tong
New Territories	Tsuen Wan Branch Shatin Centre Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2-16 Wang Pok Street, Shatin

Prospectus and **WHITE** Application Forms are available for collection at the above places during the following times:

Tuesday, December 7, 2010 – 9:00 a.m. to 4:30 p.m.
Wednesday, December 8, 2010 – 9:00 a.m. to 4:30 p.m.
Thursday, December 9, 2010 – 9:00 a.m. to 4:30 p.m.
Friday, December 10, 2010 – 9:00 a.m. to 12:00 noon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, December 7, 2010 until 12:00 noon on Friday, December 10, 2010 from the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road, Central, Hong Kong.

Your stockbroker may also have **YELLOW** Application Forms and this prospectus available.

4. HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

- (a) Obtain an Application Form as described in the section headed “– 3. Where to Collect the Prospectus and Application Forms.”
- (b) Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker’s cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address given on the Application Form.
- (c) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker’s cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker’s cashier order does not meet the requirements set out on the Application Form.
- (d) Lodge the Application Form in one of the special collection boxes by the time and at one of the locations as described in the section headed “– 7. When May Applications be Made – (a) Applications on **WHITE** or **YELLOW** Application Forms” below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

In order for an application made on a **YELLOW** Application Form to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the application form. Only written signatures will be accepted.

- If you are applying through a designated CCASS participant (other than a CCASS investor participant):
 - the designated CCASS participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.
- If you are applying as an individual CCASS investor participant:
 - the form must contain your NAME and Hong Kong I.D. Card number;
 - your participant I.D. must be inserted in the appropriate box.
- If you are applying as a joint individual CCASS investor participant:
 - the form must contain all joint investor participants' names and the Hong Kong I.D. Card number of all joint investor participants;
 - your participant I.D. must be inserted in the appropriate box.
- If you are applying as a corporate CCASS investor participant:
 - the form must contain your company name and Hong Kong business registration number;
 - your participant I.D. and your company chop (bearing your company name) must be inserted in the appropriate box.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render your application invalid.

5. APPLYING THROUGH WHITE FORM eIPO

(a) General

If you are an individual and meet the criteria set out in "Who can Apply for the Hong Kong Offer Shares," you may apply through **White Form eIPO** service by submitting an application online through the designated website at www.eipo.com.hk. If you apply through **White Form eIPO** service, the Hong Kong Offer Shares will be issued in your own name.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be **rejected** by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

If you give **electronic application instructions** to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk, you will have authorized the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at www.eipo.com.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our H Share Registrar.

(b) Minimum Subscription Amount and Permitted Numbers

You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.eipo.com.hk.

(c) Warning

The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-served and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “China Datang Corporation Renewable Power Co., Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang – Hong Kong Forest” project initiated by Friends of the Earth (HK).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** or **YELLOW** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give **electronic application instructions** to HKSCC via CCASS.

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at www.eipo.com.hk.

Otherwise, any monies payable to you due to a refund for any of the reasons set out in the section headed "Further Terms and Conditions of the Hong Kong Public Offering – 8. Refund of Application Monies" shall be made pursuant to the arrangements described below in the section headed "How to Apply for the Hong Kong Offer Shares – 8. How many applications may be made."

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

HKSCC's Customer Service Counter
2/F., Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our H Share Registrar.

(b) Minimum Subscription Amount and Permitted Numbers

You may give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms.

(c) Warning

The subscription for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions**. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either:

- (i) submit a **WHITE** or **YELLOW** Application Form; or
- (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, December 10, 2010, or such later time as described under the section headed "– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists" in the section headed "– 7. When May Applications be Made."

HOW TO APPLY FOR HONG KONG OFFER SHARES

7. WHEN MAY APPLICATIONS BE MADE

(a) Applications on WHITE or YELLOW Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with payment attached, should be lodged in one of the special collection boxes at any of the branches of the receiving banks listed under the section headed “– 3. Where to Collect the Prospectus and Application Forms” at the following times:

Tuesday, December 7, 2010 – 9:00 a.m. to 4:30 p.m.
Wednesday, December 8, 2010 – 9:00 a.m. to 4:30 p.m.
Thursday, December 9, 2010 – 9:00 a.m. to 4:30 p.m.
Friday, December 10, 2010 – 9:00 a.m. to 12:00 noon

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Friday, December 10, 2010, or, if the application lists are not open on that day, then by the time and date stated in the section headed “– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists.”

(b) Electronic Application Instructions to White Form eIPO Service Provider via White Form eIPO service

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk from 9:00 a.m. on Tuesday, December 7, 2010 until 11:30 a.m. on Friday, December 10, 2010, or if the application lists are not open on that day, by the time and date stated in the sub-section headed “– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists” (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, December 10, 2010, the last application day, or if the application lists are not open on that day, by the time and date stated in the sub-section headed “– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists.”

You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Friday, December 10, 2010, or if the application lists are not open on that day, by the time and date stated in the sub-section headed “– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists,” the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(c) Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants should input **electronic application instructions** at the following times on the following dates:

Tuesday, December 7, 2010	– 9:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, December 8, 2010	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, December 9, 2010	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, December 10, 2010	– 8:00 a.m.⁽¹⁾ to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, December 7, 2010 until 12:00 noon on Friday, December 10, 2010 (24 hours daily, except the last application day).

The latest time for inputting **electronic application instructions** will be 12:00 noon on Friday, December 10, 2010, the last application day, or if the application lists are not open on that day, by the time and date stated in the section headed “– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists.”

(d) Application Lists

The application lists will be open between 11:45 a.m. and 12:00 noon on Friday, December 10, 2010, subject only to the weather conditions as provided in the section headed “– (e) Effects of Bad Weather Conditions on the Opening of the Application Lists.”

Applicants should note that cheques or banker's cashier orders will not be presented for payment before the closing of the application lists but may be presented at any time thereafter.

(e) Effects of Bad Weather Conditions on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, December 10, 2010. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon. For this purpose, “Business Day” means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

8. HOW MANY APPLICATIONS MAY BE MADE

Multiple applications or suspect multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may make an application as a nominee by (i) giving **electronic application instructions** to HKSCC (if you are a CCASS Participant) or; (ii) using a **WHITE** or **YELLOW** Application Form, and lodging more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For further information, please see “Further Terms and Conditions of the Hong Kong Public Offering – 5. Multiple Applications.”

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$3.18 per H Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%. This means that for one board lot of 1,000 H Shares you will pay HK\$3,212.06. The Application Forms have tables showing the exact amount payable for numbers of H Shares up to 107,131,000 H Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Offer Price as finally determined is less than HK\$3.18 per H Share, appropriate refund payments (including brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the section headed “– 11. Despatch/Collection of H Share Certificates and Refunds of Application Monies.”

If your application is successful, brokerage is paid to participants of the Stock Exchange (or the Stock Exchange, as the case may be), the Stock Exchange trading fee is paid to the Stock Exchange, and the SFC transaction levy is paid to the SFC.

10. RESULTS OF ALLOCATIONS

Results of allocations in the Hong Kong Public Offering, including the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offer, the basis of allotment of Hong Kong Offer Shares and the number of Hong Kong Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service will be made available on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) on Thursday, December 16, 2010:

The results of allocations and the Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be made available at the times and date and in the manner specified below:

- results of allocations for the Hong Kong Public Offering can be found in our announcement to be posted on the website of our Company at www.dtxny.com.cn and on the website of the Stock Exchange at www.hkex.com.hk on Thursday, December 16, 2010;
- results of allocations will be made available from our Hong Kong Public Offering website at www.iporesults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, December 16, 2010 to 12:00 midnight on Wednesday, December 22, 2010. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- results of allocations will be made available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, December 16, 2010 to Sunday, December 19, 2010; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, December 16, 2010 to Saturday, December 18, 2010 at all the receiving bank branches and sub-branches at the addresses set out in the section headed “– 3. Where to Collect the Prospectus and Application Forms.”

11. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUNDS OF APPLICATION MONIES

Refund cheques for surplus application monies (if any) under **WHITE** or **YELLOW** Application Forms and H Share certificates for successful applicants under **WHITE** Application Forms or **White Form eIPO** service are expected to be posted and/or available for collection (as the case may be) on or around Thursday, December 16, 2010.

e-Refund payment instructions for surplus application monies (if any) under **White Form eIPO** service and applicants have paid the application monies from a single bank account will be despatched to the their application payment account on or around Thursday, December 16, 2010.

Refund cheque for surplus application monies (if any) under **White Form eIPO** service and applicants have paid application monies from multiple bank accounts will be despatched to the address as specified on the their **White Form eIPO** application by ordinary post at their own risk on or around Thursday, December 16, 2010.

H Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, December 17, 2010, provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for termination” has not been exercised.

For further information on arrangements for the dispatch/collection of H Share certificates and refunds of application monies, please see the section headed “Further Terms and Conditions of the Hong Kong Public Offering – 7. If Your Application for Hong Kong Offer Shares is Successful (in Whole or in Part)” and “– 8. Refund of Application Monies.”

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

1. GENERAL

- (a) If you apply for Hong Kong Offer Shares in the Hong Kong Public Offering, you will be agreeing with our Company and the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) as set out below.
- (b) If you give **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

If you give **electronic application instructions** through the designated website at www.eipo.com.hk, you will have authorized the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

- (c) In this section, references to “you,” “applicants,” “joint applicants” and other like references shall, if the context so permits, include references to making applications electronically by submitting an application to the designated **White Form eIPO** Service Provider through the designated website for the **White Form eIPO** service and both nominees and principals on whose behalf HKSCC Nominees is applying for Hong Kong Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.
- (d) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC prior to making any application for Hong Kong Offer Shares.

2. OFFER TO PURCHASE THE HONG KONG OFFER SHARES

- (a) You offer to purchase from us at the Offer Price the number of the Hong Kong Offer Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.
- (b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares applied for but not allocated to you and representing the difference (if any) between the Final Offer Price and the maximum Offer Price (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable thereto), is expected to be sent to you at your own risk to the address stated on your Application Form on or before Thursday, December 16, 2010. Details of the procedure for refunds relating to each of the Hong Kong Public Offering methods are contained below in the sections headed “– 7. If Your Application for the Hong Kong Offer Shares is Successful (in Whole or in Part),” “– 8. Refund of Application Monies” and “– 9. Additional Information for Applicants Applying by Giving **Electronic Application Instructions** to HKSCC.”
- (c) Any application may be rejected in whole or in part.

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- (d) Applicants under the Hong Kong Public Offering should note that in no circumstances (save for those provided under section 40 of the Hong Kong Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Hong Kong Companies Ordinance.
- (e) The section of the application form headed "Personal Data" applies to any personal data held by the Company and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

3. ACCEPTANCE OF YOUR OFFER

- (a) The Hong Kong Offer Shares will be allocated after the application lists close. We expect to announce the final number of Hong Kong Offer Shares, the level of applications under the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) on Thursday, December 16, 2010.
- (b) The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Hong Kong Offer Shares successfully applied for, will be made available on Thursday, December 16, 2010 in the manner described in the section headed "How To Apply for Hong Kong Offer Shares – 10. Results of Allocations."
- (c) We may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.
- (d) If we accept your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering."
- (e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. EFFECT OF MAKING ANY APPLICATION

- (a) By completing and submitting any Application Form you:
- instruct and authorize our Company and/or the Joint Bookrunners (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by our Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares allocated to you, and as required by our Articles of Association;
- represent, warrant and undertake that you understand that the H Shares have not been and will not be registered under the Securities Act and you are outside the United States when completing the Application Form (as defined in Regulation S under the Securities Act);
- confirm that you have received and/or read a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and will not rely on any other information or representation save as set out in any supplement to this prospectus;
- confirm that you understand entirely that our registered share capital comprises Domestic Shares and H Shares and that holders of H Shares shall have the same right as holders of Domestic Shares save as to certain rights which holders of H Shares are entitled;
- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (if the application is made for your own benefit) warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service;
- (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;
- (if you are an agent for another person) warrant that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service and that you are duly authorized to sign the Application Form or to give **electronic application instruction** as that other person's agent;
- undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Offer Shares in the International Offering, nor otherwise participate in the International Offering;
- warrant the truth and accuracy of the information contained in your application;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the H Shares applied for, or any lesser number allocated to you under the application;
- authorize our Company to place your name(s) or HKSCC Nominees, as the case may be, on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to send any H Share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except if you have applied for 1,000,000 Hong Kong Offer Shares or more and have indicated in your Application Form your wish to collect your refund cheque and H Share certificates (where applicable) in person);
- understand that these declarations and representations will be relied upon by our Company and the Joint Bookrunners and the Joint Lead Managers in deciding whether or not to allocate any Hong Kong Offer Shares in response to your application;
- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;
- agree with our Company and each shareholder of our Company, and our Company agrees with each of our shareholders, to observe and comply with the Company Law, the Special Regulations and our Articles of Association;
- agree with our Company, and each shareholder, director, supervisor, manager and officer of our Company, and our Company acting for itself and for each director, supervisor, manager and officer agrees with each shareholder of our Company to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;
- agree with our Company and each shareholder of our Company that the H Shares in our Company are freely transferable by the holder thereof;
- authorize our Company to enter into a contract on your behalf with each of our directors, supervisors and officers whereby each such director, supervisor and officer undertakes to observe and comply with his obligations to shareholders as stipulated in our Articles of Association;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- agree that our Company, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, agents or advisors and any other parties involved in the Global Offering are liable only for and that you have only relied upon, the information and representations contained in this prospectus and any supplement to this prospectus; and
 - agree to disclose to our Company, our H Share Registrar, the receiving banks, the Joint Bookrunners, the Joint Lead Managers and their respective advisors and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application.
- (b) If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) agree that:
- any Hong Kong Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;
 - each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the first-named applicant) at your own risk and costs; and (3) to cause such allotted Hong Kong Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the H Share certificates for such allotted Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;
 - each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees;
 - neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
 - neither HKSCC nor HKSCC Nominees shall be liable to you in any way.
- (c) In addition, by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:
- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the offer price is less than the offer price per H Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Stock Exchange trading fee, by crediting your designated bank account;
- (where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares) (i) HKSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus; (ii) in addition to the confirmations and agreements set out in paragraph (a) above, instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, and the following:
 - agree that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on your behalf or your CCASS Investor Participant stock account;
 - undertake and agree to accept the Hong Kong Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;
 - undertake and confirm that that person has not applied for or taken up any offer shares under the placing nor otherwise participated in the placing;
 - (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the benefit of that other person and that you are duly authorized to give those instructions as that other person's agent;
 - understand that the above declaration will be relied upon by our Company, the directors and the Joint Bookrunners in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;
 - authorize our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of your **electronic application instructions** and to send H Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your broker or custodian to give **electronic application instructions** on your behalf;
- agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on behalf of you pursuant to the **electronic application instructions** given by you is irrevocable before Sunday, January 9, 2011, such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Friday, December 10, 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Sunday, January 9, 2011 if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agree that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;
- agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each of the shareholders of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the shareholders of our Company, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Company Law, the Special Regulations and our Articles of Association; and
- agree with our Company, for itself and for the benefit of each of the shareholders of our Company and each director, supervisor, manager and other officer (and so that our Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each of the shareholders of our Company and each director, supervisor, manager and other officer, with each CCASS Participant giving **electronic application instructions**):

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- (i) to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning its affairs to arbitration in accordance with our Articles of Association; and
 - (ii) that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive.
- (d) Our Company, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.
- (e) All the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally.

5. MULTIPLE APPLICATIONS

- (a) It will be a term and condition of all applications that by completing and delivering an Application Form or giving **electronic application instructions**, you:
 - (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service;
 - (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service, and that you are duly authorized to sign the Application Form as that other person's agent.
- (b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:
 - make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service;
 - both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service;
 - apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the designated

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

White Form eIPO Service Provider via **White Form eIPO** service for more than 107,131,000 H Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the section entitled "Structure of the Global Offering – Hong Kong Public Offering"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Offering.
- (c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:
- the only business of that company is dealing in securities; and
 - you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allotted to you or your application is liable to be rejected:

(a) If your application is revoked:

By completing and submitting an Application Form or **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before Sunday, January 9, 2011. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Friday, December 10, 2010 except by means of one of the procedures referred to in this prospectus.

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Your application or the application made by HKSCC Nominees on your behalf may be revoked on or before Sunday, January 9, 2011 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If our Company, the Joint Bookrunners (where applicable) or their respective agents exercise their discretion to reject your application:

We and the Joint Bookrunners (as agent for our Company) or the designated **White Form eIPO** Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

(c) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) In the following circumstances:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you apply have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares in the International Offering. By filling in any of the Application Forms or giving electronic instructions to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service, you agree not to apply for Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

applications in the Hong Kong Public Offering from investors who have received Offer shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

- you apply for more than 107,131,000 Hong Kong Offer Shares initially being offered under the Hong Kong Public Offering;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- your Application Form is not completed correctly and in accordance with the instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at www.eipo.com.hk;
- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement does not become unconditional; or
- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement is terminated in accordance with their respective terms.

7. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the H Shares.

No receipt will be issued for sums paid on application.

You will receive one H share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on yellow Application Forms or by **electronic application instructions** to HKSCC via CCASS, in which case H share certificates will be deposited in CCASS). H Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, December 17, 2010 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for termination" has not been exercised.

(a) If you apply using a White Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your H Share certificate(s) and/or refund cheque (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect it/them in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, December 16, 2010 or such other date as notified by our Company on the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) as the date of despatch/collection of H Share certificates/e-Refund payment instructions/refund cheques.

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If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) and/or H Share certificate(s) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) and/or H Share certificate(s) (where applicable) in person, your refund cheque(s) and/or H Share certificate(s) (where applicable) will be sent to the address on your Application Form on Thursday, December 16, 2010, by ordinary post and at your own risk.

(b) If you apply using a Yellow Application Form:

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Thursday, December 16, 2010, or in the event of a contingency, on any other date as shall be determined by HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **YELLOW** Application Form for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Thursday, December 16, 2010 in the manner described in "How To Apply for the Hong Kong Offer Shares – 10. Results of Allocations." You should check the announcement to be published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, December 16, 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same procedure, as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person,

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Thursday, December 16, 2010, by ordinary post and at your own risk.

(c) If you apply through White Form eIPO:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk and your application is wholly or partially successful, you may collect your H Share certificate(s) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, December 16, 2010, or such other date as notified by our company in the website of the Company (www.dtxny.com.cn) and the website of the Stock Exchange (www.hkex.com.hk) as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk on Thursday, December 16, 2010, by ordinary post and at your own risk.

If you paid the application monies from a single bank account, e-Refund payment instructions (if any) will be dispatched to your application payment account on or around Thursday, December 16, 2010. If you used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to you on or around Thursday, December 16, 2010.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in the section headed "How to Apply for Hong Kong Offer Shares – 5. Applying Through **White Form eIPO** – Additional information."

8. REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Hong Kong Offer Shares for any of the reasons set out above in the section headed "– 6. Circumstances in which You will Not be Allotted Hong Kong Offer Shares;"
- the Offer Price as finally determined is less than the Offer Price of HK\$3.18 per H Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon) initially paid on application;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed “Structure of the Global Offering – Conditions of the Global Offering;”
- any application is revoked or any allotment pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies prior to the date of refund will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Bookrunners, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful and reserved applications) may not be cleared.

Refund of your application monies (if any) will be made on Thursday, December 16, 2010 in accordance with the various arrangements as described above. Refund cheques will be crossed “Account Payee Only” made out to you, or if you are joint applicants, to the first-named applicant. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

(b) Deposit of H share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for sums on paid application.
- If your application is wholly or partially successful, your H share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Thursday, December 16, 2010, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering on Thursday, December 16, 2010 in the manner described in “How to Apply for the Hong Kong Offer Shares – 10. Results of Allocations.” You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, December 16, 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.

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- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, December 16, 2010. Immediately following the credit of the public offer shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per H Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, December 16, 2010. No interest will be paid thereon.

COMMENCEMENT OF DEALINGS IN THE SHARES

- Dealings in the Shares on the Stock Exchange are expected to commence on Friday, December 17, 2010.
- The Shares will be traded in board lots of 1,000 each. The stock code of the Shares is 1798.
- Any share certificates in respect of Public Offer Shares collected or received by successful applicants will not be valid if the Global Offering is terminated in accordance with the terms of the Underwriting Agreements.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

- If the Stock Exchange grants the listing of, and permission to deal in the Shares and our Company comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.
- All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.
- Investors should seek advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements will affect their rights and interests.
- All necessary arrangements have been made for the Shares to be admitted into CCASS.

10. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Ordinance") came into effect in Hong Kong on December 20, 1996. This Personal Information Collection Statement informs the applicant for and holder of our H Shares of the policies and practices of our Company and our H Share Registrar in relation to personal data and the Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and our H Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share Certificate(s), and/or the despatch of e-Refund payment instructions, and/or the despatch of refund cheque(s) to which you are entitled.

It is important that holders of securities inform us and our H Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and e-Refund payment instructions/refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the register of holders of securities of our Company;
- conducting or assisting in the conduct of signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;

FURTHER TERMS AND CONDITIONS OF THE HONG KONG PUBLIC OFFERING

- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and our H Share Registrar to discharge our obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) Transfer of personal data

Personal data held by our Company and our H Share Registrar relating to the applicants and the holders of securities will be kept confidential but our Company and our H Share Registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our Company or our respective appointed agents such as financial advisors and receiving banks;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Hong Kong Offer Shares to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to our Company and/or our H Share Registrar in connection with the operation of their business;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.

By signing an Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service, you agree to all of the above.

(d) Access to and correction of personal data

The Ordinance provides the holders of securities with rights to ascertain whether our Company or our H Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the Ordinance, our Company and our H Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and kinds of data held should be addressed to us, at our registered address disclosed in the "Corporate Information" section in this prospectus or as notified from time to time in accordance with applicable law, for the attention of the company secretary, or our H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report received from the Company's reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

December 7, 2010

The Directors
China Datang Corporation Renewable Power Co., Limited

UBS AG, Hong Kong Branch
China Everbright Capital Limited

Dear Sirs,

We report on the financial information of China Datang Corporation Renewable Power Co., Limited (the "Company") and its subsidiaries (together, the "Group") which comprises the combined statements of financial position as of December 31, 2007, 2008 and 2009 and June 30, 2010, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes. This financial information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated December 7, 2010 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on July 9, 2010 under the Company Law of the PRC. Pursuant to a group reorganization as described in Note 1 of Section II headed "Group Structure, Reorganization and Principal Activities" below, which was completed on July 9, 2010, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganization").

As of the date of this report, the Company has direct and indirect interests in the subsidiaries and associated company as set out in Notes 1 and 19 of Section II below, respectively. All of these companies now comprising the Group have adopted December 31, as their financial year end dates.

No audited financial statements have been prepared by the Company as it is newly established as a joint stock company with limited liability. The financial statements of the companies now comprising the Group for each of the years ended December 31, 2007, 2008 and 2009 were prepared in accordance with relevant accounting principles and financial regulations applicable to PRC enterprises. The names of the respective auditors of the subsidiaries and associated company are set out in Notes 1 and 19 of Section II of this report, respectively.

The directors of the Company have prepared combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements in accordance with International Standards on Auditing (the "ISA") issued by the International Auditing and Assurance Standards Board (the "IAASB") pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 2 of Section II below.

Directors' responsibility for the financial information

The directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with the basis of presentation set out in Note 2 of Section II below and in accordance with IFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus and presented on the basis set out in Note 2 of Section II below a true and fair view of the combined state of affairs of the Group as of December 31, 2007, 2008 and 2009 and June 30, 2010 and of the Group's combined results and cash flows for each of the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to IV below included in Appendix I to the Prospectus which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended June 30, 2009 and a summary of significant accounting policies and other explanatory notes (the "Stub Period Comparative Financial Information").

The directors are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 2 of Section II below and the accounting policies set out in Note 3 of Section II below which are in conformity with IFRSs.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the Prospectus and presented on the basis set out in Note 2 of Section II below, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with IFRSs.

I. FINANCIAL INFORMATION

The following is the financial information of the Group prepared by the directors of the Company as of December 31, 2007, 2008 and 2009 and June 30, 2010 and for each of the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010, presented on the basis set out in Note 2 below:

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(All amounts are in thousands of RMB unless otherwise stated)

	Note	Year ended December 31,			Six months ended June 30,	
		2007	2008	2009	2009 (unaudited)	2010
Revenue	7	390,904	860,282	1,428,072	726,698	1,043,228
Other net income and other gains	8	59,933	120,664	206,838	86,708	106,334
Operating expenses						
Depreciation and amortization		(117,066)	(212,535)	(552,722)	(243,132)	(395,387)
Service concession construction costs	7(i)	(90,870)	(233,544)	(38,910)	(38,910)	—
Labor costs		(9,802)	(20,484)	(52,666)	(19,877)	(34,412)
Repairs and maintenance		(2,940)	(7,024)	(19,572)	(7,203)	(8,778)
Material costs		(2,242)	(3,181)	(9,467)	(3,824)	(6,126)
Other operating expenses		(20,847)	(42,405)	(101,783)	(43,409)	(58,300)
		(243,767)	(519,173)	(775,120)	(356,355)	(503,003)
Operating profit	10	207,070	461,773	859,790	457,051	646,559
Finance income		521	2,265	5,907	2,801	3,548
Finance expenses		(110,273)	(223,803)	(480,677)	(216,254)	(317,999)
Net finance expenses	9	(109,752)	(221,538)	(474,770)	(213,453)	(314,451)
Share of losses of an associate		—	—	(817)	(402)	(895)
Profit before taxation		97,318	240,235	384,203	243,196	331,213
Income tax	11	(6,917)	(21,725)	(17,326)	(24,431)	(41,343)
Profit for the year/period		90,401	218,510	366,877	218,765	289,870
Other comprehensive income for the year/period, net of tax		—	—	—	—	—
Total comprehensive income for the year/period		90,401	218,510	366,877	218,765	289,870

	Note	Year ended December 31,			Six months ended June 30,	
		2007	2008	2009	2009	2010
					(unaudited)	
Profit attributable to:						
Equity owners of the Company.		56,144	139,825	248,386	140,982	202,627
Non-controlling interests.		34,257	78,685	118,491	77,783	87,243
Profit for the year/period. . .		90,401	218,510	366,877	218,765	289,870
Total comprehensive income attributable to:						
Equity owners of the Company.		56,144	139,825	248,386	140,982	202,627
Non-controlling interests.		34,257	78,685	118,491	77,783	87,243
Total comprehensive income for the year/period		90,401	218,510	366,877	218,765	289,870
Earnings per share for profit attributable to equity owners of the Company						
Basic and diluted	12	N/A	N/A	N/A	N/A	N/A
Dividends	13	–	28,677	128,812	–	185,181

COMBINED STATEMENTS OF FINANCIAL POSITION

(All amounts are in thousands of RMB unless otherwise stated)

		At December 31,			At June 30,
	Note	2007	2008	2009	2010
Non-current assets					
Property, plant and equipment	16	6,091,132	13,714,034	21,414,912	24,882,470
Land use rights	17	8,052	19,122	56,872	244,979
Intangible assets	18	91,097	384,062	409,856	404,564
Investment in an associate	19	—	—	14,300	13,405
Available-for-sale financial assets . .	20	—	—	51,167	51,167
Deferred income tax assets	30(a)	—	192	2,995	3,860
Other non-current assets		246	580	606	960
Total non-current assets		6,190,527	14,117,990	21,950,708	25,601,405
Current assets					
Inventories		—	741	6,031	7,572
Trade and bills receivable	21	196,196	437,976	861,745	1,069,444
Prepayments, other receivables and other current assets	22	133,202	479,199	1,178,041	1,479,691
Current income tax prepayments . .		—	—	12,005	27,755
Restricted deposits	23	199,470	—	—	—
Cash and cash equivalents	24	148,145	545,118	531,164	1,023,643
Total current assets		677,013	1,463,034	2,588,986	3,608,105
TOTAL ASSETS		6,867,540	15,581,024	24,539,694	29,209,510
Equity					
Combined equity attributable to equity owners of the Company. . .		1,247,020	2,825,977	3,852,074	3,956,749
Non-controlling interests		952,936	1,485,347	1,793,193	1,879,898
Total equity		2,199,956	4,311,324	5,645,267	5,836,647
Non-current liabilities					
Borrowings	27(a)	3,203,240	7,573,898	14,289,992	17,749,759
Deferred income tax liabilities	30(a)	—	68,652	64,295	60,995
Total non-current liabilities		3,203,240	7,642,550	14,354,287	17,810,754
Current liabilities					
Borrowings	27(b)	540,900	1,172,456	1,527,528	2,086,236
Trade and bills payable	28	1,593	8,579	6,054	8,445
Current income tax liabilities		4,364	26,168	28,212	58,223
Other payables	29	917,487	2,419,947	2,978,346	3,409,205
Total current liabilities		1,464,344	3,627,150	4,540,140	5,562,109
Total liabilities		4,667,584	11,269,700	18,894,427	23,372,863
Total equity and liabilities		6,867,540	15,581,024	24,539,694	29,209,510
Net current liabilities		(787,331)	(2,164,116)	(1,951,154)	(1,954,004)
Total assets less current liabilities		5,403,196	11,953,874	19,999,554	23,647,401

COMBINED STATEMENTS OF CHANGES IN EQUITY

(All amounts are in thousands of RMB unless otherwise stated)

	Note	Combined equity attributable to equity owners of the Company					Non-controlling interests	Total equity
		Combined capital	Statutory surplus reserve	Other reserves	Retained earnings	Total		
		(Note 25)	(Note 26)	(Note 26)				
At January 1, 2007		189,359	1,037	289,675	8,470	488,541	356,797	845,338
Changes in equity:								
Total comprehensive income for the year		–	–	–	56,144	56,144	34,257	90,401
Capital contributions		41,997	–	660,510	–	702,507	562,024	1,264,531
Appropriations								
– Reserves		–	2,286	–	(2,286)	–	–	–
– Others		–	–	19	(191)	(172)	(142)	(314)
At December 31, 2007 . .		231,356	3,323	950,204	62,137	1,247,020	952,936	2,199,956
At January 1, 2008		231,356	3,323	950,204	62,137	1,247,020	952,936	2,199,956
Changes in equity:								
Total comprehensive income for the year		–	–	–	139,825	139,825	78,685	218,510
Capital contributions		106,105	–	1,348,848	–	1,454,953	468,557	1,923,510
Appropriations								
– Reserves		–	3,548	–	(3,548)	–	–	–
– Others		–	–	–	(1,573)	(1,573)	(402)	(1,975)
Dividends	13	–	–	–	(14,248)	(14,248)	(14,429)	(28,677)
Capitalization of retained earnings		8,171	–	–	(8,171)	–	–	–
At December 31, 2008 . .		345,632	6,871	2,299,052	174,422	2,825,977	1,485,347	4,311,324
At January 1, 2009		345,632	6,871	2,299,052	174,422	2,825,977	1,485,347	4,311,324
Changes in equity:								
Total comprehensive income for the year		–	–	–	248,386	248,386	118,491	366,877
Capital contributions		370,600	–	476,726	–	847,326	249,246	1,096,572
An associate contributed by an equity owner	19	–	–	4,488	–	4,488	–	4,488
Appropriations								
– Reserves		–	2,421	–	(2,421)	–	–	–
– Others		–	–	–	(4,646)	(4,646)	(536)	(5,182)
Dividends	13	–	–	–	(69,457)	(69,457)	(59,355)	(128,812)
At December 31, 2009 . .		716,232	9,292	2,780,266	346,284	3,852,074	1,793,193	5,645,267

		Combined equity attributable to equity owners of the Company						
	Note	Combined capital	Statutory surplus reserve	Other reserves	Retained earnings	Total	Non- controlling interests	Total equity
		(Note 25)	(Note 26)	(Note 26)				
At January 1, 2010		716,232	9,292	2,780,266	346,284	3,852,074	1,793,193	5,645,267
Changes in equity:								
Total comprehensive								
income for the period . .		–	–	–	202,627	202,627	87,243	289,870
Capital contributions . . .		–	–	16,770	–	16,770	79,484	96,254
Other appropriations . . .		–	–	–	(5,738)	(5,738)	(3,825)	(9,563)
Dividends	13	–	–	–	(108,984)	(108,984)	(76,197)	(185,181)
At June 30, 2010		716,232	9,292	2,797,036	434,189	3,956,749	1,879,898	5,836,647
At January 1, 2009		345,632	6,871	2,299,052	174,422	2,825,977	1,485,347	4,311,324
Changes in equity:								
Total comprehensive								
income for the period . .		–	–	–	140,982	140,982	77,783	218,765
Capital contributions . . .		200,600	–	55,000	–	255,600	14,600	270,200
An associate contributed by an equity owner . . .	19	–	–	4,488	–	4,488	–	4,488
At June 30, 2009 (unaudited)		546,232	6,871	2,358,540	315,404	3,227,047	1,577,730	4,804,777

COMBINED STATEMENTS OF CASH FLOWS

(All amounts are in thousands of RMB unless otherwise stated)

		Year ended December 31,			Six months ended June 30,	
	Note	2007	2008	2009	2009	2010
					(unaudited)	
Cash flows from operating activities						
Profit before taxation.		97,318	240,235	384,203	243,196	331,213
Adjustments for:						
Depreciation	10	117,007	212,073	536,718	235,237	386,759
Amortization	10	59	216	15,919	7,895	8,628
Loss/(gain) on disposal of property, plant and equipment		–	53	–	–	(39)
Interest expenses	9	109,853	225,527	480,025	215,950	318,025
Interest income	9	(521)	(2,265)	(5,907)	(2,801)	(3,548)
Foreign exchange losses/(gains), net	9	420	(1,724)	652	304	(26)
Interest income from entrusted loans.		(57)	(81)	(1,288)	(489)	(325)
Share of losses of an associate.		–	–	817	402	895
Changes in working capital:						
Increase in inventories.		–	(741)	(2,590)	(4,068)	(1,541)
Increase in trade and bills receivable		(134,106)	(195,473)	(423,768)	(290,849)	(207,699)
Increase in prepayments, other receivables and other current assets.		(47,572)	(25,935)	(51,391)	(101,587)	(85,115)
Increase/(decrease) in trade and bills payable		1,593	1,028	(2,525)	8,579	2,391
Increase in other payables		7,954	26,825	105,862	270,264	177,201
Cash generated from operations		151,948	479,738	1,036,727	582,033	926,819
Interest received		521	2,265	5,907	2,801	3,548
Income tax paid.		(2,553)	(989)	(34,447)	(16,443)	(17,043)
Net cash from operating activities		149,916	481,014	1,008,187	568,391	913,324

Note	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	(unaudited)				
Cash flows from investing activities					
Purchase of property, plant and equipment, land use rights and intangible assets	(3,473,998)	(5,493,435)	(8,140,760)	(3,677,762)	(3,965,526)
Increase in entrusted loans . .	(2,600)	(123,220)	–	–	(289,000)
Proceeds from repayments of entrusted loans	6,690	2,600	107,120	–	287,100
Investment in an associate and available-for-sale financial assets	–	–	(61,796)	–	–
Acquisition of subsidiaries, net of cash acquired	6	(275,458)	(162,918)	(127,460)	2,951
Proceeds from disposal of property, plant and equipment	–	500	83,184	–	139
Repayments of loans to related parties	–	20,595	79,807	72,069	107,683
Loans to related parties	(7,584)	(92,924)	(144,920)	(126,405)	(50,863)
Interest income from entrusted loans	57	81	1,288	489	325
Decrease/(increase) in other receivables	–	4,469	(14,160)	–	(5,000)
Net cash used in investing activities	(3,477,435)	(5,956,792)	(8,253,155)	(3,859,069)	(3,912,191)

Note	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Cash flows from financing activities					
Capital contributions from equity owners of the Company	702,507	1,402,365	847,326	255,600	16,770
Capital contributions from the non-controlling interests	562,024	434,492	245,158	14,600	76,212
Proceeds from borrowings . .	2,418,841	5,026,514	8,312,712	4,307,850	4,586,308
Repayments of borrowings . .	(483,140)	(844,300)	(1,241,546)	(560,283)	(567,833)
Dividends paid by subsidiaries to the non-controlling interests	–	(11,219)	(41,287)	–	(18,090)
Dividends paid to equity owners of the Company . .	–	(11,087)	(56,972)	–	(9,822)
Interest paid	(165,798)	(419,770)	(745,887)	(299,973)	(474,525)
Proceeds from loans from related parties	504,508	571,268	475,093	248,641	284,463
Repayments of loans from related parties	(94,072)	(277,523)	(511,944)	(304,124)	(390,243)
Decrease in other payables . .	–	–	(51,244)	–	(12,000)
Net cash from financing activities	3,444,870	5,870,740	7,231,409	3,662,311	3,491,240
Net increase/(decrease) in cash and cash equivalents	117,351	394,962	(13,559)	371,633	492,373
Cash and cash equivalents at beginning of year/period	31,199	148,145	545,118	545,118	531,164
Effect of foreign exchange rate changes	(405)	2,011	(395)	(3)	106
Cash and cash equivalents at end of year/period	148,145	545,118	531,164	916,748	1,023,643

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II. NOTES TO THE COMBINED FINANCIAL INFORMATION

(All amounts are in thousands of RMB unless otherwise stated)

1 GROUP STRUCTURE, REORGANIZATION AND PRINCIPAL ACTIVITIES

China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源股份有限公司) (the "Company") was established as a joint stock company with limited liability in the PRC on July 9, 2010 as part of the reorganization of the wind power generation business of China Datang Group Corporation ("Datang Corporation"), a state-owned enterprise incorporated in the PRC, and its subsidiaries, approved by the State-owned Assets Supervision and Administrative Commission ("SASAC") of the State Council (the "State Council") of the PRC.

The address of its registered office is Room 149, Building 1, No. 3, Xijing Road, Badachu Hi-tech Zone of Shijingshan District, Beijing, the PRC. The Company and the companies now comprising the group (together, the "Group") as set out below are principally engaged in wind power generation.

The predecessor of the Company, Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰賽罕壩風力發電有限責任公司), was established by Datang Corporation on September 23, 2004 as a wholly state-owned subsidiary, and was subsequently renamed to China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司) ("Datang Renewable") on March 19, 2009. For the preparation of the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), Datang Corporation and its subsidiaries underwent the following reorganization (the "Reorganization"):

- (i) Pursuant to the Reorganization, Datang Corporation transferred its direct and indirect equity interests in the entities, which are engaged in wind power generation, to Datang Renewable at nil consideration on April 30, 2009 and January 1, 2010, except for the entities held by Datang Jilin Power Generation Company Limited (大唐吉林發電有限公司) ("Datang Jilin"), a wholly-owned subsidiary of Datang Corporation and was incorporated in the PRC; Datang International Power Generation Co., Ltd (大唐國際發電股份有限公司), that 36.07% equity interests were held by Datang Corporation as of June 30, 2010 and was incorporated in the PRC and listed on the Main Board of The Stock Exchange of Hong Kong Limited, the London Stock Exchange and the Shanghai Stock Exchange; Guangxi Guiguan Electric Power Co., Ltd, that 50.51% equity interests were held by Datang Corporation as of June 30, 2010 and was incorporated in the PRC and listed on the Shanghai Stock Exchange; and six wind farms which were still under construction as of June 30, 2010 and held by Datang Corporation; and
- (ii) On July 9, 2010, the Company was established as a joint stock company with limited liability in the PRC. Datang Corporation, as one of the promoters, contributed all the assets, liabilities and equity interests owned through Datang Renewable to the Company. In addition, Datang Jilin, another promoter, contributed its equity interests in four entities, namely Datang Zhongdian (Jilin) Power Generation Company Limited (大唐中電(吉林)發電有限公司) ("Datang Zhongdian Jilin"), Datang Zhongdian (Jilin) Renewable Power Company Limited (大唐中電(吉林)新能源發電有限公司) ("Datang Zhongdian Renewable Power"), Datang Jilin Wind Power Generation Company Limited (大唐吉林風力發電股份有限公司) ("Jilin Wind Power") and Datang Xiangyang Wind Power Company Limited (大唐向陽風電有限公司) ("Xiangyang Wind Power") (together, the "Jilin Group"), which are engaged in wind power generation. As consideration for such contributions, the Company issued 4,372 million shares of RMB1.00 each to Datang Corporation and 628 million shares of RMB1.00 each to Datang Jilin.

Upon the completion of the Reorganization in July 2010, Datang Jilin and Datang Corporation hold 12.56% and 87.44% equity interests, respectively, in the Company.

As of June 30, 2010, the directors of the Company regard Datang Corporation as the Company's ultimate holding company.

As of the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held	Statutory auditors		
				2007	2008	2009
Directly held:						
Jilin Wind Power (Note (ii))	the PRC/ December 4, 2003	85,000	31%	(vii)	(vii)	(vii)
Datang Zhongdian Renewable Power	the PRC/ November 9, 2005	305,273	51%	(vii)	(vii)	(vii)
Gansu Datang Yumen Wind Power Generation Company Limited (甘肅大唐玉門風電有限公司) (Notes (ii) and (iv))	the PRC/ November 9, 2005	Paid-in capital: 271,197 Registered capital: 298,387	60%	(viii)	(vii)	(vii)
Datang (Chifeng) Renewable Power Company Limited (“Chifeng Renewable Power”) (大唐 (赤峰)新能源有限公司) (Notes (ii) and (iii))	the PRC/ April 28, 2006	Paid-in capital: USD223.7 million (RMB1,634.6 million) Registered capital: USD347.67 million (RMB2,329.4 million)	60%	(viii)	(viii)	(vii)
Chifeng Tangneng Renewable Power Company Limited (赤峰唐能新能源有限公司) (Note (iv))	the PRC/ October 12, 2006	218,720	100%	(viii)	(viii)	(vii)
Shanghai Dong Hai Wind Power Generation Company Limited (“Shanghai Dong Hai”) (上海東海風力發電有限公司) (Notes (iv) and (vi))	the PRC/ January 22, 2007	473,000	28%	(x)	(x)	(viii)
Datang Xilinguole Wind Power Generation Company Limited (“Datang Ximeng”) (大唐錫林郭勒風力發電有限責任公司) (Notes (ii) and (iv))	the PRC/ March 7, 2007	Paid-in capital: 410,689 Registered capital: 399,800	100%	(viii)	(vii)	(ix)
Datang Zhongdian Jilin	the PRC/ March 28, 2007	165,260	51%	(vii)	(vii)	(vii)
Bayannur Wulate Zhongqi Fuhui Wind Power Generation Company Limited (“Bayan Zhongqi”) (巴彥淖爾烏拉特中旗富匯風能電力有限公司) (Note 6)	the PRC/ July 12, 2007	75,000	100%	(xiii)	(viii)	(vii)
Bayannur Wulate Houqi Fuhui Wind Power Generation Company Limited (“Bayan Houqi”) (巴彥淖爾烏拉特後旗富匯風能電力有限公司) (Note 6)	the PRC/ August 23, 2007	70,000	100%	(xiii)	(viii)	(vii)

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held	Statutory auditors		
				2007	2008	2009
Datang Huanan Wind Power Generation Company Limited (大唐樺南風力發電有限公司) (Note (iv))	the PRC/ October 9, 2007	188,860	70%	(ix)	(vii)	(vii)
Datang Sanmenxia Wind Power Generation Company Limited (大唐三門峽風力發電有限公司) (Notes (ii) and (iv))	the PRC/ October 23, 2007	Paid-in capital: 92,390 Registered capital: 54,060	90%	(vii)	(vii)	(vii)
Datang Yilan Wind Power Generation Company Limited (大唐依蘭風力發電有限公司) (Note (iv))	the PRC/ December 18, 2007	188,860	51%	(xiii)	(vii)	(vii)
Datang Jingtai Wind Power Generation Company Limited (大唐景泰風電有限責任公司) (Notes (ii) and (iv))	the PRC/ January 10, 2008	Paid-in capital: 99,330 Registered capital: 79,330	100%	N/A	(vii)	(vii)
Datang Huachuan Wind Power Generation Company Limited (大唐樺川風力發電有限公司) (Note (iv))	the PRC/ January 30, 2008	90,000	100%	N/A	(xiii)	(vii)
Datang (Tongliao) Huolinhe Renewable Power Company Limited ("Datang Tongliao") (大唐(通遼)霍林河新能源有限公司) (Notes (ii) and (iii))	the PRC/ May 29, 2008	Paid-in capital: 394,000 Registered capital: 334,000	100%	N/A	(viii)	(vii)
Datang Zhongri (Chifeng) Renewable Power Company Limited ("Datang Zhongri") (大唐中日(赤峰)新能源有限公司) (Note (iii))	the PRC/ July 30, 2008	165,920	51%	N/A	(viii)	(vii)
Linxi Aolujia Renewable Power Development Company Limited ("Linxi Aolujia") (林西奧陸嘉新能源開發有限公司) (Note (ii))	the PRC/ December 2, 2008	Paid-in capital: 43,641 Registered capital: 183,370	51%	N/A	(xiii)	(xii)
Datang Hailin Wind Power Generation Company Limited ("Datang Hailin") (大唐海林風力發電有限公司) (Notes (ii), (iv) and (v))	the PRC/ February 12, 2009	Paid-in capital: 65,720 Registered capital: 188,800	51%	N/A	N/A	(vii)
Datang Bayannur Wind Power Generation Company Limited ("Datang Bayan") (大唐巴彥淖爾風力發電有限責任公司) (Notes (ii) and (iv))	the PRC/ February 24, 2009	Paid-in capital: 80,354 Registered capital: 5,000	100%	N/A	N/A	(ix)
Datang Jixian Wind Power Generation Company Limited (大唐集賢風力發電有限公司) (Notes (ii) and (iv))	the PRC/ March 23, 2009	Paid-in capital: 72,900 Registered capital: 5,000	100%	N/A	N/A	(vii)
Datang Qiqiha'er Wind Power Generation Company Limited (大唐齊齊哈爾風力發電有限公司) (Note (iv))	the PRC/ March 30, 2009	5,000	100%	N/A	N/A	(vii)
Datang Shandong Renewable Power Company Limited (大唐山東新能源有限公司) (Notes (ii) and (iv))	the PRC/ June 10, 2009	Paid-in capital: 371,987 Registered capital: 200,685	100%	N/A	N/A	(viii)

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held	Statutory auditors		
				2007	2008	2009
Inner Mongolia Datang Wanyuan Renewable Power Company Limited (內蒙古大唐萬源新能源有限公司)	the PRC/ June 16, 2009	92,610	51%	N/A	N/A	(vii)
Datang Yantai Renewable Power Company Limited (大唐煙台新能源有限公司)	the PRC/ June 19, 2009	5,000	100%	N/A	N/A	(vii)
Dalian Datang Haipai Renewable Power Company Limited (大連大唐海派新能源有限公司) (Note (ii))	the PRC/ July 17, 2009	Paid-in capital: 49,689 Registered capital: 100,000	80%	N/A	N/A	(vii)
Datang Eryuan Wind Power Generation Company Limited (大唐洱源風電有限責任公司) (Notes (ii) and (iv))	the PRC/ July 31, 2009	Paid-in capital: 79,030 Registered capital: 10,000	100%	N/A	N/A	(viii)
Datang Baotou Renewable Power Company Limited (大唐包頭新能源有限公司)	the PRC/ August 11, 2009	5,000	100%	N/A	N/A	(vii)
Datang (Hohhot) Renewable Power Company Limited (大唐 (呼和浩特) 新能源有限公司) (Note (ii))	the PRC/ August 11, 2009	Paid-in capital: 7,000 Registered capital: 5,000	100%	N/A	N/A	(vii)
Datang Zhangbei Wind Power Generation Company Limited (大唐張北風力發電有限責任公司) (Notes (ii) and (iv))	the PRC/ September 2, 2009	Paid-in capital: 89,507 Registered capital: 5,000	100%	N/A	N/A	(ix)
Datang Yumen Changma Wind Power Generation Company Limited (大唐玉門昌馬風電有限公司) (Notes (ii) and (iv))	the PRC/ September 10, 2009	Paid-in capital: 137,660 Registered capital: 50,000	100%	N/A	N/A	(vii)
Datang Xing'anmeng Renewable Power Company Limited (大唐興安盟新能源有限公司)	the PRC/ September 16, 2009	57,000	100%	N/A	N/A	(vii)
Datang Huludao Renewable Power Company Limited (大唐葫蘆島新能源有限公司) (Note (ii))	the PRC/ September 28, 2009	Paid-in capital: 16,000 Registered capital: 80,000	70%	N/A	N/A	(vii)
Datang Baotou Yaneng Power Generation Company Limited (大唐包頭亞能電力有限公司)	the PRC/ October 16, 2009	86,880	51%	N/A	N/A	(vii)
Xiangyang Wind Power (Note (ii))	the PRC/ October 30, 2009	Paid-in capital: 110,000 Registered capital: 50,000	100%	N/A	N/A	(vii)
Datang (Chaoyang) Renewable Power Company Limited (大唐(朝陽)新能源有限公司)	the PRC/ December 11, 2009	99,671	60%	N/A	N/A	(xiii)
Datang Renewable Qujing Qilin Wind Power Generation Company (大唐新能源曲靖市麒麟區風力發電有限公司)	the PRC/ January 18, 2010	5,000	95%	N/A	N/A	N/A

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held	Statutory auditors		
				2007	2008	2009
Datang Yunnan Renewable Power Company Limited (大唐雲南新能源有限公司)	the PRC/ March 9, 2010	5,000	95%	N/A	N/A	N/A
Datang Renewable Power Shuozhou Wind Power Generation Company Limited (大唐新能源朔州風力發電有限公司)	the PRC/ March 16, 2010	15,000	100%	N/A	N/A	N/A
Datang Yaneng Renewable Power Nantong Company Limited (大唐亞能新能源南通有限公司)	the PRC/ March 26, 2010	6,000	51%	N/A	N/A	N/A
Datang Weihai Renewable Power Company Limited (大唐威海新能源有限公司) (Note (ii))	the PRC/ May 20, 2010	Paid-in capital: 11,280 Registered capital: 5,000	100%	N/A	N/A	N/A
Datang Wuzhong Renewable Power Company Limited (大唐吳忠新能源有限公司)	the PRC/ June 2, 2010	15,000	100%	N/A	N/A	N/A
Datang (Zhangzhou) Renewable Power Company Limited (大唐(漳州)新能源有限公司)	the PRC/ June 18, 2010	2,000	100%	N/A	N/A	N/A
Datang Wengniuteqi Renewable Power Company Limited (大唐翁牛特旗新能源有限公司)	the PRC/ June 21, 2010	55,000	100%	N/A	N/A	N/A
Datang Hulunbei'er Wind Power Generation Company Limited (大唐呼倫貝爾風力發電有限公司)	the PRC/ June 22, 2010	2,000	100%	N/A	N/A	N/A
Datang Xianghuangqi Renewable Power Company Limited (大唐鑲黃旗新能源有限責任公司) (Note (ii))	the PRC/ July 7, 2010	Paid-in capital: 23,000 Registered capital: 3,000	100%	N/A	N/A	N/A
Ning'an Jingbo Erdaoling Wind Power Company Limited (寧安鏡泊二道嶺風力發電有限公司)	the PRC/ July 10, 2010	51,000	100%	N/A	N/A	N/A
Datang Daqing Donggang Renewable Power Company Limited (大唐大慶東崗新能源有限公司)	the PRC/ July 12, 2010	1,000	100%	N/A	N/A	N/A
Datang Daqing Donghui Renewable Power Company Limited (大唐大慶東輝新能源有限公司)	the PRC/ July 12, 2010	1,000	100%	N/A	N/A	N/A
Datang Lingwu Renewable Power Company Limited (大唐靈武新能源有限公司)	the PRC/ July 14, 2010	1,000	100%	N/A	N/A	N/A
Datang Zhaluteqi Renewable Power Company Limited (大唐扎魯特旗新能源有限公司) (Note (ii))	the PRC/ July 20, 2010	Paid-in capital: 25,000 Registered capital: 5,000	100%	N/A	N/A	N/A
Datang Kailu Renewable Power Company Limited (大唐開魯新能源有限公司) (Note (ii))	the PRC/ July 21, 2010	Paid-in capital: 8,000 Registered capital: 3,000	100%	N/A	N/A	N/A

Name	Place and date of incorporation/ establishment	Registered and fully paid capital	Effective interest held	Statutory auditors		
				2007	2008	2009
Datang Tebian Electricity Apparatus Tulufan Renewable Power Company Limited (大唐特變電工吐魯番新能源有限公司)	the PRC/ July 27, 2010	2,000	80%	N/A	N/A	N/A
Datang Aluke'erqinqi Renewable Power Company Limited (大唐阿魯科爾沁旗新能源有限公司)	the PRC/ August 4, 2010	3,000	100%	N/A	N/A	N/A
Ninganjingbo Toudaoling Wind Power Company Limited (寧安鏡泊頭道嶺風力發電有限公司)	the PRC/ September 17, 2010	50,000	100%	N/A	N/A	N/A
Datang Renewable Power Qingtongxia Company Limited (大唐新能源青銅峽有限公司)	the PRC/ September 25, 2010	3,000	100%	N/A	N/A	N/A
Datang Tuquan Wind Power Company Limited (大唐突泉風力發電有限責任公司) (Note (ii))	the PRC/ October 22, 2010	Paid-in capital: 60,000 Registered capital: 5,000	100%	N/A	N/A	N/A
Datang Hunyuan Mimazongliang Renewable Power Company Limited (大唐渾源密馬鬃梁新能源有限公司)	the PRC/ October 28, 2010	20,000	100%	N/A	N/A	N/A
<i>Indirectly held:</i>						
Datang Laizhou Wind Power Generation Company Limited (大唐萊州風力發電有限責任公司) (Note (iv))	the PRC/ July 13, 2007	150,685	100%	(viii)	(vii)	(viii)
Datang Duolun Renewable Power Company Limited ("Duolun Renewable Power") (大唐多倫新能源有限公司) (Note (iii))	the PRC/ October 12, 2007	64,000	60%	(viii)	(viii)	(vii)
Shandong Datang International Dongying Wind Power Generation Company Limited (山東大唐國際東營風電有限責任公司) (Note (iv))	the PRC/ September 12, 2008	100,000	100%	N/A	(xi)	(viii)
Datang Wendeng Wind Power Generation Company Limited (大唐文登風力發電有限公司) (Note (iv))	the PRC/ December 10, 2008	50,000	100%	N/A	(xiii)	(viii)
Datang Jiaonan Wind Power Generation Company Limited (大唐膠南風力發電有限公司)	the PRC/ April 30, 2010	20,000	100%	N/A	N/A	N/A
Datang Pingdu Wind Power Generation Company Limited (大唐平度風力發電有限公司)	the PRC/ August 31, 2010	20,000	100%	N/A	N/A	N/A

Notes:

- (i) Pursuant to the confirmations from the equity owners of the remaining 69% equity interests in Jilin Wind Power, these equity owners confirmed in writing that they agreed to act in concert with Datang Jilin before the Reorganization and the Company after the Reorganization. The directors of the Company are of the opinion that the Company has power to govern the financial and operating policies of Jilin Wind Power during the Relevant Periods.
- (ii) The differences between paid-in capital of these companies and the registered capital is due to capital injections and/or capital verifications are in progress. These temporary timing differences did not have any impact on the equity interest held and registered capital remained unchanged.
- (iii) On April 30, 2009, Datang Corporation transferred all its equity interests in these companies to Datang Renewable at nil consolidation in accordance with the aforementioned Reorganization.
- (iv) On January 1, 2010, Datang Corporation transferred all its equity interests in these companies to Datang Renewable at nil consideration in accordance with the aforementioned Reorganization.
- (v) Heilongjiang Longtang Power Generation Investment Company (黑龍江龍唐電力投資公司) ("Heilongjiang Longtang"), a company controlled by Datang Corporation, holds 2% of the equity interest in Datang Hailin prior to November 23, 2010. Heilongjiang Longtang confirmed in writing that it agreed to act in concert with Datang Corporation before the Reorganization and the Company after the Reorganization. The directors of the Company are of the opinion that the Company has power to govern the financial and operating policies of Datang Hailin during the Relevant Periods. On November 23, 2010, Heilongjiang Longtang transferred its 2% equity interest in Datang Hailin to the Company at the consideration of RMB1.71 million. Thereafter, the Company's equity interest in Datang Hailin was increased from 49% to 51%.
- (vi) Pursuant to the confirmation from a 24% equity owner, it confirmed in writing that it agreed to act in concert with Datang Corporation before the Reorganization and the Company after the Reorganization. The directors of the Company are of the opinion that the Company has power to govern the financial and operating policies of Shanghai Dong Hai during the Relevant Periods.
- (vii) Vocation International CPAs Company Limited (天職國際會計師事務所有限公司)
- (viii) Reanda CPAs Company Limited (利安達會計師事務所有限公司)
- (ix) Beijing Xinghua CPAs Company Limited (北京興華會計師事務所有限公司)
- (x) Shanghai Huaxia CPAs Company Limited (上海華夏會計師事務所有限公司)
- (xi) PricewaterhouseCoopers Zhong Tian CPAs Company Limited (普華永道中天會計師事務所有限公司)
- (xii) Inner Mongolia Hongdayitong CPAs (內蒙古宏達益同會計師事務所)
- (xiii) No statutory audited financial statements have been prepared as there have not been any significant business transactions entered into since their respective dates of incorporation/establishment.

The carrying value of the equity interests in the aforementioned subsidiaries as set out in Notes 1(iii) and 1(iv) at the respective acquisition dates in the aggregate amounting to RMB2,980 million, and the excess of the carrying value of the interests acquired less the relevant retained earnings over the present value of the consideration, amounting to RMB2,702 million, were credited to other reserves.

All English names represent the Company's directors' best effort of translations and are for reference only. The official names of these entities are in Chinese.

2. BASIS OF PRESENTATION

Datang Corporation owned and controlled the companies now comprising the Group before the Reorganization and continues to control these companies after the Reorganization. Accordingly, the Reorganization has been accounted for as a reorganization of business under common control transaction in a manner similar to a uniting of interests. The financial information includes the combined financial position, results and cash flows of the companies now comprising the Group as if the existing group structure had been in existence throughout the Relevant Periods or since the respective dates of incorporation/establishment or acquisition, whichever is the shorter period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied during the Relevant Periods.

3.1 Basis of preparation

The financial information set out in this report has been prepared in accordance with IFRSs, which collective term includes International Financial Reporting Standards, International Accounting Standards and related interpretations promulgated by the International Accounting Standards Board (the "IASB").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this financial information, the Group have adopted all these new and revised IFRSs, which are effective for the accounting periods beginning before January 1, 2010 consistently throughout the Relevant Periods. In addition, the Group has early adopted IAS 24 'Related party disclosures' (Revised 2009). The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended January 1, 2010 which are relevant to the Group but the Group have not early adopted are set out below:

- IFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. The Group is yet to assess IFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, as IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in the statement of comprehensive income. The Group has not yet decided when to adopt IFRS 9.
- Amendments to IFRIC Int-14 'Prepayments of a minimum funding requirement' corrects an unintended consequence of IFRIC Int-14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was not intended when IFRIC Int-14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning January 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. This is not currently applicable to the Group.

- IFRIC – Int 19, 'Extinguishing financial liabilities with equity instruments' clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after July 1, 2010. Earlier application is permitted. This is not currently applicable to the Group.
- Third improvements to IFRS (2010) were issued in May 2010 by IASB. All improvements are effective in the financial year of 2011.

The financial information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets. The preparation of the financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. 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 Note 5.

As of June 30, 2010, the net current liabilities of the Group were approximately RMB1,954 million. The banking facilities available to the Group amounted to approximately RMB6.6 billion, all of which are valid for more than 12 months from the date of this report. After a comprehensive assessment, the directors of the Company believe that the Group can refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, when needed. The directors of the Company are of the opinion that the Group are capable of repaying the debts at maturity within the next 12 months of the date of this report. Therefore, the financial information is prepared under a going concern basis.

3.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group control another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

(i) Common control business combination

The financial information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognized in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the financial information are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognized as expenses in the period in which they are incurred.

(ii) Non-common control business combination

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary in the financial information to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group have significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's shares of the post-acquisition profits or losses of associates is recognized in the statement of comprehensive income and their share of post acquisition other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss (Note 3.9). When the Group's share of losses in an associate equals or exceeds their interest in the associate, including any other unsecured receivables, the Group do not recognize further losses, unless the Group have incurred obligations or made payments on behalf of the associates.

Unrealized gains on transactions between the Group and their associates are eliminated to the extent of the Group's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management (including chief accountant) (together referred to as the "Senior Management") that makes strategic decisions.

Management has determined that operating segments based on the reports reviewed by the Senior Management. During the Relevant Periods, the Group engages in wind power generation activities in the PRC. The Senior Management considers the performance of the business on a combined perspective. Therefore, no segment information is presented.

3.4 Foreign currency translation***Functional and presentation currency***

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial information is presented in Chinese Renminbi ("RMB"), which is the functional and presentation currency of the Company.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the combined statement of comprehensive income.

3.5 Property, plant and equipment

Property, plant and equipment, apart from construction-in-progress ("CIP"), are stated at historical cost less accumulated depreciation and accumulated impairment loss. The initial cost comprises purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

CIP represents plant and properties under construction and is stated at cost, which includes the costs of construction, plant and machinery and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and ready for its intended use when they are transferred to the relevant asset categories.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	8-30 years
Electricity utility plant	
– Wind turbines	20 years
– Others	5-30 years
Transportation facilities, office equipment and others	3-9 years

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.9).

Gains or losses on disposals are determined by comparing the proceeds on disposal with the carrying amount and are included within 'other net income and other gains' in the combined statement of comprehensive income.

3.6 Land use rights

Land use rights represent upfront prepayments made for the land use rights and are expensed in the statement of comprehensive income on a straight-line basis over the terms of the leases. Whenever there is impairment, the impairment is expensed in the statement of comprehensive income.

3.7 Intangible assets

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Concession assets

The Group, as an operator of wind power generation project under service concession arrangement between the Group and government (the "Grantor"), is responsible for both the project's construction and its subsequent services in a specified period after the construction. At the end of concession period, the Group is obliged either to hand over the infrastructure to the Grantor in a specified condition or dispose it. The Group recognizes a concession asset, included in intangible asset, arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses. Amortization of concession assets is charged to the statement of comprehensive income on a straight-line basis over the term of the arrangement upon the completion of construction.

Computer software

Acquired computer software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives and recorded in 'depreciation and amortization' within operating expenses in the combined statement of comprehensive income.

3.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3.9 Impairment of investments in associate and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in associate is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the associate in the period the dividend is declared.

3.10 Financial assets

Classification

Financial assets that the Group holds during the Relevant Periods include loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables primarily included 'trade and bills receivable', 'other receivables', 'restricted deposits' and 'cash and cash equivalents' in the balance sheet.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investments mature or management intends to dispose the investment within 12 months after the balance sheet date.

Recognition and measurement

Regular way purchases and sales of financial assets are recognized on trade-date – the date on which the Group commit to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through comprehensive income. Available-for-sale investments are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group have transferred substantially all risks and rewards of ownership.

Changes in the fair value of available-for-sale investments are recognized in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income when the right of the Group to receive payments is established.

The Group assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investments previously recognized in the statement of comprehensive income – is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment loss on the available-for-sale investment is measured as the difference between the carrying amount of the investment and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment testing of loans and receivables is described in Note 3.12.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.11 Inventories

Inventories include materials and spare parts for maintenance, which are stated at the lower of cost and net realizable value. Inventories are expensed to relevant operating expenses when used, sold or capitalized to property, plant and equipment when installed, as appropriate, using moving weighted average method. Costs of inventories include direct material cost and transportation expenses incurred in bringing them to the working locations. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs in power generation and selling expenses.

3.12 Loans and receivables

Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amounts of the assets are reduced through the use of allowance accounts, and the amount of the provision is recognized in the combined statement of comprehensive income within 'other operating expense'. When a receivable is

uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expenses' in the combined statement of comprehensive income.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other financial institutions.

3.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group have contractual or an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.15 Borrowing costs

Borrowing costs incurred for the construction for any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed and included as finance expense in the period in which they are incurred.

3.16 Payables

Payables primarily include accounts payable and accrued liabilities, etc. and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.17 Employee benefits

Pension and other social obligations

The Group have various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and/or other social benefit plans under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognized as labor costs when they are due.

Housing benefits

The Group contributes to the state-prescribed housing fund. Such costs are charged to the combined statement of comprehensive income as incurred. Apart from those described above, the Group do not have other legal or constructive obligations over such benefits.

3.18 Taxation

Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

The statutory income tax is assessed on an individual entity basis, based on each of results of operations of the Group. The commencement date of the tax holiday period of each power plant is individually determined. The income tax charges are based on assessable profit for the year and after considering deferred income tax.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset when meeting all the conditions below:

- The Group have the legally enforceable right to settle current income tax assets and current income tax liabilities; and
- The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation ("VAT")

Sales of goods of the Group are subjected to VAT. VAT payable is determined by applying 17% on the taxable revenue arising from sales of goods after offsetting deductible input VAT of the period.

Pursuant to Cai Shui [2001]198 and Cai Shui [2008]156 issued by Ministry of Finance and State Administration of Taxation, a 50% reduction and refund, respectively, in the VAT levied on electricity generated from wind power is entitled to wind power generation plants. Such favourable policies applied to the Group before and after July 1, 2008, respectively.

3.19 Contingencies

Contingent liabilities are recognized in the financial information when it is probable that a liability will be recognized. Where no provision is recorded, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial information unless virtually certain but disclosed when an inflow of economic benefits is probable.

3.20 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the activities of the Group. Revenue is shown net of VAT, returns, rebates and discounts and after eliminating sales within the Group. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in the combined statement of comprehensive income as follows:

Sale of electricity

Electricity revenue is recognized when electricity is supplied to the provincial power grid companies.

Service concession revenue

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

Rental income from operating leases

Rental income receivable under operating leases is recognized in the statement of comprehensive income in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Government grants

Grants from the government are recognized at their fair value when there is reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as 'deferred income' and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

Income from Clean Development Mechanism ("CDM") Projects

The Group sell carbon credits known as Certified Emission Reductions ("CERs"), generated from the wind farms and other renewable energy facilities which have been registered as CDM projects with CDM Executive Board of the United Nations under the Kyoto Protocol. Income in relation to the CERs is recognized when following conditions are met:

- CDM projects have received the approval from National Development and Reform Committee ("NDRC") and have approved by the United Nations as registered CDM projects; and
- the counterparties have committed to purchases the CERs and prices have been agreed; and
- the relevant electricity has been generated.

CERs is initially recognized at fair value, and is subsequently stated at the lower of cost and net realizable value.

3.21 Dividend distribution

Dividend distribution is recorded as a liability in the financial information in the period in which the dividends are approved by the shareholders or the board of directors.

4. FINANCIAL AND CAPITAL RISKS MANAGEMENT

The Company works out general principles for overall risk management, including management of financial risks, as well as management policies covering specific areas. In considering the importance of risks, the Company identifies and evaluates risks at head office and individual subsidiary level, and requires analysis and proper communication for the information collected periodically.

4.1 Financial risk management

The activities of the Group expose them to a variety of financial risks including cash flow interest rate risk, foreign exchange risk, credit risk and liquidity risk. The overall risk management program of the Group focus on the unpredictability of financial markets and seek to minimize potential adverse effects on financial performance of the Group.

(a) Market risk*Cash flow interest rate risk*

As the Group have no significant interest-bearing assets except for bank deposits, the income and operating cash flows of the Group are substantially independent of changes in market interest rates.

Most of the bank deposits are maintained in the savings and fixed deposits accounts in the PRC. The interest rates are regulated by the People's Bank of China while the Group closely monitor the fluctuation on such rates periodically. As the average interest rates applied to the deposits are relatively low, the directors of the Company are of the opinion that the Group are not exposed to any significant interest rate risk for these assets held as of December 31, 2007, 2008, 2009 and June 30, 2010.

The interest rate risk of the Group arises from loans. Loans with variable interest rates expose the Group to cash flow interest rate risk. The exposures of such a risk are disclosed in Note 27. The Group analyze interest rate exposures on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

As of December 31, 2007, 2008, 2009 and June 30, 2010, if interest rates on RMB and US Dollars ("USD") denominated loans had been 50 basis points higher/lower respectively with all other variables held constant, interest expense charged to the statements of comprehensive income would have been RMB9 million, RMB21 million, RMB48 million and RMB67 million higher/lower, respectively.

The estimated 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for the Relevant Periods.

Foreign exchange risk

The Group are exposed to currency risk primarily through sales and purchases which give rise to receivables and payables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros ("EUR") and USD.

Except for CERs sales which were denominated in foreign currencies, all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group have certain borrowings that are denominated in USD. The directors of the Company considered that the Group's exposure to foreign currency risk is not significant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands.

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than RMB to which they relate.

	At December 31,						At June 30,	
	2007		2008		2009		2010	
	USD	EUR	USD	EUR	USD	EUR	USD	EUR
Cash and cash equivalents	48	–	747	–	14,584	–	23,202	–
Other current assets . .	2,430	37,497	3,235	69,748	10,414	150,891	11,424	207,599
Long-term borrowings .	–	–	(615,114)	–	(546,256)	–	(512,713)	–
Net exposure in RMB .	<u>2,478</u>	<u>37,497</u>	<u>(611,132)</u>	<u>69,748</u>	<u>(521,258)</u>	<u>150,891</u>	<u>(478,087)</u>	<u>207,599</u>

A 5% strengthening of RMB against the following currencies as of December 31, 2007, 2008 and 2009 and June 30, 2010 would have increased/(decreased) the exchange gain by the amounts shown below:

	At December 31,			At June 30,
	2007	2008	2009	2010
USD.	(123)	30,557	26,063	23,904
EUR.	(1,875)	(3,488)	(7,544)	(10,380)
	(1,998)	27,069	18,519	13,524

A 5% weakening of RMB against the above currencies as of December 31, 2007, 2008 and 2009 and June 30, 2010 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the Relevant Periods.

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade and bills receivable and prepayments, other receivables and other current assets.

Substantially all of the Group's cash and cash equivalents are mainly deposited in the stated owned/controlled PRC banks and a related party (Note 24) which the directors of the Company assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group maintain long-term and stable business relationships with these companies. For other trade and other receivables, the Group perform an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and are with the opinion that no debts are impaired.

Regarding balances with related parties, the Group assess the credibility of the borrowers by reviewing the operating results and gearing ratios periodically.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

Management monitors the cash flow rolling forecasts of the Group which comprises the banking facilities available and cash and cash equivalents available as of each month end in meeting its liabilities.

As of June 30, 2010, the Group had total banking facilities available of approximately RMB6,639 million, all of which are valid for more than 12 months from the date of this report.

The table below analyzes the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
At December 31, 2007					
Long-term loans (Note 27(a)) .	163,900	255,400	795,200	2,152,640	3,367,140
Short-term loans (Note 27(b)) .	377,000	—	—	—	377,000
Interest payable for loans	244,512	211,414	531,189	426,223	1,413,338
Other payables	917,487	—	—	—	917,487
Trade and bills payable	1,593	—	—	—	1,593
	<u>1,704,492</u>	<u>466,814</u>	<u>1,326,389</u>	<u>2,578,863</u>	<u>6,076,558</u>
At December 31, 2008					
Long-term loans (Note 27(a)) .	434,456	758,402	1,597,736	5,217,760	8,008,354
Short-term loans (Note 27(b)) .	738,000	—	—	—	738,000
Interest payable for loans	592,560	513,510	1,277,945	1,061,292	3,445,307
Other payables	2,419,947	—	—	—	2,419,947
Trade and bills payable	8,579	—	—	—	8,579
	<u>4,193,542</u>	<u>1,271,912</u>	<u>2,875,681</u>	<u>6,279,052</u>	<u>14,620,187</u>
At December 31, 2009					
Long-term loans (Note 27(a)) .	1,035,528	1,106,674	3,748,428	9,434,890	15,325,520
Short-term loans (Note 27(b)) .	492,000	—	—	—	492,000
Interest payable for loans	904,915	817,388	2,047,848	1,619,026	5,389,177
Other payables	2,978,346	—	—	—	2,978,346
Trade and bills payable	6,054	—	—	—	6,054
	<u>5,416,843</u>	<u>1,924,062</u>	<u>5,796,276</u>	<u>11,053,916</u>	<u>24,191,097</u>
At June 30, 2010					
Long-term loans (Note 27(a)) .	1,086,236	1,461,938	5,098,456	11,189,365	18,835,995
Short-term loans (Note 27(b)) .	1,000,000	—	—	—	1,000,000
Interest payable for loans	1,004,798	906,408	2,058,868	2,959,417	6,929,491
Other payables	3,409,205	—	—	—	3,409,205
Trade and bills payable	8,445	—	—	—	8,445
	<u>6,508,684</u>	<u>2,368,346</u>	<u>7,157,324</u>	<u>14,148,782</u>	<u>30,183,136</u>

4.2 Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Group monitor their capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as of December 31, 2007, 2008 and 2009 and June 30, 2010 are 68%, 72%, 77% and 80%, respectively.

The increase in the liability-to-asset ratio during Relevant Periods was primarily due to the increase of long-term borrowings for constructions and acquisitions of wind farm projects. Taking into consideration of the expected operating cash flows of the Group, the banking facilities available and the Group's past experience in refinancing its short-term borrowings, the directors of the Company and management believe that the Group can meet their obligations when they fall due.

4.3 Fair value estimation

Fair value measurements

The Company discloses fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

Fair value disclosures

The carrying amounts of the Group's financial assets and liabilities including restricted deposits, cash and cash equivalents, trade and bills receivable, other receivables, trade and bills payables, other payables, short-term borrowings approximate their fair values due to their short maturities.

The fair value of available-for-sale financial assets approximate their costs.

The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

Fair value estimates are made at a specific point of time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group make accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

Management of the Group determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. Management will adjust the estimated useful lives where useful lives vary with previously estimated useful lives. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of property, plant and equipment.

(b) Impairment of property, plant and equipment

The Group perform impairment test on property, plant and equipment whenever any impairment indication exists. In accordance with Note 3.9, impairment is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The estimation based on existing experience may be different from the result of the next financial year and may lead to material adjustments to the carrying amount of property, plant and equipment.

(c) Revenue recognition for CDM income

The Group has recognized income from CDM projects amounting to RMB33 million, RMB72 million, RMB137 million and RMB58 million (unaudited) and RMB102 million for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010 respectively (Note 8). In accordance with the relevant accounting policy as set out in Note 3.20, the income from CDM projects is determined by the electricity volume generated during the respective period, emission reduction factors and unit price of CERs. The volumes of electricity transmitted to the grid companies are subject to the verification and certification by the independent supervisors assigned by the CDM Executive Board. The Group believes that, based on past experience, the discrepancy rate, if any, of the certified volumes will not exceed 3%. The Group has, therefore, recognized income from CDM projects after deducting a estimated discrepancies based on past experience. The estimation based on existing experience may be different from the result of the next financial year.

(d) Income tax

The estimates of deferred income tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or benefit, as well as deferred income tax balance. The realization of deferred income tax assets also depends on the realization of sufficient profitability (taxable profit) of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets.

The Group pays income tax in various regions. There can be various uncertainties on the ultimate income tax treatments for many transactions and events arising from normal operating activities, overall assets transfers and corporate restructuring. The Group have to make critical accounting judgments when calculating income tax expense at different regions. In the event that the finalized amounts recognized for such tax events are different from those originally recorded, this could result in material adjustments to income tax expense and deferred income tax.

(e) Restrictions on power grid construction

Some wind construction projects of the Group are affected by the progress of grid connection system which transmits electricity from power generation companies. Local power grid companies are responsible for the construction of such grid connection system. The ready for use of grid connection system upon completion is a critical estimate and judgment of the Company's directors. Such an estimate and judgment are based on historical experience, understanding on the projects, as well as the communication with power grid companies. Managements are of the opinion that such wind construction projects will be connected to the grid and are free from impairment. Deviation from this estimate and judgment could result in material adjustments to the carrying amount of the property, plant and equipment.

6. BUSINESS COMBINATIONS

Apart from business combinations under common control as set out in Note 1, in November 2008, Datang Renewable acquired 100% equity interest in Bayan Zhongqi and Bayan Houqi from Bayannur Wulate Fuhui Wind Power Electricity Company Limited (巴彥淖爾烏拉特富匯風能電力有限公司), a third party limited company registered in the PRC, at a total cash consideration of RMB439 million. Bayan Zhongqi and Bayan Houqi are mainly engaged in wind power generation operations. Details of net identifiable assets purchased and goodwill recognized on the acquisition date (November 16, 2008) are as follows:

	Fair value	Acquiree's carrying amount
Cash and cash equivalent	178	178
Receivables (Note (i))	49,379	49,379
Property, plant and equipment (Note 16)	929,414	656,615
Land use rights (Note 17).	9,758	4,452
Less: Current liabilities	(527,023)	(527,023)
Non-current liabilities	(81,207)	(11,680)
Net assets acquired	380,499	171,921
Add: Goodwill (Notes (ii) and 18)	58,055	
Total consideration	438,554	
Less: Cash inflow from the acquiree	(178)	
Consideration payable (Note (iii))	(162,918)	
Net cash outflow on acquisition	275,458	

Notes:

- (i) The fair value of receivables is RMB49 million which represent the gross contractual amount of trade receivables, all of which is expected to be collectible.
- (ii) Goodwill arising from the acquisitions is attributable to the shortfall of fair value of net assets acquired of RMB380 million compared to the total consideration of RMB439 million, as a result of the recognition of deferred tax liabilities in relation to the fair value adjustments of property, plant and equipment.
- (iii) The consideration payable was fully settled during 2009.

The acquired business contributed combined revenue of approximately RMB19 million and net profit of approximately RMB13 million to the Group for the period from the acquisition date to December 31, 2008. Had the acquisition occurred on January 1, 2008, combined revenue and net profit for the year ended December 31, 2008 would have been increased by approximately RMB43 million and RMB15 million respectively (unaudited).

7. REVENUE

The amount of each significant category of revenue recognized during the year/period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009 (unaudited)	2010
Sales of electricity	285,919	612,599	1,384,191	687,788	1,043,228
Service concession construction revenue (Note (i))	90,870	233,544	38,910	38,910	—
Others (Note (ii))	14,115	14,139	4,971	—	—
	<u>390,904</u>	<u>860,282</u>	<u>1,428,072</u>	<u>726,698</u>	<u>1,043,228</u>

Notes:

- (i) During the Relevant Periods, the Group entered into a service concession agreement with local government (the "Grantor") to construct and operate wind power plants during a concession period of 24 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group either needs to dispose of the wind power plants or transfer them to the Grantor at nil consideration. Service concession construction revenue recognized during the Relevant Periods represents the revenue recognized during the construction stage of the service concession period. The same amount of cost is recognized as all construction activities were sub-contracted.

The Group has recognized intangible assets related to the service concession arrangement (Note 18(i)) representing the right the Group receives to charge a fee for sales of electricity.

- (ii) Other revenue represented primarily revenue from the provision of transmission line lease and installation services.

The Group is domiciled in the PRC and all its operations are located in the PRC, and all revenues during the Relevant Periods are derived from external customers in the PRC.

During the Relevant Periods, all revenue from the sales of electricity is charged to the provincial power grid companies in which the group companies are operated. These power grid companies are directly or indirectly owned or controlled by the PRC government. Service concession construction revenue is all from a provincial government controlled by the PRC government.

8. OTHER NET INCOME AND OTHER GAINS

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009 (unaudited)	2010
Other net income					
– Income from CDM projects . . .	33,162	71,592	137,445	58,071	101,632
– Government grants	24,511	54,948	60,776	23,441	32,985
– Others	383	226	1,861	123	51
	58,056	126,766	200,082	81,635	134,668
Other gains, net					
– Foreign exchange gains/(losses), net (Note)	1,877	(6,102)	6,756	5,073	(28,334)
	59,933	120,664	206,838	86,708	106,334

Note:

Foreign exchange gains/(losses) are attributable to receivables from CDM income denominated in foreign currencies.

9. FINANCE INCOME AND EXPENSES

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009 (unaudited)	2010
Interest income on deposits with banks and other financial institutions	521	2,265	5,907	2,801	3,548
Finance income	521	2,265	5,907	2,801	3,548
Interest on bank and other borrowings wholly repayable within five years	(8,950)	(60,742)	(146,050)	(45,362)	(91,303)
Interest on other loans	(164,531)	(356,495)	(600,859)	(317,614)	(388,344)
Less: interest expenses capitalized into property, plant and equipment	63,628	191,710	266,884	147,026	161,622
	(109,853)	(225,527)	(480,025)	(215,950)	(318,025)
Foreign exchange (losses)/gains, net	(420)	1,724	(652)	(304)	26
Finance expenses	(110,273)	(223,803)	(480,677)	(216,254)	(317,999)
Net finance expenses recognized in the statements of comprehensive income	(109,752)	(221,538)	(474,770)	(213,453)	(314,451)
Interest expenses capitalization rate	5.7% to 7.1%	4.2% to 7.1%	5.1% to 6.8%	5.2% to 6.8%	4.8% to 5.4%

10. OPERATING PROFIT

Operating profit is arrived at after charging:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Labor costs					
– salaries and welfares	7,465	17,541	40,829	15,110	27,547
– retirement benefits	1,022	909	4,183	1,869	2,357
– staff housing benefits	572	592	3,514	1,549	2,276
– other staff costs	743	1,442	4,140	1,349	2,232
Amortization of intangible assets and land use rights	59	216	15,919	7,895	8,628
Depreciation of property, plant and equipment	117,007	212,073	536,718	235,237	386,759
Auditors' remuneration					
– audit service	16	269	1,256	565	628
– other services	–	–	81	24	63
Operating lease expenses	164	343	2,579	474	1,782
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11. INCOME TAX**(a) Taxation in the combined statements of comprehensive income represent:**

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Current tax					
PRC enterprise income tax for the year/period (Note (i))	6,917	22,792	24,486	26,417	45,508
Deferred tax					
Origination and reversal of temporary differences	–	(1,067)	(7,160)	(1,986)	(4,165)
Income tax expense	<u>6,917</u>	<u>21,725</u>	<u>17,326</u>	<u>24,431</u>	<u>41,343</u>

Notes:

(i) PRC enterprise income tax

On March 16, 2007, the National People's Congress promulgated the "Corporate Income Tax Law of the PRC" which became effective from January 1, 2008. Subsidiaries which originally enjoyed preferential income tax treatments will transit to 25% gradually in five years from January 1, 2008 onwards. Entities with original applicable income tax rate of 33% in year 2007 are subject to income tax rate of 25% from January 1, 2008 onwards. Pursuant to Guo Fa [2007]39 document, starting from January 1, 2008, entities which originally enjoyed "two-year tax exemption and three-year 50% reduction" or "three-year tax exemption and three-year 50% reduction" etc., continue to follow the original tax laws, administrative regulations and relevant documents until respective expiration dates. However, those having been entitled to preferential income tax treatment while not yet started the tax holiday as a result of tax losses, the preferential period started from 2008 onwards.

Except certain subsidiaries were exempted or taxed at preferential rate of 7.5% to 12.5%, most of the companies now comprising the Group are subjected to income tax rate of 33%, 25%, 25%, 25% and 25% for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010 respectively.

(ii) Hong Kong profits tax

During the Relevant Periods, there is no Hong Kong profits tax applicable to the Group as there are no applicable assessable profit.

(iii) The associate did not incur any income tax expense for the year ended December 31, 2009 and the six months ended June 30, 2010.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009 (unaudited)	2010
Profit before taxation	97,318	240,235	384,203	243,196	331,213
Taxation calculated at the statutory tax rate	32,115	60,059	96,051	60,799	82,803
Income tax effects of:					
Preferential income tax treatments of certain companies	(25,250)	(38,634)	(67,852)	(33,614)	(49,421)
Non-deductible expenses	7	204	574	131	344
Income not subject to tax	(76)	—	—	—	—
Tax losses for which no deferred income tax asset was recognized	121	96	1,957	1,172	7,940
Income tax refunds (Note (i)).	—	—	(13,404)	(4,057)	(323)
Income tax expense	6,917	21,725	17,326	24,431	41,343
Weighted average effective income tax rate (Note (ii))	7%	9%	5%	10%	12%

Notes:

- (i) Income tax refunds represented refund of PRC enterprise income tax after the approval of preferential tax rates from the relevant tax authorities after the respective balance sheet dates.
- (ii) The changes of weighted average effective income tax rate were primarily attributable to the fluctuation in profitability and different expirations of preferential income tax treatments of certain companies now comprising the Group.

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the presentation of the results for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010, on a combined basis as set out in Note 2.

13. DIVIDENDS

During the Relevant Periods, no dividend has been paid or declared by the Company as it was established in July 9, 2010 as set out in Note 1.

Dividends disclosed represented dividends declared by the companies now comprising the Group, as set out in Note 1, out of their retained earnings to the then shareholders of the respective companies, after eliminating intra-group dividends, for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010.

The rates of dividend and the number of shares ranking for dividend are not presented as such information is not considered meaningful for the purpose of this report.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the year ended December 31, 2007

	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
<i>Directors</i>					
– Mr. Chen Jinhang (陳進行)	–	–	–	–	–
– Mr. Wu Jing (吳靜)	–	–	–	–	–
– Mr. Yin Li (殷立)	–	–	–	–	–
– Mr. Jian Yingjun (簡英俊)	–	–	–	–	–
– Mr. Hu Yongsheng (胡永生) . . .	–	160	116	53	329
– Mr. Zhang Xunkui (張勛奎)	–	–	–	–	–
<i>Independent non-executive directors</i>					
– Mr. Wang Guogang (王國剛) . . .	–	–	–	–	–
– Mr. Yu Hon To David (俞漢度) . .	–	–	–	–	–
– Mr. Liu Chaoan (劉朝安)	–	–	–	–	–
<i>Supervisors</i>					
– Mr. Wang Guoping (王國平) . . .	–	–	–	–	–
– Mr. Zhang Xiaochun (張小春) . . .	–	–	–	–	–
– Mr. Dong Jianhua (董建華)	–	130	51	33	214
	–	290	167	86	543

For the year ended December 31, 2008

	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
<i>Directors</i>					
– Mr. Chen Jinhang (陳進行)	–	–	–	–	–
– Mr. Wu Jing (吳靜)	–	–	–	–	–
– Mr. Yin Li (殷立)	–	–	–	–	–
– Mr. Jian Yingjun (簡英俊)	–	–	–	–	–
– Mr. Hu Yongsheng (胡永生) . . .	–	160	137	55	352
– Mr. Zhang Xunkui (張勛奎)	–	–	–	–	–
<i>Independent non-executive directors</i>					
– Mr. Wang Guogang (王國剛) . . .	–	–	–	–	–
– Mr. Yu Hon To David (俞漢度) . .	–	–	–	–	–
– Mr. Liu Chaoan (劉朝安)	–	–	–	–	–
<i>Supervisors</i>					
– Mr. Wang Guoping (王國平) . . .	–	–	–	–	–
– Mr. Zhang Xiaochun (張小春) . . .	–	–	–	–	–
– Mr. Dong Jianhua (董建華)	–	145	91	44	280
	–	305	228	99	632

For the year ended December 31, 2009

	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
<i>Directors</i>					
– Mr. Chen Jinhang (陳進行)	–	–	–	–	–
– Mr. Wu Jing (吳靜)	–	–	–	–	–
– Mr. Yin Li (殷立)	–	–	–	–	–
– Mr. Jian Yingjun (簡英俊)	–	–	–	–	–
– Mr. Hu Yongsheng (胡永生) . . .	–	225	156	59	440
– Mr. Zhang Xunkui (張勛奎)	–	19	–	2	21
<i>Independent non-executive directors</i>					
– Mr. Wang Guogang (王國剛) . . .	–	–	–	–	–
– Mr. Yu Hon To David (俞漢度) . .	–	–	–	–	–
– Mr. Liu Chaoan (劉朝安)	–	–	–	–	–
<i>Supervisors</i>					
– Mr. Wang Guoping (王國平) . . .	–	–	–	–	–
– Mr. Zhang Xiaochun (張小春) . .	–	–	–	–	–
– Mr. Dong Jianhua (董建華)	–	205	104	47	356
	–	449	260	108	817

For the six months ended June 30, 2009 (unaudited)

	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
<i>Directors</i>					
– Mr. Chen Jinhang (陳進行)	–	–	–	–	–
– Mr. Wu Jing (吳靜)	–	–	–	–	–
– Mr. Yin Li (殷立)	–	–	–	–	–
– Mr. Jian Yingjun (簡英俊)	–	–	–	–	–
– Mr. Hu Yongsheng (胡永生) . . .	–	113	156	38	307
– Mr. Zhang Xunkui (張勛奎)	–	–	–	–	–
<i>Independent non-executive directors</i>					
– Mr. Wang Guogang (王國剛) . . .	–	–	–	–	–
– Mr. Yu Hon To David (俞漢度) . .	–	–	–	–	–
– Mr. Liu Chaoan (劉朝安)	–	–	–	–	–
<i>Supervisors</i>					
– Mr. Wang Guoping (王國平) . . .	–	–	–	–	–
– Mr. Zhang Xiaochun (張小春) . .	–	–	–	–	–
– Mr. Dong Jianhua (董建華)	–	102	104	31	237
	–	215	260	69	544

For the six months ended June 30, 2010

	Fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
<i>Directors</i>					
– Mr. Chen Jinhang (陳進行)	–	–	–	–	–
– Mr. Wu Jing (吳靜)	–	–	–	–	–
– Mr. Yin Li (殷立)	–	–	–	–	–
– Mr. Jian Yingjun (簡英俊)	–	–	–	–	–
– Mr. Hu Yongsheng (胡永生) . . .	–	106	191	13	310
– Mr. Zhang Xunkui (張勛奎)	–	96	11	13	120
<i>Independent non-executive directors</i>					
– Mr. Wang Guogang (王國剛) . . .	–	–	–	–	–
– Mr. Yu Hon To David (俞漢度) . .	–	–	–	–	–
– Mr. Liu Chaoan (劉朝安)	–	–	–	–	–
<i>Supervisors</i>					
– Mr. Wang Guoping (王國平) . . .	–	–	–	–	–
– Mr. Zhang Xiaochun (張小春) . .	–	–	–	–	–
– Mr. Dong Jianhua (董建華)	–	96	127	13	236
	–	298	329	39	666

During the Relevant Periods, no emoluments were paid by the Group to the director or supervisor as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor waived or agreed to waive any emoluments during the Relevant Periods.

Except for Messrs Hu Yongsheng, Dong Jianhua and Zhang Xunkui, no remuneration was paid to other directors and supervisors during the Relevant Periods as they were appointed subsequent to the Relevant Periods and had not involved in the operation of any of the companies now comprising the Group during the Relevant Periods.

15. FIVE HIGHEST PAID INDIVIDUALS

The number of director and supervisor and non-director/supervisor included in the five highest paid individuals for the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2009 and 2010 are set forth below:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Director or supervisor	2	2	2	2	2
Non-director or supervisor	3	3	3	3	3
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors and supervisors are disclosed in Note 14. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Salaries and other emoluments . .	416	431	613	307	286
Discretionary bonuses	206	274	312	312	382
Retirement benefits	112	116	141	93	40
	<u>734</u>	<u>821</u>	<u>1,066</u>	<u>712</u>	<u>708</u>

The emoluments of the individuals with the highest emoluments are within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Nil to Hong Kong Dollar ("HKD") 1,000,000.	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Electricity utility plant	Transportation facilities, office equipment and others	CIP	Total
At January 1, 2007					
Cost	90,713	1,224,792	56,458	1,317,048	2,689,011
Accumulated depreciation . . .	(2,268)	(37,035)	(3,435)	–	(42,738)
Net book amount	88,445	1,187,757	53,023	1,317,048	2,646,273
Year ended December 31, 2007					
Opening net book amount . . .	88,445	1,187,757	53,023	1,317,048	2,646,273
Transfers and reclassifications .	37,972	1,411,282	29,431	(1,478,685)	–
Additions	300	57,928	4,399	3,500,478	3,563,105
Depreciation	(4,584)	(107,815)	(5,847)	–	(118,246)
Closing net book amount . . .	122,133	2,549,152	81,006	3,338,841	6,091,132
At December 31, 2007					
Cost	128,985	2,694,002	90,288	3,338,841	6,252,116
Accumulated depreciation . . .	(6,852)	(144,850)	(9,282)	–	(160,984)
Net book amount	122,133	2,549,152	81,006	3,338,841	6,091,132
Year ended December 31, 2008					
Opening net book amount . . .	122,133	2,549,152	81,006	3,338,841	6,091,132
Transfers and reclassifications .	144,455	4,292,373	26,413	(4,463,241)	–
Acquisitions of subsidiaries (Note 6)	13,392	914,939	353	730	929,414
Additions	5,962	1,414	2,499	6,900,666	6,910,541
Disposals	–	–	(553)	–	(553)
Depreciation	(8,538)	(200,797)	(7,165)	–	(216,500)
Closing net book amount . . .	277,404	7,557,081	102,553	5,776,996	13,714,034
At December 31, 2008					
Cost	293,013	7,921,659	118,517	5,776,996	14,110,185
Accumulated depreciation . . .	(15,609)	(364,578)	(15,964)	–	(396,151)
Net book amount	277,404	7,557,081	102,553	5,776,996	13,714,034

	Buildings	Electricity utility plant	Transportation facilities, office equipment and others	CIP	Total
Year ended					
December 31, 2009					
Opening net book amount . . .	277,404	7,557,081	102,553	5,776,996	13,714,034
Transfers and reclassifications .	204,469	6,078,620	40,237	(6,323,326)	–
Additions	3,925	8,391	27,282	8,206,336	8,245,934
Disposals	–	(880)	(384)	–	(1,264)
Depreciation	(18,523)	(508,169)	(17,100)	–	(543,792)
Closing net book amount . . .	<u>467,275</u>	<u>13,135,043</u>	<u>152,588</u>	<u>7,660,006</u>	<u>21,414,912</u>
At December 31, 2009					
Cost	501,402	14,007,689	185,633	7,660,006	22,354,730
Accumulated depreciation . . .	(34,127)	(872,646)	(33,045)	–	(939,818)
Net book amount	<u>467,275</u>	<u>13,135,043</u>	<u>152,588</u>	<u>7,660,006</u>	<u>21,414,912</u>
Six months ended					
June 30, 2010					
Opening net book amount . . .	467,275	13,135,043	152,588	7,660,006	21,414,912
Transfers and reclassifications .	129,457	2,821,100	79,112	(3,029,669)	–
Additions	2,825	8,021	21,917	3,825,956	3,858,719
Disposals	–	–	(100)	–	(100)
Depreciation	(11,574)	(370,320)	(9,167)	–	(391,061)
Closing net book amount . . .	<u>587,983</u>	<u>15,593,844</u>	<u>244,350</u>	<u>8,456,293</u>	<u>24,882,470</u>
At June 30, 2010					
Cost	632,581	16,829,020	295,332	8,456,293	26,213,226
Accumulated depreciation . . .	(44,598)	(1,235,176)	(50,982)	–	(1,330,756)
Net book amount	<u>587,983</u>	<u>15,593,844</u>	<u>244,350</u>	<u>8,456,293</u>	<u>24,882,470</u>

Depreciation expense recognized is analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009 (unaudited)	2010
Operating expenses	117,007	212,073	536,718	235,237	386,759
CIP	1,239	4,427	7,074	3,266	4,302
	<u>118,246</u>	<u>216,500</u>	<u>543,792</u>	<u>238,503</u>	<u>391,061</u>

As of December 31, 2007, 2008 and 2009 and June 30, 2010, certain property, plant and equipment were pledged as security for long-term bank loans of the Group as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Pledged for security:				
– Long-term bank loans (Note 27 (a)(ii)) . . .	395,000	649,350	649,850	511,946
– Pledged property, plants and equipment (carrying amount)	<u>757,673</u>	<u>733,671</u>	<u>1,065,302</u>	<u>1,056,975</u>

In addition, as of December 31, 2008 and 2009 and June 30, 2010, certain property, plant and equipment were pledged as counter guaranty or security for other long-term borrowings (Notes (27)(a)(i) and (iii)).

17. LAND USE RIGHTS

Land use rights represent prepayments made by the Group for the land use rights located in the PRC which are held on leases between 10 years to 50 years.

The movements during the Relevant Periods are as follows:

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Beginning of the year/period.	8,100	8,052	19,122	56,872
Additions	–	1,504	38,249	188,834
Acquisition of subsidiaries (Note 6)	–	9,758	–	–
Amortization	<u>(48)</u>	<u>(192)</u>	<u>(499)</u>	<u>(727)</u>
End of the year/period	<u>8,052</u>	<u>19,122</u>	<u>56,872</u>	<u>244,979</u>

Amortization of land use rights has been included in operating expense in the combined statements of comprehensive income.

18. INTANGIBLE ASSETS

	Goodwill	Concession assets (Note (i))	Computer software	Total
At January 1, 2007				
Cost	–	–	75	75
Accumulated amortization	–	–	(13)	(13)
Net book amount	–	–	62	62
Year ended December 31, 2007				
Opening net book amount	–	–	62	62
Additions	–	90,870	176	91,046
Amortization	–	–	(11)	(11)
Closing net book amount.	–	90,870	227	91,097
At December 31, 2007				
Cost	–	90,870	251	91,121
Accumulated amortization	–	–	(24)	(24)
Net book amount	–	90,870	227	91,097
Year ended December 31, 2008				
Opening net book amount	–	90,870	227	91,097
Acquisition of subsidiaries (Note 6)	58,055	–	–	58,055
Additions	–	233,544	1,561	235,105
Amortization	–	–	(195)	(195)
Closing net book amount.	58,055	324,414	1,593	384,062
At December 31, 2008				
Cost	58,055	324,414	1,812	384,281
Accumulated amortization	–	–	(219)	(219)
Net book amount	58,055	324,414	1,593	384,062
Year ended December 31, 2009				
Opening net book amount	58,055	324,414	1,593	384,062
Additions	–	38,910	2,378	41,288
Amortization	–	(15,138)	(356)	(15,494)
Closing net book amount.	58,055	348,186	3,615	409,856
At December 31, 2009				
Cost	58,055	363,324	4,190	425,569
Accumulated amortization	–	(15,138)	(575)	(15,713)
Net book amount	58,055	348,186	3,615	409,856
Six months ended June 30, 2010				
Opening net book amount	58,055	348,186	3,615	409,856
Additions	–	–	2,684	2,684
Amortization	–	(7,557)	(419)	(7,976)
Closing net book amount.	58,055	340,629	5,880	404,564
At June 30, 2010				
Cost	58,055	363,324	6,874	428,253
Accumulated amortization	–	(22,695)	(994)	(23,689)
Net book amount	58,055	340,629	5,880	404,564

Notes:

- (i) Concession assets represent the rights the Group obtained for the usage of the concession wind power plants for the generation of electricity. The Group recognized the intangible assets at the fair value of the concession construction service (Note 7(i)). The concession assets are amortized over the operating period of the service concession project of 24 years.
- (ii) All the amortization expense has been charged to operating expense in the combined statements of comprehensive income for years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2009 and 2010.
- (iii) Impairment test for goodwill

Recognition of goodwill for year ended December 31, 2008 aroused from the acquisition of 100% equity interest of Bayan Zhongqi and Bayan Houqi (Note 6).

The Group allocates goodwill to cash-generating units ("CGU") that are determined by different operating entities that represent subsidiaries mentioned above. The Group completed its annual impairment test for goodwill allocated to the respective CGU by comparing their recoverable amounts to their carrying amounts as of the reporting date.

The recoverable amount of a CGU is determined based on value in use. These assessments use cash flow projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future earnings potential of the CGU beyond the next five years. Future cash flows are discounted at the rate of 7.62% and 7.68% as of December 31, 2008 and 2009, respectively. The estimated growth rates adopted do not exceed the long-term average growth rates for the businesses in which the CGU operates. Other key assumptions include expected tariff rates and demands of electricity in specific locations where these power plants are located. Management determined these assumptions based on the existing production capacity of the related power plants and adopted pre-tax interest rate that can reflect specific risk of the CGU as the discount rate.

Based on the assessments, the directors of the Company concluded that there has been no impairment on the goodwill of the Group as of December 31, 2008 and 2009 and June 30, 2010.

19. INVESTMENT IN AN ASSOCIATE

	Year ended December 31,	Six months ended June 30,
	2009	2010
Beginning of year/period	–	14,300
Contribution by an equity owner	4,488	–
Capital injection	10,629	–
Share of losses for the year/period	(817)	(895)
End of year/period	<u>14,300</u>	<u>13,405</u>

In April 2009, Datang Corporation transferred its 30% equity interest in Xiangdian Wind Power (Fujian) Company Limited (湘電風能(福建)有限公司) ("Xiangdian Wind Power") to Datang Renewable at nil consideration as part of the aforementioned Reorganization as set out in Note 1. Subsequent to the contribution by Datang Corporation, the Group further injected RMB11 million into Xiangdian Wind Power. Xiangdian Wind Power primarily engaged in the development, manufacture, sales and services of wind power generator system, wind power generator and spare parts. As of the date of the report, the Company has equity interests in the following associate:

Place and date of establishment	Registered and Effective fully paid capital	interest held	Statutory auditor in 2009
The PRC/December 26, 2007	Paid-in capital: 51,429 Registered capital: 80,000	30%	PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師 事務所有限公司)

The Group's share of the results of its associate, its aggregated assets and liabilities, are as follows:

	At December 31, 2009	At June 30, 2010
Assets	20,149	18,632
Liabilities.	5,849	5,227
Equity	14,300	13,405

	Year ended December 31, 2009	Six months ended June 30, 2009 (unaudited)	2010
Revenue	13,631	—	—
Loss for the year/period.	(817)	(402)	(895)

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended December 31, 2009	Six months ended June 30, 2010
Beginning of year/period	—	51,167
Acquisition	51,167	—
End of year/period	51,167	51,167

Available-for-sale financial assets represent 3.41% equity interest in Inner Mongolia Hohhot Pumped Storage Power Generation Company Limited (內蒙古呼和浩特抽水蓄能發電有限責任公司) ("Inner Mongolia Hohhot"), a limited company incorporated in the PRC and is engaged in power generation. As of June 30, 2010, Inner Mongolia Hohhot is at development stage and has not commenced operation.

As of December 31, 2009 and June 30, 2010, all available-for-sale financial assets are denominated in RMB and are unlisted equity securities in the PRC. The fair value of these available-for-sale financial assets approximate their costs.

21. TRADE AND BILLS RECEIVABLE

	At December 31,			At June 30,
	2007	2008	2009	2010
Trade receivables	196,196	435,856	861,745	1,067,444
Bills receivable	—	2,120	—	2,000
	196,196	437,976	861,745	1,069,444
Less: provision for doubtful debts.	—	—	—	—
	196,196	437,976	861,745	1,069,444

Trade and bills receivable of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue. These receivables are unsecured and non-interest bearing.

For trade and bills receivable arising from tariff revenue, the Group usually grant credit period of approximately one month to local power grid companies from the date of sales recognition as agreed in the electricity sales contracts between the Group and the respective local grid companies.

Ageing analysis of trade and bills receivable was as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Within 1 year	193,868	435,648	859,417	1,039,059
Between 1 and 2 years	2,328	—	—	28,057
Between 2 and 3 years	—	2,328	—	—
Over 3 years	—	—	2,328	2,328
	196,196	437,976	861,745	1,069,444

The aging analysis of trade and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Neither past due nor impaired.	193,868	435,648	859,417	1,039,059
Past due within 1 year	—	—	—	—
Past due over 1 year	2,328	2,328	2,328	30,385
	196,196	437,976	861,745	1,069,444

Part of trade receivables due from the local power grid companies is subject to the government allocation of the tariff surcharge for renewable energy paid by electricity end-user nationwide. Based on past experience and industry practice, these tariff premiums are generally paid in 6 to 12 months from the date of recognition of sales. The management considers these trade receivables from tariff premiums are not impaired as they are funded by the government. Accordingly, an impairment allowance is not necessary in respect of these receivables that are past due over 1 year as there has not been a significant change in credit quality of the customers, and the balances are considered fully recoverable.

As of December 31, 2007, 2008 and 2009 and June 30, 2010, the Group has pledged proportion of their tariff collection rights as security for certain bank loans (Note 27(a)).

As of December 31, 2007, 2008 and 2009 and June 30, 2010, trade and bills receivable due from the Group's top five customers represent 100%, 97%, 93% and 89% of the Group's total trade and bills receivable, respectively.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	At December 31,			At June 30,
	2007	2008	2009	2010
Prepayments or advances for plant constructions (Note 33(b))	16,191	79,992	129,485	152,653
Other prepayments	3,462	12,565	53,507	106,379
CDM assets	39,927	72,983	161,305	219,023
VAT recoverable (Note (i)).	49,215	43,421	620,249	822,729
VAT refund (Note (ii))	—	59,411	—	—
Entrusted loans (Note 33(b))	2,600	123,220	16,100	18,000
Staff advances	2,058	3,156	5,737	17,332
Amounts due from related parties (Note 33(b))	6,130	64,953	154,526	56,947
Other debtors.	13,619	19,498	37,132	86,628
	133,202	479,199	1,178,041	1,479,691
Less: provision for doubtful debts.	—	—	—	—
	<u>133,202</u>	<u>479,199</u>	<u>1,178,041</u>	<u>1,479,691</u>

Notes:

- (i) Balance of VAT recoverable mainly represents the input VAT relating to purchase of property, plant and equipment.
- (ii) VAT refund represents the refund of VAT due to tax credits arising from purchase of qualified domestic made property, plant and equipment during 2008.

All balances of prepayments, other receivables and other current assets as of December 31, 2007, 2008 and 2009 and June 30, 2010, substantially all were not past due. The directors of the Company are of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable and unimpaired.

As of December 31, 2007, 2008 and 2009 and June 30, 2010, except for receivables from CDM income of RMB2.4 million, RMB3.2 million, RMB10.4 million and RMB11.4 million and of RMB37.5 million, RMB69.7 million, RMB150.9 million and RMB207.6 million are denominated in USD and Euro, respectively, all other receivables above are denominated in RMB.

23. RESTRICTED DEPOSITS

Restricted deposits as of December 31, 2007 mainly represented cash pledged as collateral for performance security of certain construction development and equipment purchase contracts. These restricted deposits were released in 2008 upon the completion of aforementioned contracts.

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	At December 31,			At June 30,
	2007	2008	2009	2010
Cash on hand.	100	118	86	1,135
Deposits with a related party (Note 33(b))	25,971	24,197	15,837	430,508
Deposits with banks and other financial institutions	122,074	520,803	515,241	592,000
	<u>148,145</u>	<u>545,118</u>	<u>531,164</u>	<u>1,023,643</u>

Cash and cash equivalents of the Group were denominated in the following currencies:

	At December 31,			At June 30,
	2007	2008	2009	2010
RMB	148,097	544,371	516,580	1,000,441
USD (RMB equivalent)	48	747	14,584	23,202
	<u>148,145</u>	<u>545,118</u>	<u>531,164</u>	<u>1,023,643</u>

25. COMBINED CAPITAL

Combined capital as of December 31, 2007, 2008 and 2009 and June 30, 2010 represented the combined capital of Datang Renewable and Jilin Group.

26. OTHER RESERVES**(a) Statutory surplus reserve**

In accordance with the relevant laws and regulations of the PRC and the articles of association of the companies now comprising the Group, they are required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of China, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the respective companies registered capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(b) Other reserves

The other reserves mainly represent reserves resulting from business combinations under common control. The difference between the consideration paid by the acquirer and the carrying value of acquirer's interest of acquirees' net assets less their retained earnings at the time of acquisition was included in other reserves. Other reserves also included capital contributions by equity owners to the Group.

27. BORROWINGS**(a) Long-term borrowings:**

	At December 31,			At June 30,
	2007	2008	2009	2010
Bank loans				
– unsecured loans	–	575,000	4,839,020	7,906,329
– guaranteed loans (Note (i))	2,855,140	5,856,440	7,849,944	8,163,557
– secured loans (Note (iii))	512,000	961,800	874,300	726,396
Other borrowings				
– unsecured (Note 33(b)).	–	–	1,216,000	1,457,000
– guaranteed loans (Notes (i) and 33(b))	–	–	–	70,000
– secured loans (Note (iii))	–	615,114	546,256	512,713
	3,367,140	8,008,354	15,325,520	18,835,995
Less: Current portion of long-term borrowings (Note 27(b))				
– bank loans	163,900	366,110	926,746	974,300
– other borrowings	–	68,346	108,782	111,936
	3,203,240	7,573,898	14,289,992	17,749,759
Estimated fair value of long-term loans (Note (iv))	3,277,646	8,015,273	15,331,133	18,835,995

Notes:

(i) Details of these loans are as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Guarantor				
– Ultimate holding company(*)	1,840,500	4,653,100	5,239,304	5,379,267
– Fellow subsidiaries	1,014,640	1,203,340	1,600,840	1,665,744
– Non-controlling interests of subsidiaries and an ultimate holding company of non-controlling interests	–	–	1,009,800	1,188,546
	2,855,140	5,856,440	7,849,944	8,233,557

* As of December 31, 2008 and 2009 and June 30, 2010, secured loans amounting to RMB1,628 million, RMB1,466 million and RMB1,450 million were secured by Datang Corporation and counter-guaranteed by tariff collection rights (Note 21), insurance contract and property, plant and equipment with carrying amount of RMB1,784 million, RMB1,698 million and RMB1,655 million respectively (Note 16).

- (ii) As of December 31, 2007, 2008 and 2009 and June 30, 2010, secured loans amounting to RMB395 million, RMB649 million, RMB650 million and RMB512 million, respectively, were secured by certain property, plant and equipment (Note 16). The remaining balance of the secured loans amounting to RMB117 million, RMB313 million, RMB224 million and RMB214 million were secured by the Group's tariff collection rights (Note 21).
- (iii) As of December 31, 2008 and 2009 and June 30, 2010, secured loans from an financial institution amounting to RMB615 million, RMB546 million and RMB513 million were secured by tariff collection rights (Note 21), insurance contract and certain property, plant and equipment with carrying amount of RMB626 million, RMB596 million and RMB580 million respectively (Note 16).
- (iv) The estimated fair value of long-term loans (including current portion) is calculated based on discounted cash flow using applicable discount rates from prevailing market interest rates offered to the Group for loans with substantially the same characteristics and maturity dates. The annual discount rates applied as of December 31, 2007, 2008, 2009 and June 30, 2010 were ranging from 3.57% to 7.83%, 3.57% to 7.83%, 3.57% to 7.83% and 3.57% to 6.40%, respectively.

(b) Short-term borrowings:

	At December 31,			At June 30,
	2007	2008	2009	2010
Bank loans				
– unsecured	377,000	238,000	192,000	152,000
Other borrowings				
– unsecured loans (Note 33(b))	–	100,000	300,000	848,000
– guaranteed loans (Note 33(c))	–	400,000	–	–
Current portion of long-term borrowings (Note 27(a))				
– bank loans	163,900	366,110	926,746	974,300
– other borrowings	–	68,346	108,782	111,936
	<u>540,900</u>	<u>1,172,456</u>	<u>1,527,528</u>	<u>2,086,236</u>

The estimated fair values of short-term borrowings approximate their carrying amounts.

(c) Effective interest rates per annum on borrowings of the Group are as follows:

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
Long-term				
Bank loans	3.57% – 7.83%	3.57% – 7.83%	3.57% – 7.83%	3.57% – 7.05%
Other borrowings	N/A	7.05%	4.86% – 5.35%	4.86% – 5.35%
Short-term				
Bank loans	5.75% – 5.91%	5.91% – 6.72%	4.37% – 6.72%	4.37% – 4.78%
Other borrowings	N/A	6.33% – 6.48%	4.37% – 6.33%	4.37% – 4.78%

(d) Long-term borrowings of the Group are repayable as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Within 1 year	163,900	434,456	1,035,528	1,086,236
After 1 year but within 2 years	255,400	758,402	1,106,674	1,461,938
After 2 years but within 5 years.	795,200	1,597,736	3,748,428	5,098,456
After 5 years	2,152,640	5,217,760	9,434,890	11,189,365
	<u>3,367,140</u>	<u>8,008,354</u>	<u>15,325,520</u>	<u>18,835,995</u>
Wholly repayable within 5 years.	<u>77,000</u>	<u>445,100</u>	<u>450,000</u>	<u>614,000</u>

(e) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At December 31,			At June 30,
	2007	2008	2009	2010
RMB	3,744,140	8,131,240	15,271,264	19,323,282
USD (RMB equivalent)	–	615,114	546,256	512,713
	<u>3,744,140</u>	<u>8,746,354</u>	<u>15,817,520</u>	<u>19,835,995</u>

28. TRADE AND BILLS PAYABLE

	At December 31,			At June 30,
	2007	2008	2009	2010
Trade payables	1,593	7,279	6,054	8,445
Bills payable.	–	1,300	–	–
	<u>1,593</u>	<u>8,579</u>	<u>6,054</u>	<u>8,445</u>

As of December 31, 2007, 2008 and 2009 and June 30, 2010, all trade and bills payable are within one year since the invoice date.

29. OTHER PAYABLES

	At December 31,			At June 30,
	2007	2008	2009	2010
Payables for acquisition of property, plant and equipment (Note 33(b))	452,376	1,432,788	2,241,968	2,604,767
Payables for CDM projects	6,388	13,097	27,317	36,644
Payables for land use rights	—	—	2,492	40,222
Payables for equity investment (Note 6)	—	162,918	—	—
Payables for staff related costs	5,611	4,552	10,626	23,338
Payables for other taxes	13,880	44,929	17,503	13,737
Interests payable	7,683	26,335	27,357	32,479
Dividends payable (Note 33(b))	—	6,371	36,924	194,193
Amounts due to related parties (Note 33(b))	337,835	633,219	550,650	374,240
Other accruals and payables	93,714	95,738	63,509	89,585
	<u>917,487</u>	<u>2,419,947</u>	<u>2,978,346</u>	<u>3,409,205</u>

30. INCOME TAX IN THE COMBINED BALANCE SHEETS**(a) Deferred income tax assets and liabilities recognized:**

The analysis of deferred income tax assets and liabilities is as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Deferred income tax assets:				
– Deferred income tax assets to be recovered after more than 12 months	—	12	2,983	3,860
– Deferred income tax assets to be recovered within 12 months	—	180	12	—
	<u>—</u>	<u>192</u>	<u>2,995</u>	<u>3,860</u>
Deferred income tax liabilities:				
– Deferred income tax liabilities to be settled after more than 12 months	—	(64,295)	(59,938)	(56,638)
– Deferred income tax liabilities to be settled within 12 months	—	(4,357)	(4,357)	(4,357)
	<u>—</u>	<u>(68,652)</u>	<u>(64,295)</u>	<u>(60,995)</u>
Deferred income tax liabilities, net	<u>—</u>	<u>(68,460)</u>	<u>(61,300)</u>	<u>(57,135)</u>

The gross movement on the deferred income tax account is as follows:

	Year ended December 31,			Six months ended June 30,
	2007	2008	2009	2010
At the beginning of year/period	–	–	(68,460)	(61,300)
Acquisitions of subsidiaries (Note 6)	–	(69,527)	–	–
Tax credited to the statements of comprehensive income (Note 11).	–	1,067	7,160	4,165
At the end of year/period	<u>–</u>	<u>(68,460)</u>	<u>(61,300)</u>	<u>(57,135)</u>

The movement in deferred income tax assets/(liabilities) during the Relevant Periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – tax losses	Deferred tax liabilities – assets revaluation
At January 1, 2007	–	–
Credited to the statement of comprehensive income	–	–
At December 31, 2007	<u>–</u>	<u>–</u>
At January 1, 2008	–	–
Acquisition of subsidiaries (Note 6)	–	(69,527)
Credited to the statements of comprehensive income.	192	875
At December 31, 2008	<u>192</u>	<u>(68,652)</u>
At January 1, 2009	192	(68,652)
Credited to the statements of comprehensive income.	2,803	4,357
At December 31, 2009	<u>2,995</u>	<u>(64,295)</u>
At January 1, 2010	2,995	(64,295)
Credited to the statements of comprehensive income.	865	3,300
At June 30, 2010	<u>3,860</u>	<u>(60,995)</u>

(b) Deferred income tax assets not recognized

Deferred income tax assets are recognized for tax losses carried-forward to the extent that the realization of the related income tax benefits through the future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of certain losses that can be carried forward against future taxable income. The expiry dates of related tax losses are summarized as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Year of expiry				
2012	366	—	—	—
2013	—	867	378	—
2014	—	—	7,830	7,830
2015	—	—	—	37,663
	<u>366</u>	<u>867</u>	<u>8,208</u>	<u>45,493</u>

31. EMPLOYEE BENEFITS**(a) Retirement benefits**

The Group are required to make specific contributions to the state-sponsored retirement plan at a rate of 20% to 22% of the specified salaries of the PRC employees for the years ended December 31, 2007, 2008, 2009 and the six months ended June 30, 2009 and 2010. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group have implemented a supplementary defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group are required to make a contribution equal to 2 to 3 times of the staff's contributions. The Group may, at their discretion, provide additional contributions to the retirement fund depending on the operating results of the year. The employees will receive the total contributions and any returns thereon, upon their retirements.

The total retirement costs incurred by the Group for the years ended December 31, 2007, 2008 and 2009, and the six months ended June 30, 2009 and 2010 pursuant to these arrangements amounted to approximately RMB3.1 million, RMB4.3 million, RMB9.7 million, RMB4.6 million (unaudited) and RMB5.0 million, respectively.

(b) Housing fund

In accordance with the PRC housing reform regulations, the Group are required to make contributions to the state-sponsored housing fund at rates 10% to 20% of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group have no further obligations for housing benefits beyond the contributions made above. For the years ended December 31, 2007, 2008 and 2009, and the six months ended June 30, 2009 and 2010, the Group incurred approximately RMB2.0 million, RMB3.3 million, RMB6.7 million, RMB3.1 million (unaudited) and RMB3.5 million to the fund respectively.

32. COMMITMENTS

- (a) Capital commitments for the purchase of property, plant and equipment outstanding at each year/period-end not provided for in the financial information were as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Authorized and contracted	3,438,041	4,529,710	6,456,515	4,726,187
Authorized but not contracted	2,394,732	5,516,857	8,831,467	2,706,623
	<u>5,832,773</u>	<u>10,046,567</u>	<u>15,287,982</u>	<u>7,432,810</u>

- (b) At each year/period-end, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At December 31,			At June 30,
	2007	2008	2009	2010
Within 1 year	1,732	1,432	2,820	3,931
Between 2 and 5 years	3,063	2,890	4,033	7,304
Over 5 years	9,000	8,400	7,800	7,690
	<u>13,795</u>	<u>12,722</u>	<u>14,653</u>	<u>18,925</u>

33. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, control or jointly control the other party, or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control, jointly control or significant influence. Members of key management of the Company are also considered as related parties.

State-owned enterprises and their subsidiaries, other than entities under Datang Corporation (also a state-owned enterprise), directly or indirectly controlled by the PRC government are also defined as related parties of the Group in accordance with IAS 24 "Related Party Disclosures".

Apart from business combinations under common control as part of the Reorganization set out in Note 1, all other material related party transactions which were carried out in the normal course of businesses of the Group during the year/period and related balances as of year/period-end were as follows:

(a) Significant related party transactions arising with Datang Corporation and its subsidiaries and jointly controlled entity

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009 (unaudited)	2010
Continuing transactions:					
Purchases of equipment from:					
– Ultimate holding company . .	–	–	3,536	–	–
– Fellow subsidiaries	243,576	159,433	1,431,318	79,282	698,852
	<u>243,576</u>	<u>159,433</u>	<u>1,434,854</u>	<u>79,282</u>	<u>698,852</u>
Purchases of engineering, project construction, general contracting services and/or supervising service from:					
– Fellow subsidiaries (*)	2,054	292,527	1,213,854	336,243	444,835
	<u>2,054</u>	<u>292,527</u>	<u>1,213,854</u>	<u>336,243</u>	<u>444,835</u>
Discontinuing transactions:					
Working capital provide to:					
– Ultimate holding company . .	1,453	18,832	10,055	–	6,734
– Fellow subsidiaries	25,181	110,556	228,728	35,000	169,236
	<u>26,634</u>	<u>129,388</u>	<u>238,783</u>	<u>35,000</u>	<u>175,970</u>
Working capital received from:					
– Ultimate holding company . .	2,647	–	6,988	–	–
– Fellow subsidiaries	432,254	571,268	487,449	34,000	293,606
– A jointly controlled entity of ultimate holding company .	69,607	–	–	–	–
	<u>504,508</u>	<u>571,268</u>	<u>494,437</u>	<u>34,000</u>	<u>293,606</u>
Entrusted loans via:					
– A fellow subsidiary	2,600	123,220	–	–	289,000
	<u>2,600</u>	<u>123,220</u>	<u>–</u>	<u>–</u>	<u>289,000</u>
Borrowing from:					
– A fellow subsidiary	–	100,000	1,469,000	880,000	997,000
	<u>–</u>	<u>100,000</u>	<u>1,469,000</u>	<u>880,000</u>	<u>997,000</u>
Interest expense on borrowings and advances from:					
– Ultimate holding company . .	–	–	143	36	–
– Fellow subsidiaries	4,865	38,196	79,261	23,976	57,334
	<u>4,865</u>	<u>38,196</u>	<u>79,404</u>	<u>24,012</u>	<u>57,334</u>
Interest income on advances to:					
– Fellow subsidiaries	–	590	2,457	1,207	667
	<u>–</u>	<u>590</u>	<u>2,457</u>	<u>1,207</u>	<u>667</u>

* General contracting services includes services of equipment purchases and project constructions.

All above transaction with related parties are conducted on prices and terms mutually agreed by the parties involved, and determined with reference to market prices.

(b) Year/period-end balances arising from Datang Corporation and its subsidiaries and jointly controlled entity

	At December 31,			At June 30,
	2007	2008	2009	2010
Included in "prepayments, other receivables and other current assets": (Note (i))				
– Ultimate holding company	4,490	22,252	23,916	16,738
– Fellow subsidiaries	16,090	206,671	187,233	102,424
	<u>20,580</u>	<u>228,923</u>	<u>211,149</u>	<u>119,162</u>
"Cash and cash equivalents" deposited with: (Note (ii))				
– A fellow subsidiary	25,971	24,197	15,837	430,508
	<u>25,971</u>	<u>24,197</u>	<u>15,837</u>	<u>430,508</u>
Included in "borrowings": (Note (ii))				
– A fellow subsidiary	–	100,000	1,416,000	2,375,000
	<u>–</u>	<u>100,000</u>	<u>1,416,000</u>	<u>2,375,000</u>
Included in "other payables":				
– Ultimate holding company	–	–	9,862	843
– Fellow subsidiaries	412,552	689,850	1,203,704	934,113
– A jointly controlled entity of ultimate holding company	69,607	69,607	–	–
	<u>482,159</u>	<u>759,457</u>	<u>1,213,566</u>	<u>934,956</u>

Notes:

- (i) Year/period-end balances amounting to approximately RMB8.73 million, RMB188.17 million, RMB170.63 million and RMB74.95 million at December 31, 2007, 2008, 2009 and June 30, 2010, respectively, were arising from non-trade transactions with related parties disclosed in Note 33(a) and advances and reimbursement of expenses during the Relevant Periods. Total outstanding amount of RMB74.95 million as of June 30, 2010 has been fully settled as of the date of this report.
- (ii) These balances represent deposits with or borrowings from a fellow subsidiary which is a financial institution in the PRC.

As of December 31, 2007, 2008 and 2009 and June 30, 2010, except for cash and cash equivalents deposited with a fellow subsidiary, which bore interest rate of 0.36% to 1.17% per annum, and short-term borrowings and long-term borrowings due from a fellow subsidiary, which bore interest rate of 6.48% and N/A, 4.37% to 4.78% and 4.86% to 5.35%, 4.37% to 4.78% and 4.86% to 5.35% per annum as of December 31, 2008 and 2009 and June 30, 2010, all other amounts are unsecured, interest-free and repayable on demand.

(c) Financial guarantees

	At December 31,			At June 30,
	2007	2008	2009	2010
Long-term borrowings guaranteed by:				
(Note 27(a))				
– Ultimate holding company	1,840,500	4,653,100	5,239,304	5,379,267
– Fellow subsidiaries	1,014,640	1,203,340	1,600,840	1,665,744
	<u>2,855,140</u>	<u>5,856,440</u>	<u>6,840,144</u>	<u>7,045,011</u>
Short-term borrowings guaranteed by:				
(Note 27(b))				
– Ultimate holding company	<u>–</u>	<u>400,000</u>	<u>–</u>	<u>–</u>

The guarantees outstanding as of June 30, 2010 were subsequently released in November 2010.

(d) Significant transactions with state-owned enterprises except Datang Corporation and its subsidiaries (“Other State-owned Enterprises”) (Notes 33(a) and (b))

During the Relevant Periods, significant transactions with Other State-owned Enterprises are as follows:

During the Relevant Periods, all revenue from the sales of electricity is made to the provincial power grid companies in which the group companies are operated. These power grid companies are directly or indirectly owned or controlled by the PRC government. All trade and bills receivable as of December 31, 2007, 2008 and 2009 and June 30, 2010 (Note 21) are due by these power grid companies.

Apart from the above, during the Relevant Periods, the Group’s other significant transactions with Other State-owned Enterprises (excluding Datang Corporation and its subsidiaries) are a large portion of its purchases of materials, property, plant and equipment and services. In addition, substantially all restricted cash, cash and cash equivalents and borrowings as of December 31, 2007, 2008 and 2009, and June 30, 2010, and the relevant interest income earned and expenses incurred during the Relevant Periods are transacted with banks and other financial institutions owned/controlled by the PRC government.

The transactions of revenues and expenses in nature conducted with Other State-owned Enterprises are based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

(e) Key management personnel remuneration

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
				(unaudited)	
Salaries and other allowances . . .	834	879	1,284	623	775
Discretionary bonus	424	594	675	675	849
Retired benefits	229	252	299	192	107
	<u>1,487</u>	<u>1,725</u>	<u>2,258</u>	<u>1,490</u>	<u>1,731</u>

34. SUBSEQUENT EVENTS

Saved as disclosed elsewhere in this report, the following significant subsequent events took place subsequent to June 30, 2010:

On July 12, 2010, the Company resolved to make a distribution to Datang Corporation and Datang Jilin, the promoters of the Company (the "Distribution"), in an amount equal to the distributable profit of the Group for the period from March 31, 2010 to July 31, 2010. The distributable profit represents the profit attributable to equity owners of the Group for the period from March 31, 2010 to July 31, 2010 after appropriation of statutory reserves required by the relevant laws and regulations in the PRC and will be determined based on the distributable profit as determined in the audited financial statements prepared in accordance with China Accounting Standards for Enterprises or IFRSs, whichever is lower.

III. FINANCIAL INFORMATION OF THE COMPANY

The Company was established as a joint stock company with limited liability in the PRC on July 9, 2010 and hence no balance sheets of the Company were presented as of December 31, 2007, 2008 and 2009 and June 30, 2010.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to June 30, 2010. Except as disclosed in this report, no dividends or distributions have been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to June 30, 2010.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
 Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountants as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets attributable to equity owners of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2010. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position as of June 30, 2010 or any future dates following the completion of the Global Offering.

	Combined Net Tangible Assets Attributable to Equity Owners of the Company as of June 30, 2010	Estimated Net Proceeds From the Global Offering	Unaudited Pro Forma Adjusted Net Tangible Assets	Unaudited Pro Forma Adjusted Net Tangible Assets Attributable to Equity Owners of the Company per Share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 3)
Based on the Offer Price of HK\$2.33 per Share	3,552,898	4,104,036	7,656,934	1.07	1.25
Based on an Offer Price of HK\$3.18 per Share	3,552,898	5,630,647	9,183,545	1.29	1.50

Notes:

- (1) The combined net tangible assets attributable to equity owners of the Company as of June 30, 2010 was based on the combined net assets attributable to equity owners of the Company of approximately RMB3,956.7 million, with adjustments for intangible assets of approximately RMB404.6 million and intangible assets attributable to non-controlling interests of approximately RMB0.6 million. The intangible assets of approximately RMB404.6 million, which mainly comprised of concession assets of approximately RMB340.6 million. The combined net assets attributable to equity owners of the Company as of June 30, 2010 were extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$2.33 and HK\$3.18 per Share (after deducting the underwriting fees and other related expenses payable by the Company but excluding any discretionary incentive fee), and do not take into account of any Shares which may be issued pursuant to the Over-allotment Option. The Company may pay a discretionary incentive fee out of the gross proceeds raised from the Global Offering. If the Company decides to pay such additional discretionary incentive fee, the unaudited pro forma adjusted net tangible assets attributable to equity owners of the Company per Share will decrease. For the purpose of the estimated net proceeds from the Global Offering, the translation of Renminbi into HK dollars was made at the rate of HK\$1.00 to RMB0.8598.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 7,142,610,000 Shares were in issue assuming the Global Offering had been completed on June 30, 2010, but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8598.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (4) Details of the valuations of the Company's properties as of September 30, 2010 are set out in "Appendix IV – Property Valuation Report" in this prospectus. The revaluation surplus or deficit of these properties was not incorporated in the Company's combined financial information for the six months ended June 30, 2010. It is the Company's accounting policy to state its land use rights and property, plant and equipment at cost less accumulated depreciation/amortization and any impairment loss rather than at revalued amounts. Had these properties been stated at such valuation, an additional depreciation/amortization charge of approximately RMB0.5 million per annum would have been incurred.
- (5) On July 12, 2010, the Company resolved to make a distribution to China Datang Group Corporation and Datang Jilin Power Generation Company Limited, the promoters of the Company, in an amount equal to the distributable profits of the Group for the period from March 31, 2010 to July 31, 2010 (the "Distribution"). The amount of the Distribution will be determined based on the audited financial statements prepared in accordance with PRC GAAP or IFRSs, whichever is lower.

The unaudited pro forma adjusted net tangible assets and the unaudited pro forma adjusted net tangible assets per Share have not taken into account the effect of the Distribution. If the Distribution has been accounted for, the unaudited pro forma adjusted net tangible assets and the unaudited pro forma adjusted net tangible assets per Share would be reduced.

- (6) No adjustments have been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions which the Group entered into subsequent to June 30, 2010.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following is an illustrative and unaudited pro forma forecast earnings per Share of the Company which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2010. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ending December 31, 2010 or any future period.

Forecast consolidated profit attributable to
equity owners of the Company for the year
ending December 31, 2010 (Note 1) Not less than RMB405 million
(approximately HK\$471 million)

Unaudited pro forma forecast earnings per
Share (Note 2) Not less than RMB0.0567
(approximately HK\$0.0659)

Notes:

- (1) The forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010 is extracted from the section headed "Financial Information – Profit Forecast for the Year Ending December 31, 2010" in the prospectus. The bases and assumptions on which the above profit forecast has been prepared are summarized in Appendix III to this prospectus. The Directors have prepared the above forecast based on the audited combined results of the Group for the six months ended June 30, 2010, the unaudited consolidated results of the Group based on management accounts for the three months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Company as set out in Note 3 of Section II of the Accountants' Report, the text of which is set out in Appendix I to the prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010, assuming that the Global Offering had been completed on January 1, 2010 and a total of 7,142,610,000 Shares were in issue during the entire year but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) For the purpose of this unaudited pro forma forecast earnings per Share, the translation of Renminbi into HK dollars was made at the rate of HK\$1.00 to RMB0.8598.

C. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF CHINA DATANG CORPORATION RENEWABLE POWER CO.,
LIMITED**

We report on the unaudited pro forma financial information of China Datang Corporation Renewable Power Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-2 under the headings of "Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and "Unaudited Pro Forma Forecast Earnings per Share" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated December 7, 2010 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

Respective Responsibilities of Directors of the Company and the Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the combined net assets attributable to equity owners of the Company as of June 30, 2010 with the accountants' report as set out in Appendix I of the Prospectus and

comparing the unaudited forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010 with the profit forecast as set out in the section headed “Financial Information – Profit forecast for the year ending December 31, 2010” in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the adjusted net tangible assets of the Group as of June 30, 2010 or any future date, or
- the earnings per share of the Group for the year ending December 31, 2010 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, December 7, 2010

The forecast of the consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010 is set out in the section headed “Financial Information – Profit Forecast For The Year Ending December 31, 2010” in this prospectus.

I. BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010 based on the audited combined results of the Group for the six months ended June 30, 2010, the unaudited consolidated results of the Group based on management accounts for the three months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Company as set out in Note 3 of Section II of the Accountants’ Report, the text of which is set out in Appendix I to this prospectus, and on the following principal bases and assumptions:

- There will be no material changes in the existing government policies or political, legal, fiscal, market or economic conditions in the PRC including Hong Kong or any of the countries in which members of the Group currently operate or are established.
- There will be no material changes in legislation and regulations governing the renewable energy generation industry in the PRC that will materially affect the business operation of the Group.
- There will be no material changes in the inflation rate, interest rate set by the PBOC or foreign currency exchange rate of RMB against U.S. Dollars and Euro compared to September 30, 2010 except for that the interest rate set by the PBOC has been adjusted 25 basis points higher on October 20, 2010.
- There will be no material changes in the bases or rates of taxation or duties in the PRC including Hong Kong or any of the countries in which members of the Group operate or are established.
- The Group’s operations and business will not be severely interrupted by any *force majeure* events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including the occurrence of natural disasters or catastrophes (such as floods), epidemics or serious accidents.
- The Group’s production and operation will not be significantly affected by interruptions of the supplies of wind turbines, labor disputes, technical barrier and any other reasons that are beyond the control of the Directors.
- There will be no material changes in technology, industry, safety standards, and environmental protection regulations in connection with the generation and sales of electricity that would have a significant negative impact on the Group’s operation in the PRC.

- There will be no abnormal climatic conditions, particularly wind conditions which will reduce our planned electricity production of the wind farms.
- The Directors expect that the Group will obtain approval for all applicable preferential tax treatment and exemptions in a timely manner and will obtain all the approvals from government for the new projects before commencement of construction.
- The Directors believe that the Group is able to develop and complete the construction of new wind farms on schedule. The Directors estimate that all necessary approvals and electricity transmission and dispatch services will be obtained in a timely manner so that the wind farms will be able to sell the electricity to local grid companies upon completion of constructions.
- The Group's operations and financial performance will not be materially and adversely impacted by any of the risk factors set out in the section headed "Risk Factors" in this prospectus.

II. LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT FORECAST

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

December 7, 2010

The Directors
China Datang Corporation Renewable Power Co., Limited

UBS AG, Hong Kong Branch
China Everbright Capital Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity owners of China Datang Corporation Renewable Power Co., Limited (the "Company") for the year ending December 31, 2010 (the "Profit Forecast") as set out in the subsection headed "Profit forecast for the year ending December 31, 2010" in the section headed "Financial information" in the prospectus of the Company dated December 7, 2010 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited combined results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended June 30, 2010, the unaudited consolidated results of the Group based on management accounts for the three months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010 on the basis that the current group structure had been in existence throughout the whole financial year ending December 31, 2010.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on pages III-1 to III-2 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in Note 3 of section II of the Financial Information section in Appendix I of the Prospectus.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

III. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus by the Joint Sponsors in connection with the forecast of our consolidated profit attributable to the shareholders of the Company for the year ending December 31, 2010.



UBS AG, Hong Kong Branch
52/F, Two International Finance Center
8 Finance Street
Central
Hong Kong



China Everbright Capital Limited
40/F, Far East Finance Center
16 Harcourt Road
Hong Kong

December 7, 2010

To: The Directors
China Datang Corporation Renewable Power Co., Limited

Dear Sirs,

We refer to the forecast consolidated net profit attributable to the shareholders of China Datang Corporation Renewable Power Co., Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ending December 31, 2010 (the "Forecast") as set out in the section headed "Financial Information" in the prospectus issued by the Company dated December 7, 2010 (the "Prospectus").

The Forecast, for which the Directors of the Company are solely responsible, has been prepared based on the audited financial results of the Group for the six months ended June 30, 2010, the unaudited management accounts of the Group for the three months ended September 30, 2010 and a forecast of the results of the Group for the remaining three months ending December 31, 2010.

We have discussed with you the bases made by the Directors of the Company as set out in Appendix III to the Prospectus upon which the Forecast has been made. We have also considered the letter dated December 7, 2010 addressed to yourselves and ourselves from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully

For and on behalf of
UBS AG, Hong Kong Branch

For and on behalf of
China Everbright Capital Limited

Patrick Tsang
Executive Director

Jack Chung
Director

Jacky Ho
Managing Director

Calvin Poon
Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as of 30 September 2010 of the property interests of the Group. As described in section "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI, a copy of the full valuation report will be made available for public inspection.



Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

December 7, 2010

The Board of Directors

China Datang Corporation Renewable Power Co., Limited

Room 149, Building 1

No. 3, Xijing Road, Badachu Hi-tech Zone

Shijingshan District, Beijing, the PRC

Dear Sirs,

In accordance with your instructions to value the properties in which China Datang Corporation Renewable Power Co., Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as of 30 September 2010 (the "date of valuation").

In valuing the property interests in Groups I and II in the PRC, we have categorized the relevant property interests into various sub-groups, each of which is held by the Company or one of its subsidiaries.

Our valuation of the property interests represents the market value which we would define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

Land

The concept of freehold and leasehold land does not exist in the PRC. Private land ownership in the PRC was abolished in the collectivization movement during the 1950's. Since then, the only form of ownership in land has been "socialist public ownership" of which there are two generic types: state-owned and collectively owned. Land was "allocated" free of charge by the state to the designated users (commonly state-owned enterprises) for an indefinite period. The users in return could not in any way transfer the land to other parties. Normally, when dealing with the valuation of such land, we will deem it to have "no commercial value".

In January 1995, the “PRC, Administration of Urban Real Property Law” came into effect, reinforcing previous legislation and establishing land as a commodity. By possessing, “land use rights” users, including state-owned enterprises, could assign lease or mortgage land. Normally, to obtain such land use rights, a premium had to be paid whereupon the “allocated” land could be reclassified as “granted land”. The land is granted by the state and the premium is based upon the standard land prices (which are periodically reviewed) set by the Land Administration Bureau. Such land can be valued by reference to the standard land prices in each locality and prices paid in the market for it.

We have valued the property interests in portions of Group I, which are held and occupied by the Group, by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transaction as available in the relevant market.

Where, due to the nature of the buildings and structures of certain properties in Group I and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales available, the property interests have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”. It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests in Group II which are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have also taken into account the construction cost and professional fees relevant to the stage of construction as of the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group III which are leased by the Group in the PRC due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited except for those in respect of which exemptions and waivers have been applied for and granted in respect of Rules 5.01, 5.06, 19A.27(4) and paragraph 34(2) of the Third Schedule of Companies Ordinance; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

As the Group is in compliance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and section 6 of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual leased properties under operating lease have been excluded from the valuation certificates in our valuation report to this prospectus, of which a summary is included in the Summary of Values and the certificate for leased properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates ("LURCs"), Building Ownership Certificates ("BOCs") and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisors, Zhong Lun Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and relevant valuation experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
1.	Various properties held by the Company in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
2.	Various properties held by Datang (Chifeng) Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	232,656,000	60%	139,594,000
3.	Various properties held by Datang Duolun Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	60%	No Commercial Value
4.	Various properties held by Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	10,200,000	51%	5,202,000
5.	Various properties held by Chifeng Tangneng Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
6.	Various properties held by Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
7.	Various properties held by Bayannur Wulate Zhongqi Fuhui Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	9,081,000	100%	9,081,000
8.	Various properties held by Bayannur Wulate Houqi Fuhui Wind Energy Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	8,136,000	100%	8,136,000
9.	Various properties held by Inner Mongolia Datang Wanyuan Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	11,346,000	51%	5,786,000

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
10.	Various properties held by Datang (Chaoyang) Renewable Power Co., Ltd. in Liaoning Province The PRC	3,225,000	60%	1,935,000
11.	Various properties held by Datang Huanan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No Commercial Value	70%	No Commercial Value
12.	Various properties held by Datang Yilan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No Commercial Value	51%	No Commercial Value
13.	A property held by Datang Huachuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No Commercial Value	100%	No Commercial Value
14.	A property held by Datang Jixian Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No Commercial Value	100%	No Commercial Value

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
15.	Various properties held by Shandong Datang International Dongying Wind Power Generation Co., Ltd. in Shandong Province The PRC	8,128,000	100%	8,128,000
16.	Various properties held by Datang Laizhou Wind Power Generation Co., Ltd. in Shandong Province The PRC	25,713,000	100%	25,713,000
17	Various properties held by Datang Jilin Wind Power Generation Co., Ltd. in Jilin Province The PRC	11,761,000	31%	3,646,000
18.	Various properties held by Datang China Power (Jilin) Wind Power Generation Co., Ltd. in Jilin Province The PRC	1,347,000	51%	687,000
19.	Various properties held by Datang China Power (Jilin) Renewable Power Co., Ltd. in Jilin Province The PRC	7,694,000	51%	3,924,000

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
20.	Various properties held by Datang Bayannur Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
21.	Various properties held by Datang Xilin Gol Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
22.	Various properties held by Datang Sanmenxia Wind Power Generation Co., Ltd. in Henan Province The PRC	No Commercial Value	90%	No Commercial Value
23.	Various properties held by Gansu Datang Yumen Wind Power Co., Ltd. in Gansu Province The PRC	6,383,000	60%	3,830,000
24.	Various properties held by Datang Jingtai Wind Power Generation Co., Ltd. in Gansu Province The PRC	18,369,000	100%	18,369,000

No. Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
25. Various properties held by Datang Xiangyang Wind Power Generation Co., Ltd. in Jilin Province The PRC	99,510,000	100%	99,510,000
26. Various properties held by Datang Xing'anmeng Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
27. A property held by Datang Baotou Yaneng Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	4,671,000	51%	2,382,000
Sub-total:	458,220,000		266,474,000

Group II – Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
28.	A property held by Shanghai Dong Hai Wind Power Generation Co., Ltd. in Shanghai The PRC	No Commercial Value	28%	No Commercial Value
29.	Various properties held by Datang Hailin Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	No Commercial Value	51%	No Commercial Value
30.	Various properties held by Datang Zhangbei Wind Power Generation Co., Ltd. in Hebei Province The PRC	No Commercial Value	100%	No Commercial Value
31.	Various properties held by Datang Yumen Changma Wind Power Generation Co., Ltd. in Gansu Province The PRC	No Commercial Value	100%	No Commercial Value
32.	Various properties held by Datang Er'yuan Wind Power Generation Co., Ltd. in Yunnan Province The PRC	No Commercial Value	100%	No Commercial Value

No.	Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
33.	Various properties held by Datang Wendeng Wind Power Generation Co., Ltd. in Shandong Province The PRC	8,213,000	100%	8,213,000
34.	Various properties held by Dalian Datang Haipai Renewable Power Co., Ltd. in Liaoning Province The PRC	No Commercial Value	80%	No Commercial Value
35.	Various properties held by Datang Pingdu Wind Power Generation Co., Ltd. in Shandong Province The PRC	No Commercial Value	100%	No Commercial Value
36.	Various properties held by Datang Wengniute Qi Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
37.	Various properties held by Linxi Aolujia Renewable Power Development Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	51%	No Commercial Value

No. Property	Capital value in existing state as of 30 September 2010 RMB	Interest attributable to the Group	Capital value attributable to the Group as of 30 September 2010 RMB
38. Various properties held by Datang Wuzhong Renewable Power Co., Ltd. in Ningxia Hui Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
39. Various properties held by Datang Weihai Renewable Power Co., Ltd. in Shandong Province The PRC	No Commercial Value	100%	No Commercial Value
40. Various properties held by Datang Renewable Shuozhou Wind Power Generation Co., Ltd. in Shanxi Province The PRC	No Commercial Value	100%	No Commercial Value
41. Various properties held by Datang Tuquan Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	No Commercial Value	100%	No Commercial Value
Sub-total:	8,213,000		8,213,000

Group III – Property interests leased and occupied by the Group in the PRC

No. Property	Capital value in existing state as of 30 September 2010 RMB	
42. 49 Properties leased by the Group in the PRC	No Commercial Value	
Sub-total:	Nil	
Grand total:	Capital value in existing state as of 30 September 2010 RMB 466,433,000	
	Capital value attributable to the Group as of 30 September 2010 RMB 344,136,000	

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB										
1.	Various properties held by the Company in Inner Mongolia Autonomous Region The PRC	The properties comprise 16 parcels of land with a total site area of approximately 83,409.00 sq.m. for industrial use, 3 buildings and 18 structures erected thereon, which were completed in 2004 and 2005. The buildings have a total gross floor area of approximately 3,012.68 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production</td> <td>397.70</td> </tr> <tr> <td>Office</td> <td>2,153.88</td> </tr> <tr> <td>Ancillary facilities</td> <td>461.10</td> </tr> <tr> <td>Total:</td> <td><u>3,012.68</u></td> </tr> </table> The structures are mainly boundary fences, pools, wells and roads.	Use	Gross Floor Area (sq.m.)	Production	397.70	Office	2,153.88	Ancillary facilities	461.10	Total:	<u>3,012.68</u>	The properties are currently occupied by the Company for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)													
Production	397.70													
Office	2,153.88													
Ancillary facilities	461.10													
Total:	<u>3,012.68</u>													

Notes:

- The land use rights of the properties have been allocated to the Company for industrial use with Land Use Rights Certificates ("LURCs") and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- The Company has obtained all Building Ownership Certificates ("BOCs") for the buildings of the properties, which are erected on the allocated land.

The above mentioned LURCs and BOCs are still under the name of China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), the predecessor of the Company.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB21,766,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB												
2.	Various properties held by Datang (Chifeng) Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 526 parcels of land with a total site area of approximately 1,012,576.33 sq.m. for industrial use, 9 buildings and 52 structures erected thereon, which were completed between 2006 and 2010. The buildings have a total gross floor area of approximately 16,519.59 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production</td> <td>12,140.23</td> </tr> <tr> <td>Office</td> <td>1,576.13</td> </tr> <tr> <td>Ancillary facilities</td> <td>1,942.00</td> </tr> <tr> <td>Other</td> <td>861.23</td> </tr> <tr> <td>Total:</td> <td><u>16,519.59</u></td> </tr> </table> The structures are mainly boundary fences, pools, wells and roads.	Use	Gross Floor Area (sq.m.)	Production	12,140.23	Office	1,576.13	Ancillary facilities	1,942.00	Other	861.23	Total:	<u>16,519.59</u>	The properties are currently occupied by Datang Chifeng for production and office purposes.	232,656,000 60% interest attributable to the Group: RMB139,594,000
Use	Gross Floor Area (sq.m.)															
Production	12,140.23															
Office	1,576.13															
Ancillary facilities	1,942.00															
Other	861.23															
Total:	<u>16,519.59</u>															

Notes:

1. Datang (Chifeng) Renewable Power Co., Ltd. ("Datang Chifeng", 大唐(赤峰)新能源有限公司) is a 60% owned subsidiary of the Company.
2. Among 526 parcels of land of the properties,
 - a. the land use rights of 501 parcels of land of the properties with a total site area of approximately 992,774.33 sq.m. have been granted to Datang Chifeng for industrial use with LURCs with the expiry date between 1 April 2060 and 18 May 2060 (the "granted land");
 - b. the land use rights of remaining 25 parcels of land of the properties with a total site area of approximately 19,802 sq.m. with wind turbines being erected thereon without proper LURCs are intended to be acquired by Datang Chifeng; and
 - c. the properties are not subject to any mortgage or other encumbrances.
3. Datang Chifeng has obtained BOCs for all buildings of the properties, which are erected on the granted land.
4. Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - c. for the 25 parcels of land without LURCs, China Datang Corporation has made undertaking stated in note 4. There is no significant dispute over the land use rights, which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group. The undertaking is legal, valid and enforceable.
6. In valuing the properties, we have attributed no commercial value to the land mentioned in note 2.b for which the Group has not obtained any LURCs.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB										
3.	Various properties held by Datang Duolun Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 92 parcels of land with a total site area of approximately 99,199.5 sq.m. for industrial use, 6 buildings and 12 structures erected thereon, which were completed between 2007 and 2010. The buildings have a total gross floor area of approximately 2,700.10 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production</td><td>245.44</td></tr><tr><td>Office</td><td>1,768.52</td></tr><tr><td>Ancillary facilities</td><td>686.14</td></tr><tr><td>Total:</td><td><u>2,700.10</u></td></tr></table> The structures are boundary fences, pools, wells and roads.	Use	Gross Floor Area (sq.m.)	Production	245.44	Office	1,768.52	Ancillary facilities	686.14	Total:	<u>2,700.10</u>	The properties are currently occupied by Datang Duolun for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)													
Production	245.44													
Office	1,768.52													
Ancillary facilities	686.14													
Total:	<u>2,700.10</u>													

Notes:

- Datang Duolun Renewable Power Co., Ltd. ("Datang Duolun", 大唐多倫新能源有限公司) is a 60% owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Duolun for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Duolun has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB11,878,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
4.	Various properties held by Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 120 parcels of land with a total site area of approximately 61,260.00 sq.m. for industrial use and a structure erected thereon, which was completed in 2008. The structure is a road.	The properties are currently occupied by Datang Sino-Japanese for production purpose.	10,200,000 51% interest attributable to the Group: RMB5,202,000

Notes:

1. Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd. ("Datang Sino-Japanese" 大唐中日(赤峰)新能源有限公司) is a 51% owned subsidiary of the Company.
2. The land use rights of the properties have been granted to Datang Sino-Japanese for industrial use with LURCs for a term expiring on 8 June 2060 (the "granted land").
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs; and
 - b. the properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
5.	Various properties held by Chifeng Tangneng Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 39 parcels of land with a total site area of approximately 476,263.00 sq.m. for industrial use, 4 buildings and 5 structures erected thereon, which were completed in 2008. The buildings have a total gross floor area of approximately 3,886.78 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>2,037.50</td></tr><tr><td>Ancillary facilities</td><td>1,849.28</td></tr><tr><td>Total:</td><td><u>3,886.78</u></td></tr></table> The structures are roads and wells.	Use	Gross Floor Area (sq.m.)	Production and office	2,037.50	Ancillary facilities	1,849.28	Total:	<u>3,886.78</u>	The properties are currently occupied by Chifeng Tangneng for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	2,037.50											
Ancillary facilities	1,849.28											
Total:	<u>3,886.78</u>											

Notes:

- Chifeng Tangneng Renewable Power Co., Ltd. ("Chifeng Tangneng", 赤峰唐能新能源有限公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Chifeng Tangneng for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Chifeng Tangneng has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB21,904,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
6.	Various properties held by Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 14 parcels of land with a total site area of approximately 359,477.00 sq.m. for industrial use, 3 buildings and 22 structures erected thereon, which were completed in 2008 and 2009. The buildings have a total gross floor area of approximately 2,507.45 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>2,298.59</td></tr><tr><td>Ancillary facilities</td><td>208.86</td></tr><tr><td>Total:</td><td><u>2,507.45</u></td></tr></table> The structures are roads, wells, pools, and walls.	Use	Gross Floor Area (sq.m.)	Production and office	2,298.59	Ancillary facilities	208.86	Total:	<u>2,507.45</u>	The properties are currently occupied by Datang Tongliao for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	2,298.59											
Ancillary facilities	208.86											
Total:	<u>2,507.45</u>											

Notes:

- Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. ("Datang Tongliao", 大唐(通遼)霍林河新能源有限公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Tongliao for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Tongliao has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB22,884,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
7.	Various properties held by Bayannur Wulate Zhongqi Fuhui Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 69 parcels of land with a total site area of approximately 82,000.00 sq.m. for industrial use, 3 buildings and 11 structures erected thereon, which were completed in 2008. The buildings have a total gross floor area of approximately 1,356.72 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production and office</td> <td>427.70</td> </tr> <tr> <td>Ancillary facilities</td> <td>929.02</td> </tr> <tr> <td>Total:</td> <td><u>1,356.72</u></td> </tr> </table> The structures are roads, boundary fences, wells and pools.	Use	Gross Floor Area (sq.m.)	Production and office	427.70	Ancillary facilities	929.02	Total:	<u>1,356.72</u>	The properties are currently occupied by Bayannur Wulate Zhongqi for production and office purposes.	9,081,000 100% interest attributable to the Group: RMB9,081,000
Use	Gross Floor Area (sq.m.)											
Production and office	427.70											
Ancillary facilities	929.02											
Total:	<u>1,356.72</u>											

Notes:

- Bayannur Wulate Zhongqi Fuhui Wind Power Generation Co., Ltd. ("Bayannur Wulate Zhongqi", 巴彦淖爾烏拉特中旗富匯風能電力有限公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been granted to Bayannur Wulate Zhongqi for industrial use with LURCs for a term expiring on 1 August 2056 (the "granted land").
- Bayannur Wulate Zhongqi has obtained BOCs for all buildings of the properties, which are erected on the granted land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - the properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
8.	Various properties held by Bayannur Wulate Houqi Fuhui Wind Energy Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 69 parcels of land with a total site area of approximately 82,000.00 sq.m. for industrial use, an industrial building with a gross floor area of approximately 429.93 sq.m. and 10 structures erected thereon, which were completed in 2008. The structures are roads, boundary fences, wells and pools.	The properties are currently occupied by Bayannur Wulate Houqi for production purpose.	8,136,000 100% interest attributable to the Group: RMB8,136,000

Notes:

1. Bayannur Wulate Houqi Fuhui Wind Energy Power Co., Ltd. (“Bayannur Wulate Houqi”, 巴彥淖爾烏拉特後旗富匯風能電力有限公司) is a wholly owned subsidiary of the Company.
2. The land use rights of the properties have been granted to Bayannur Wulate Houqi for industrial use with LURCs for a term expiring on 20 June 2058 (the “granted land”).
3. Bayannur Wulate Houqi has obtained a BOC for the building of the properties, which is erected on the granted land.
4. We have been provided with a legal opinion regarding the property interests by the Company’s PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the building with BOC erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of it; and
 - c. the properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
9.	Various properties held by Inner Mongolia Datang Wanyuan Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 5 parcels of land with a total site area of approximately 65,706.00 sq.m. for industrial use, 4 buildings and 10 structures erected thereon, which were completed in 2009. The buildings have a total gross floor area of approximately 1,530.5 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>1,444.00</td></tr><tr><td>Ancillary facilities</td><td>86.50</td></tr><tr><td>Total:</td><td><u>1,530.50</u></td></tr></table> The structures are roads, boundary fences, wells and pools.	Use	Gross Floor Area (sq.m.)	Production and office	1,444.00	Ancillary facilities	86.50	Total:	<u>1,530.50</u>	The properties are currently occupied by Datang Wanyuan for production and office purposes.	11,346,000 51% interest attributable to the Group: RMB5,786,000
Use	Gross Floor Area (sq.m.)											
Production and office	1,444.00											
Ancillary facilities	86.50											
Total:	<u>1,530.50</u>											

Notes:

1. Inner Mongolia Datang Wanyuan Renewable Power Co., Ltd. ("Datang Wanyuan", 內蒙古大唐萬源新能源有限公司) is a 51% owned subsidiary of the Company.
2. The land use rights of the properties have been granted to Datang Wanyuan for industrial use with LURCs with the expiry date between 1 November 2059 and 18 April 2060 (the "granted land");
3. Datang Wanyuan has obtained BOCs for all buildings of the properties, which are erected on the granted land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - c. the properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
10.	Various properties held by Datang (Chaoyang) Renewable Power Co., Ltd. in Liaoning Province The PRC	The properties comprise 22 parcels of land with a total site area of approximately 6,974.70 sq.m. for industrial use, 2 buildings and 4 structures erected thereon, which were completed in 2009. The buildings have a total gross floor area of approximately 895.26 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production and office</td> <td>708.11</td> </tr> <tr> <td>Ancillary facilities</td> <td>187.15</td> </tr> <tr> <td>Total:</td> <td><u>895.26</u></td> </tr> </table> The structures are boundary fences roads and pools.	Use	Gross Floor Area (sq.m.)	Production and office	708.11	Ancillary facilities	187.15	Total:	<u>895.26</u>	The properties are currently occupied by Datang Chaoyang for production and office purposes.	3,225,000 60% interest attributable to the Group: RMB1,935,000
Use	Gross Floor Area (sq.m.)											
Production and office	708.11											
Ancillary facilities	187.15											
Total:	<u>895.26</u>											

Notes:

- Datang (Chaoyang) Renewable Power Co., Ltd. ("Datang Chaoyang", 大唐(朝陽)新能源有限公司) is a 60% owned subsidiary of the Company.
- The land use rights of the properties have been granted to Datang Chaoyang for industrial use with LURCs for a term expiring on 15 April 2050 (the "granted land").
- Datang Chaoyang has obtained BOCs for all buildings of the properties, which are erected on the granted land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - the properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
11.	Various properties held by Datang Huanan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The properties comprise 85 parcels of land with a total site area of approximately 124,556.00 sq.m. for industrial use, 2 buildings and 20 structures erected thereon, which were completed in 2009. The buildings have a total gross floor area of approximately 1,840.41 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>1,596.33</td></tr><tr><td>Ancillary facilities</td><td>244.08</td></tr><tr><td>Total:</td><td><u>1,840.41</u></td></tr></table> The structures are roads, boundary fences, wells and pools.	Use	Gross Floor Area (sq.m.)	Production and office	1,596.33	Ancillary facilities	244.08	Total:	<u>1,840.41</u>	The properties are currently occupied by Datang Huanan for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	1,596.33											
Ancillary facilities	244.08											
Total:	<u>1,840.41</u>											

Notes:

- Datang Huanan Wind Power Generation Co., Ltd. ("Datang Huanan", 大唐樺南風力發電有限公司) is a 70% owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Huanan for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Huanan has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB23,617,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
12.	Various properties held by Datang Yilan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The properties comprise 114 parcels of land with a total site area of approximately 289,155.10 sq.m. for industrial use, 5 buildings and 19 structures erected thereon, which were completed in 2008 and 2009. The buildings have a total gross floor area of approximately 2,895.34 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>2,559.98</td></tr><tr><td>Ancillary facilities</td><td>335.36</td></tr><tr><td>Total:</td><td><u>2,895.34</u></td></tr></table> The structures are roads, boundary fences, wells and pools.	Use	Gross Floor Area (sq.m.)	Production and office	2,559.98	Ancillary facilities	335.36	Total:	<u>2,895.34</u>	The properties are currently occupied by Datang Yilan for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	2,559.98											
Ancillary facilities	335.36											
Total:	<u>2,895.34</u>											

Notes:

- Datang Yilan Wind Power Generation Co., Ltd. ("Datang Yilan", 大唐依蘭風力發電有限公司) is a 51% owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Yilan for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Yilan has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB12,420,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
13.	A property held by Datang Huachuan Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 80,300.00 sq.m., an industrial building with a gross floor area of approximately 1,399.18 sq.m. and 8 structures erected thereon, which were completed in 2010. The structures are boundary fences roads, pools.	The property is currently occupied by Datang Huachuan for production purpose.	No Commercial Value

Notes:

1. Datang Huachuan Wind Power Generation Co., Ltd. ("Datang Huachuan", 大唐樺川風力發電有限責任公司) is a wholly owned subsidiary of the Company.
2. The land use rights of the property have been allocated to Datang Huachuan for industrial use with LURC and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
3. Datang Huachuan has obtained a BOC for the building of the property, which is erected on the allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC;
 - b. for the building with BOC erected on the allocated land, the Group has the rights to occupy and use it; and
 - c. the properties are not subject to any mortgage or other encumbrances.
5. In valuing the property, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures (excluding the land element) would be in the sum of RMB14,123,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
14.	A property held by Datang Jixian Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 95,885.00 sq.m., a building with a gross floor area of approximately 1,169 sq.m. and 3 structures erected thereon, which were completed in 2010. The structures are boundary fence, road and pool.	The property is currently occupied by Datang Jixian for production purpose.	No Commercial Value

Notes:

1. Datang Jixian Wind Power Generation Co., Ltd. ("Datang Jixian", 大唐集賢風力發電有限公司) is a wholly owned subsidiary of the Company.
2. The land use rights of the property have been allocated to Datang Jixian for industrial use with LURC and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
3. Datang Jixian has obtained a BOC for the building of the property, which is erected on the allocated land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC;
 - b. for the building with BOC erected on the allocated land, the Group has the rights to occupy and use it; and
 - c. the properties are not subject to any mortgage or other encumbrances.
5. In valuing the property, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures (excluding the land element) would be in the sum of RMB5,686,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
15.	Various properties held by Shandong Datang International Dongying Wind Power Generation Co., Ltd. in Shandong Province The PRC	The properties comprise 12 parcels of land with a total site area of approximately 109,480.80 sq.m. for industrial use, 3 buildings and 8 structures erected thereon, which were completed in 2008. The buildings have a total gross floor area of approximately 1,653.65 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production</td> <td>1,292.00</td> </tr> <tr> <td>Ancillary facilities</td> <td>361.65</td> </tr> <tr> <td>Total:</td> <td><u>1,653.65</u></td> </tr> </table> The structures are roads, boundary fences and pools.	Use	Gross Floor Area (sq.m.)	Production	1,292.00	Ancillary facilities	361.65	Total:	<u>1,653.65</u>	The properties are currently occupied by Datang Dongying for production purpose.	8,128,000 100% interest attributable to the Group: RMB8,128,000
Use	Gross Floor Area (sq.m.)											
Production	1,292.00											
Ancillary facilities	361.65											
Total:	<u>1,653.65</u>											

Notes:

- Shandong Datang International Dongying Wind Power Generation Co., Ltd. ("Datang Dongying", 山東大唐國際東營風電有限責任公司) is a wholly owned subsidiary of the Company.
- Among 12 parcels of land of the properties,
 - the land use rights of 9 parcels of land with a total site area of approximately 76,686.30 sq.m. have been granted to Datang Dongying for industrial use with LURCs for a term expiring on 27 January 2060 (the "granted land"); and
 - the land use rights of remaining 3 parcels of land with a total site area of approximately 32,794.50 sq.m. without any proper LURCs are intended to be acquired by Datang Dongying.
- Datang Dongying has not obtained any BOCs for the 3 buildings of the properties.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs of the properties mentioned in notes 2.b and 3 and indemnify any losses and claim arising from the aforesaid application procedures since the effective date of the Agreement.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the remaining 3 parcels of land without LURCs and 3 buildings of the properties, China Datang Corporation has made undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group. The undertaking is legal, valid and enforceable; and
 - c. the properties are not subject to any mortgage or other encumbrances.
6. In valuing the properties, we have attributed no commercial value to portions of the properties due to the 3 parcels of land without LURCs, including these land and the buildings without BOCs and the structures erected on the land without LURCs. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB37,159,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
16.	Various properties held by Datang Laizhou Wind Power Generation Co., Ltd. in Shandong Province The PRC	The properties comprise 54 parcels of land with a total site area of approximately 30,248.00 sq.m. for industrial use, 3 buildings and 8 structures erected thereon, which were completed in 2008. The building has a total gross floor area of approximately 3,325.18 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production and office</td> <td>3,198.65</td> </tr> <tr> <td>Ancillary facilities</td> <td>126.53</td> </tr> <tr> <td>Total:</td> <td><u>3,325.18</u></td> </tr> </table> The structures are roads, boundary fences and pools.	Use	Gross Floor Area (sq.m.)	Production and office	3,198.65	Ancillary facilities	126.53	Total:	<u>3,325.18</u>	The properties are currently occupied by Datang Laizhou for production and office purposes.	25,713,000 100% interest attributable to the Group: RMB25,713,000
Use	Gross Floor Area (sq.m.)											
Production and office	3,198.65											
Ancillary facilities	126.53											
Total:	<u>3,325.18</u>											

Notes:

- Datang Laizhou Wind Power Generation Co., Ltd. ("Datang Laizhou", 大唐萊州風力發電有限責任公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been granted to Datang Laizhou for industrial use with LURCs with the expiry dates between 30 December 2058 and 27 November 2059 (the "granted land").
- Datang Laizhou has obtained BOCs for all buildings of the properties, which are erected on the granted land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - the properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
17.	Various properties held by Datang Jilin Wind Power Generation Co., Ltd. in Jilin Province The PRC	The properties comprise 60 parcels of land with a total site area of approximately 34,697.00 sq.m. for industrial use, an industrial building with a gross floor area of approximately 2,298.15 sq.m. and 3 structures erected thereon, which were completed between 2005 and 2006. The structures are roads and warehouse.	The properties are currently occupied by Datang Jilin for production purpose.	11,761,000 31% interest attributable to the Group: RMB3,646,000

Notes:

1. Datang Jilin Wind Power Generation Co., Ltd. ("Datang Jilin", 大唐吉林風力發電股份有限公司) is a 31% owned subsidiary of the Company.
2. Among 60 parcels of land of the properties,
 - a. the land use rights of 59 parcels of land with a total site area of approximately 22,285.00 sq.m. have been granted to Datang Jilin for industrial use with LURCs for a term expiring on 6 January 2054 (the "granted land"); and
 - b. the land use rights of a parcel of land with a site area of approximately 12,412.00 sq.m. have been allocated to Datang Jilin for industrial use with LURC and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
3. Datang Jilin has obtained a BOC for the building of the properties, which is erected on the granted land.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC;
 - c. for the building with BOC erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of it; and
 - d. the properties are not subject to any mortgage and other encumbrances.
5. In valuing the properties, we have attributed no commercial value to a portion of the properties due to the transfer restriction on allocated land, including the allocated land and the structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the structures (excluding the land element) would be in the sum of RMB4,826,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
18.	Various properties held by Datang China Power (Jilin) Wind Power Generation Co., Ltd. in Jilin Province The PRC	The properties comprise 69 parcels of land with a total site area of approximately 120,287.61 sq.m. for industrial use, 8 structures erected thereon, which were completed between 2005 and 2008. The structures are roads, boundary fence and pool.	The properties are currently occupied by Datang China Power for production purpose.	1,347,000 51% interest attributable to the Group: RMB687,000

Notes:

1. Datang China Power (Jilin) Wind Power Generation Co., Ltd. ("Datang China Power", 大唐中電(吉林)發電有限公司) is a 51% owned subsidiary of the Company.
2. Among 69 parcels of land of the properties,
 - a. the land use rights of 66 parcels of land of the properties with a total site area of approximately 7,133.61 sq.m. have been granted to Datang China Power for industrial use with LURCs for a term expiring on 23 October 2057 (the "granted land"); and
 - b. the land use rights of 3 parcels of land of the properties with a total site area of approximately 113,154.00 sq.m. have been allocated to Datang China Power for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
 - c. the properties are not subject to any mortgage and other encumbrances.
4. In valuing the properties, we have attributed no commercial value to portions of the properties due to the transfer restriction on allocated land, including the allocated land and the structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the structures (excluding the land element) would be in the sum of RMB4,142,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB										
19.	Various properties held by Datang China Power (Jilin) Renewable Power Co., Ltd. in Jilin Province The PRC	The properties comprise 2 units, 97 parcels of land with a total site area of approximately 368,136.00 sq.m. for industrial use and 5 buildings and 7 structures erected thereon, which were completed between 2006 and 2008. The buildings and units have a total gross floor area of approximately 3,361.35 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production</td> <td>2,221.54</td> </tr> <tr> <td>Office</td> <td>540.46</td> </tr> <tr> <td>Ancillary facilities</td> <td>599.35</td> </tr> <tr> <td>Total:</td> <td><u>3,361.35</u></td> </tr> </table> The structures are roads, boundary fences and pools.	Use	Gross Floor Area (sq.m.)	Production	2,221.54	Office	540.46	Ancillary facilities	599.35	Total:	<u>3,361.35</u>	The properties are currently occupied by Datang China Power Renewable for production and office purposes.	7,694,000 51% interest attributable to the Group: RMB3,924,000
Use	Gross Floor Area (sq.m.)													
Production	2,221.54													
Office	540.46													
Ancillary facilities	599.35													
Total:	<u>3,361.35</u>													

Notes:

- Datang China Power (Jilin) Renewable Power Co., Ltd. ("Datang China Power Renewable", 大唐中電(吉林)新能源發電有限公司) is a 51% owned subsidiary of the Company.
- The land use rights of the 97 parcels of land of the properties have been allocated to Datang China Power Renewable for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Among 7 buildings or units of the properties,
 - Datang China Power Renewable has obtained BOCs for the 5 buildings with a total gross floor area of approximately 2,820.89 sq.m., which are erected on the allocated land; and
 - Datang China Power Renewable has obtained BOCs for the 2 units with a total gross floor area of approximately 540.46 sq.m.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - b. for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them;
 - c. for the units with BOCs, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - d. the properties are not subject to any mortgage and other encumbrances.
5. In valuing the properties, we have attributed no commercial value to portions of the properties due to the transfer restriction on allocated land, including the allocated land and 5 buildings (refer to note 3.a) and structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB27,522,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
20.	Various properties held by Datang Bayannur Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 26 parcels of land with a total site area of approximately 30,914.00 sq.m. for industrial use and 4 buildings and 9 structures erected thereon, which were completed in 2009 and 2010. The buildings have a total gross floor area of approximately 2,944.37 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>2,536.36</td></tr><tr><td>Ancillary facilities</td><td>408.01</td></tr><tr><td>Total:</td><td><u>2,944.37</u></td></tr></table> The structures are roads, boundary fences and pools.	Use	Gross Floor Area (sq.m.)	Production and office	2,536.36	Ancillary facilities	408.01	Total:	<u>2,944.37</u>	The properties are currently occupied by Datang Bayannur for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	2,536.36											
Ancillary facilities	408.01											
Total:	<u>2,944.37</u>											

Notes:

- Datang Bayannur Wind Power Generation Co., Ltd. ("Datang Bayannur", 大唐巴彥淖爾風力發電有限責任公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Bayannur for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Bayannur has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOC erected on the allocated land, the Group has the rights to occupy and use; and
 - the properties are not subject to any mortgage and other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB13,808,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
21.	Various properties held by Datang Xilin Gol Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 169 parcels of land with a total site area of approximately 228,496.93 sq.m. for industrial use, 7 buildings and 21 structures erected thereon, which were completed in 2007 and 2009. The buildings have a total gross floor area of approximately 3,946.89 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>3,146.93</td></tr><tr><td>Ancillary facilities</td><td>799.96</td></tr><tr><td>Total:</td><td><u>3,946.89</u></td></tr></table> The structures are roads, boundary fences, wells and pools.	Use	Gross Floor Area (sq.m.)	Production and office	3,146.93	Ancillary facilities	799.96	Total:	<u>3,946.89</u>	The properties are currently occupied by Datang Xilin Gol for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	3,146.93											
Ancillary facilities	799.96											
Total:	<u>3,946.89</u>											

Notes:

- Datang Xilin Gol Wind Power Generation Co., Ltd. ("Datang Xilin Gol", 大唐錫林郭勒風力發電有限責任公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Xilin Gol for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Xilin Gol has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage and other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB12,039,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
22.	Various properties held by Datang Sanmenxia Wind Power Generation Co., Ltd. in Henan Province The PRC	The properties comprise 42 parcels of land with a total site area of approximately 37,752.00 sq.m. for industrial use, 3 buildings and 10 structures erected thereon, which were completed in 2008. The buildings have a total gross floor area of approximately 1,229.51 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production and office</td><td>1,050.48</td></tr><tr><td>Ancillary facilities</td><td>179.03</td></tr><tr><td>Total:</td><td><u>1,229.51</u></td></tr></table> The structures are boundary fences, roads and pools. The properties also include 2 buildings which were still under construction as of the date of valuation (the "CIP"). The CIP is scheduled to be completed in December 2010. The gross floor area of the CIP upon completion will be approximately 1,686 sq.m. The total construction cost of the CIP is estimated to be approximately RMB4,720,000, of which approximately RMB2,630,000 had been paid up to the date of valuation.	Use	Gross Floor Area (sq.m.)	Production and office	1,050.48	Ancillary facilities	179.03	Total:	<u>1,229.51</u>	The properties are currently occupied by Datang Sanmenxia for production and office purposes.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production and office	1,050.48											
Ancillary facilities	179.03											
Total:	<u>1,229.51</u>											

Notes:

1. Datang Sanmenxia Wind Power Generation Co., Ltd. ("Datang Sanmenxia", 大唐三門峽風力發電有限公司) is a 90% owned subsidiary of the Company.
2. Among 42 parcels of land of the properties,
 - a. the land use rights of 18 parcels of land with a total site area of approximately 12,674.00 sq.m. have been allocated to Datang Sanmenxia for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land");
 - b. the land use rights of 24 parcels of land with a total site area of approximately 25,078.00 sq.m. with buildings and wind turbines being erected thereon without proper LURCs are intended to be acquired by Datang Sanmenxia.

3. Datang Sanmenxia has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
4. For the CIP of the properties, Datang Sanmenxia has not obtained relevant Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit issued by the relevant authority.
5. Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - b. for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them;
 - c. the properties are not subject to any mortgage and other encumbrances;
 - d. for the CIP of the properties, there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc.
7. In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on the allocated land and the lack of proper title certificates of land, buildings and CIP. However, for reference purpose, we are of the opinion that the capital value of the buildings and structures and the CIP (excluding the land element) would be in the sum of RMB15,513,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
23.	Various properties held by Gansu Datang Yumen Wind Power Co., Ltd. in Gansu Province The PRC	The properties comprise 94 parcels of land with a total site area of approximately 239,558.34 sq.m. for industrial use, 9 buildings and 12 structures erected thereon, which were completed between 2006 and 2009. The buildings have a total gross floor area of approximately 2,135.77 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production</td><td>1,755.87</td></tr><tr><td>Ancillary facilities</td><td>379.90</td></tr><tr><td>Total:</td><td><u>2,135.77</u></td></tr></table> The structures are boundary fences, roads and pools.	Use	Gross Floor Area (sq.m.)	Production	1,755.87	Ancillary facilities	379.90	Total:	<u>2,135.77</u>	The properties are currently occupied by Datang Yumen for production purpose.	6,383,000 60% interest attributable to the Group: RMB3,830,000
Use	Gross Floor Area (sq.m.)											
Production	1,755.87											
Ancillary facilities	379.90											
Total:	<u>2,135.77</u>											

Notes:

- Gansu Datang Yumen Wind Power Co., Ltd. ("Datang Yumen", 甘肅大唐玉門風電有限公司) is a 60% owned subsidiary of the Company.
- Among 94 parcels of the properties,
 - the land use rights of 34 parcels of land of the properties with a total site area of approximately 66,625.00 sq.m. have been granted to Datang Yumen for industrial use with LURCs for a term expiring on 14 October 2059 (the "granted land"); and
 - the land use rights of 60 parcels of land of the properties with a total site area of approximately 172,933.34 sq.m. have been allocated to Datang Yumen for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Yumen has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - for the buildings with BOCs erected on the allocated land, the Group has the rights to occupy and use them; and
 - the properties are not subject to any mortgage and other encumbrances.
- In valuing the properties, we have attributed no commercial value to portions of the properties due to the transfer restriction on allocated land, including the allocated land and the buildings and structures erected on the allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB10,863,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
24.	Various properties held by Datang Jingtai Wind Power Generation Co., Ltd. in Gansu Province The PRC	The properties comprise 70 parcels of land with a total site area of approximately 110,251.60 sq.m. for industrial use, 5 buildings and 10 structures erected thereon, which were completed in 2008 and 2009. The buildings have a total gross floor area of approximately 1,858.92 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production and office</td> <td>1,528.62</td> </tr> <tr> <td>Ancillary facilities</td> <td>330.30</td> </tr> <tr> <td>Total:</td> <td><u>1,858.92</u></td> </tr> </table> The structures are boundary fences, roads and pools.	Use	Gross Floor Area (sq.m.)	Production and office	1,528.62	Ancillary facilities	330.30	Total:	<u>1,858.92</u>	The properties are currently occupied by Datang Jingtai for production and office purposes.	18,369,000 100% interest attributable to the Group: RMB18,369,000
Use	Gross Floor Area (sq.m.)											
Production and office	1,528.62											
Ancillary facilities	330.30											
Total:	<u>1,858.92</u>											

Notes:

- Datang Jingtai Wind Power Generation Co., Ltd. ("Datang Jingtai", 大唐景泰風電有限責任公司) is a wholly owned subsidiary of the Company.
- Among 70 parcels of land of the properties,
 - the land use rights of 33 parcels of land of the properties with a total site area of approximately 88,651.60 sq.m. have been granted to Datang Jingtai for industrial use with LURCs for a term expiring on 10 November 2058 (the "granted land");
 - the land use rights of remaining 37 parcels of land of the properties with a total site area of approximately 21,600 sq.m. with wind turbines being erected thereon without proper LURCs are intended to be acquired by Datang Jingtai.
- Datang Jingtai has obtained BOCs for all buildings of the properties, which are erected on the granted land.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - b. for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - c. for the 37 parcels of land without LURCs, China Datang Corporation has made undertaking stated in note 4. There is no significant dispute over the land use rights, which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group. The undertaking is legal, valid and enforceable.
6. In valuing the properties, we have attributed no commercial value to the allocated land due to the transfer restriction on allocated land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
25.	Various properties held by Datang Xiangyang Wind Power Generation Co., Ltd. in Jilin Province The PRC	The properties comprise 536 parcels of land with a total site area of approximately 646,303 sq.m. for industrial use, 2 buildings and 14 structures erected thereon, which were completed in 2010. The buildings have a total gross floor area of approximately 4,349.86 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> <tr> <td>Production and office</td> <td>4,264.77</td> </tr> <tr> <td>Ancillary facilities</td> <td>85.09</td> </tr> <tr> <td>Total:</td> <td><u>4,349.86</u></td> </tr> </table> The structures are boundary fences, pools, gate and roads.	Use	Gross Floor Area (sq.m.)	Production and office	4,264.77	Ancillary facilities	85.09	Total:	<u>4,349.86</u>	The properties are currently occupied by Datang Xiangyang for production and office purposes.	99,510,000 100% interest attributable to the Group: RMB99,510,000
Use	Gross Floor Area (sq.m.)											
Production and office	4,264.77											
Ancillary facilities	85.09											
Total:	<u>4,349.86</u>											

Notes:

- Datang Xiangyang Wind Power Generation Co., Ltd. ("Datang Xiangyang", 大唐向陽風電有限公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been granted to Datang Xiangyang for industrial use with LURCs for a term expiring on 15 April 2050 (the "granted land").
- Datang Xiangyang has obtained BOCs for all buildings of the properties, which are erected on the granted land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights within the use terms stated in the LURCs;
 - for the buildings with BOCs erected on the granted land, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - the properties are not subject to any mortgage and other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB								
26.	Various properties held by Datang Xing'anmeng Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 3 parcels of land with a total site area of approximately 61,825 sq.m. for industrial use and 4 buildings and 6 structures erected thereon, which were completed in 2010. The buildings have a total gross floor area of approximately 2,302.28 sq.m. The relevant details of uses and gross floor areas are set out as follows: <table><tr><th>Use</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Production</td><td>2,017.67</td></tr><tr><td>Ancillary facilities</td><td>284.61</td></tr><tr><td>Total:</td><td><u>2,302.28</u></td></tr></table> The structures are boundary fences, roads, pools.	Use	Gross Floor Area (sq.m.)	Production	2,017.67	Ancillary facilities	284.61	Total:	<u>2,302.28</u>	The properties are currently occupied by Datang Xing'anmeng for production purpose.	No Commercial Value
Use	Gross Floor Area (sq.m.)											
Production	2,017.67											
Ancillary facilities	284.61											
Total:	<u>2,302.28</u>											

Notes:

- Datang Xing'anmeng Renewable Power Co., Ltd. ("Datang Xing'anmeng", 大唐興安盟新能源有限公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been allocated to Datang Xing'anmeng for industrial use with LURC and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Xing'anmeng has obtained BOCs for all buildings of the properties, which are erected on the allocated land.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs; and
 - for the buildings with BOCs erected on the allocated land, Group is entitled to occupy and use them; and
 - the properties are not subject to any mortgage or other encumbrances.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB6,324,000 assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
27.	A property held by Datang Baotou Yaneng Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 21,335.63 sq.m. for industrial use, an industrial building with a gross floor area of approximately 1,289.12 sq.m. and 2 structures erected thereon, which were completed in 2010. The structures are roads and walls.	The property is currently occupied by Datang Baotou Yaneng for production purpose.	4,671,000 51% interest attributable to the Group: RMB2,382,000

Notes:

1. Datang Baotou Yaneng Power Generation Co., Ltd. ("Datang Baotou Yaneng", 大唐包頭亞能電力有限公司) is a 51% owned subsidiary of the Company.
2. The land use rights of the property have been granted to Datang Baotou Yaneng for industrial use with LURC for a term expiring in 2050 (the "granted land").
3. Datang Baotou Yaneng has obtained a BOC for the building of the property.
4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights within the use terms stated in the LURC;
 - b. for the building with BOC erected on the granted land, Group has the rights to occupy and use, donate, transfer, lease, mortgage or otherwise dispose of them; and
 - c. the property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

Group II – Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
28.	A property held by Shanghai Dong Hai Wind Power Generation Co., Ltd. in Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 3,150.00 sq.m. for industrial use and a building and various structures which were being constructed thereon as of the date of valuation (the "CIP"). Upon completion, the building of the property will have a gross floor area of approximately 2,596.00 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB13,500,000, of which RMB13,079,000 had been paid up to the date of valuation. As advised by the Group, the property had been completed after the date of valuation.	The property was under construction as of the date of valuation.	No Commercial Value

Notes:

- Shanghai Dong Hai Wind Power Generation Co., Ltd. ("Shanghai Dong Hai", 上海東海風力發電有限公司) is a 28% owned subsidiary of the Company.
- The land use rights of the property have been allocated to Shanghai Dong Hai for industrial use with a LURC.
- Shanghai Dong Hai has obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the property issued by the relevant authority.
- We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of a parcel of allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC; and
 - there is no legal impediment to obtain the BOC after completion of construction.
- In valuing the property, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB13,335,000 assuming all relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
29.	Various properties held by Datang Hailin Wind Power Generation Co., Ltd. in Heilongjiang Province The PRC	The properties comprise 34 parcels of land with a total site area of approximately 20,430 sq.m. and 2 buildings and various structures which were being constructed thereon as of the date of valuation (the "CIP"). As advised by the Group, the properties are scheduled to be completed in December 2010. Upon completion, the buildings of the properties will have a total gross floor area of approximately 2,390.15 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB13,500,000, of which RMB12,000,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

1. Datang Hailin Wind Power Generation Co., Ltd. ("Datang Hailin", 大唐海林風力發電有限公司) is a 51% interest owned subsidiary of the Company.
2. For the land of the properties, Datang Hailin has not obtained any LURCs.
3. Datang Hailin has obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the properties issued by the relevant authority.
4. Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. there is no legal impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition and completion & acceptance inspection; and
 - b. the undertaking of China Datang Corporation is legal, valid and enforceable.
6. In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB12,530,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
30.	Various properties held by Datang Zhangbei Wind Power Generation Co., Ltd. in Hebei Province The PRC	The properties comprise 34 parcels of land with a total site area of approximately 39,950 sq.m. and 4 buildings and various structures which were being constructed thereon as of the date of valuation (the "CIP"). As advised by the Group, the properties are scheduled to be completed in December 2010. Upon completion, the buildings of the properties will have a total gross floor area of approximately 3,810 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB12,000,000, of which RMB4,500,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Zhangbei Wind Power Generation Co., Ltd. ("Datang Zhangbei", 大唐張北風力發電有限責任公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Zhangbei has not obtained any LURCs.
- Datang Zhangbei has not obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB4,876,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
31.	Various properties held by Datang Yumen Changma Wind Power Generation Co., Ltd. in Gansu Province The PRC	The properties comprise 135 parcels of land with a total site area of approximately 73,879 sq.m. and 2 buildings and various structures which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the properties are scheduled to be completed in December 2010. Upon completion, the buildings of the properties will have a total gross floor area of approximately 5,483 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB21,930,000, of which RMB15,760,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Yumen Changma Wind Power Generation Co., Ltd. ("Datang Yumen Changma", 大唐玉門昌馬風電有限公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Yumen Changma has not obtained any LURCs.
- Datang Yumen Changma has obtained Construction Land Planning Permit, Construction Work Planning Permit, but has not obtained Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition and completion and acceptance inspections; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and proper construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB17,025,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
32.	A property held by Datang Er'yuan Wind Power Generation Co., Ltd. in Yunnan Province The PRC	The property comprises a parcel of land with a site area of approximately 571,292.00 sq.m. and a building and 2 structures which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in December 2010. Upon completion, the building will have a gross floor area of approximately 1,979 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB45,000,000, of which RMB26,216,000 had been paid up to the date of valuation.	The property is currently under construction.	No Commercial Value

Notes:

- Datang Er'yuan Wind Power Generation Co., Ltd. ("Datang Er'yuan", 大唐洱源風電有限責任公司) is a wholly owned subsidiary of the Company.
- The land use rights of the property have been allocated to Datang Er'yuan for industrial use with LURC and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land").
- Datang Er'yuan has obtained Construction Land Planning Permit, but has not obtained Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of a parcel of allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURC;
 - there is no legal impediment to obtain the BOCs after finishing relevant procedures; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land. However, for reference purposes, we are of the opinion that the capital value of the (excluding the land element) as of the date of valuation would be RMB28,838,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
33.	Various properties held by Datang Wendeng Wind Power Generation Co., Ltd. in Shandong Province The PRC	The properties comprise 34 parcels of land with a total site area of approximately 36,900 sq.m. and 3 buildings which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in October 2010. Upon completion, the building of the property will have a gross floor area of approximately 3,282 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB7,500,000, of which RMB6,500,000 had been paid up to the date of valuation.	The properties are currently under construction.	8,213,000 100% interest attributable to the Group: RMB8,213,000

Notes:

- Datang Wendeng Wind Power Generation Co., Ltd. ("Datang Wendeng", 大唐文登風力發電有限公司) is a wholly owned subsidiary of the Company.
- The land use rights of the properties have been granted to Datang Wendeng for industrial use with LURCs for a term expiring on 25 April 2060 (the "granted land").
- Datang Wendeng has obtained Construction Work Planning Permit, but has not obtained Construction Work Planning Permit and Construction Work Commencement Permit regarding the 3 buildings of the CIP issued by the relevant local authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - for the land use rights of the granted land, the Group is entitled to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of these land use rights under the valid terms stipulated in the LURC;
 - there is no legal impediment to obtain the BOCs after finishing relevant procedures; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the CIP of the properties for which the Group has not obtained proper construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB6,734,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
34.	Various properties held by Dalian Datang Haipai Renewable Power Co., Ltd. in Liaoning Province The PRC	The properties comprise 35 parcels of land with a total site area of approximately 37,841.00 sq.m. and 4 buildings which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the properties are scheduled to be completed in December 2010. Upon completion, the buildings of the properties will have a gross floor area of approximately 2,384 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB4,918,000, of which RMB2,797,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

1. Dalian Datang Haipai Renewable Power Co., Ltd. ("Datang Haipai", 大連大唐海派新能源有限公司) is an 80% owned subsidiary of the Company.
2. Among 35 parcels of land of the properties,
 - a. the land use rights of 2 parcels of land with a total site area of approximately 28,304 sq.m. have been allocated to Datang Haipai for industrial use with LURCs and have been approved by the relevant government authority to be used by the Group as allocated land (the "allocated land"); and
 - b. the land use rights of 33 parcels of land with a total site area of approximately 9,537 sq.m. with wind turbines being erected thereon without proper LURCs are intended to be acquired by Datang Haipai.
3. Datang Haipai has obtained Construction Land Planning Permit and Construction Work Planning Permit, but has not obtained Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
4. Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for the land use rights of the allocated land, the Group is entitled to occupy and use the relevant land use rights in terms of the prescribed use stated in the LURCs;
 - b. for the land use rights without proper LURCs and the CIP, there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - c. the undertaking of China Datang Corporation is legal, valid and enforceable.
6. In valuing the properties, we have attributed no commercial value to the properties due to the transfer restriction on allocated land and the lack of proper title certificates of land and CIP. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB3,782,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
35.	Various properties held by Datang Pingdu Wind Power Generation Co., Ltd. in Shandong Province The PRC	The properties comprise 26 parcels of land with a total site area of approximately 12,893 sq.m. and a building and various structures which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the properties are scheduled to be completed in December 2010. Upon completion, the building of the properties will have a gross floor area of approximately 1,984 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB5,010,000, of which RMB4,050,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Pingdu Wind Power Generation Co., Ltd. ("Datang Pingdu", 大唐平度新能源有限公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Pingdu has not obtained any LURCs.
- Datang Pingdu has obtained Construction Land Planning Permit, but has not obtained Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and proper construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB4,500,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
36.	Various properties held by Datang Wengniute Qi Renewable Power Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 60 parcels of land with a total site area of approximately 42,096 sq.m. and a building and which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the properties are scheduled to be completed in December 2010. Upon completion, the building of the property will have a gross floor area of approximately 2,600 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB7,800,000, of which RMB5,824,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Wengniute Qi Renewable Power Co., Ltd. ("Datang Wengniute", 大唐翁牛特旗新能源有限公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Wengniute has not obtained any LURCs.
- Datang Wengniute has not obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB7,280,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
37.	Various properties held by Linxi Aolujia Renewable Power Development Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 26 parcels of land with a total site area of approximately 28,776 sq.m. and a building which was being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in December 2010. Upon completion, the building of the property will have a gross floor area of approximately 2,746 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB7,567,000, of which RMB2,043,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

1. Linxi Aolujia Renewable Power Development Co., Ltd. ("Linxi Aolujia", 林西奧陸嘉新能源開發有限公司) is a 51% owned subsidiary of the Company.
2. For the land of the properties, Linxi Aolujia has not obtained any LURCs.
3. Linxi Aolujia has obtained Construction Land Planning Permit, but has not obtained Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
4. Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - b. the undertaking of China Datang Corporation is legal, valid and enforceable.
6. In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and proper construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB2,270,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
38.	Various properties held by Datang Wuzhong Renewable Power Co., Ltd. in Ningxia Hui Autonomous Region The PRC	The properties comprise 34 parcels of land with a total site area of approximately 23,767 sq.m. and a building which was being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in December 2010. Upon completion, the building of the property will have a gross floor area of approximately 2,250 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB5,372,000, of which RMB2,686,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Wuzhong Renewable Power Co., Ltd. ("Datang Wuzhong", 大唐吴忠新能源有限公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Wuzhong has not obtained any LURCs.
- Datang Wuzhong has obtained Construction Land Planning Permit, but has not obtained Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and proper construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB3,084,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
39.	Various properties held by Datang Weihai Renewable Power Co., Ltd. in Shandong Province The PRC	The properties comprise 34 parcels of land with a total site area of approximately 22,452 sq.m. and 4 buildings and 2 structures which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in December 2010. Upon completion, the building of the property will have a gross floor area of approximately 2,339.7 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB2,641,000, of which RMB5,381,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Weihai Renewable Power Co., Ltd. ("Datang Weihai", 大唐威海新能源有限公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Weihai has not obtained any LURCs.
- Datang Weihai has not obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB2,808,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
40.	Various properties held by Datang Renewable Shuozhou Wind Power Generation Co., Ltd. in Shanxi Province The PRC	The properties comprise 34 parcels of land with a total site area of approximately 26,228 sq.m. and 4 buildings which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in March 2011. Upon completion, the building of the property will have a gross floor area of approximately 2,893.3 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB7,086,000, of which RMB4,000,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Renewable Shuozhou Wind Power Generation Co., Ltd. ("Datang Shuozhou", 大唐新能源朔州風力發電有限公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Shuozhou has not obtained any LURCs.
- Datang Shuozhou has not obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB5,128,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
41.	Various properties held by Datang Tuquan Wind Power Generation Co., Ltd. in Inner Mongolia Autonomous Region The PRC	The properties comprise 26 parcels of land with a total site area of approximately 48,134 sq.m. and 4 buildings which were being constructed as of the date of valuation (the "CIP"). As advised by the Group, the property is scheduled to be completed in December 2010. Upon completion, the building of the property will have a gross floor area of approximately 2893.2 sq.m. As advised by the Group, the total construction cost of the CIP is estimated to be approximately RMB5,410,000, of which RMB2,777,000 had been paid up to the date of valuation.	The properties are currently under construction.	No Commercial Value

Notes:

- Datang Tuquan Wind Power Generation Co., Ltd. ("Datang Tuquan", 大唐突泉風力發電有限責任公司) is a wholly owned subsidiary of the Company.
- For the land of the properties, Datang Tuquan has not obtained any LURCs.
- Datang Tuquan has not obtained Construction Land Planning Permit, Construction Work Planning Permit and Construction Work Commencement Permit regarding the CIP issued by the relevant authority.
- Pursuant to the Reorganization Agreement, China Datang Corporation, the controlling shareholder of the Company, has undertaken to assist the Group in applying for LURCs and BOCs after the CIP has passed the completion and acceptance inspection and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the effective date of the Agreement.
- We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - there is no material impediment to obtain relevant title certificates upon finishing relevant procedures including land acquisition etc; and
 - the undertaking of China Datang Corporation is legal, valid and enforceable.
- In valuing the properties, we have attributed no commercial value to the properties for which the Group has not obtained LURCs and construction permit. However, for reference purposes, we are of the opinion that the capital value of the CIP (excluding the land element) as of the date of valuation would be RMB4,629,000 assuming all the relevant title certificates had been obtained and the CIP could be freely transferred.

VALUATION CERTIFICATE

Group III – Property interests leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of 30 September 2010 RMB
42.	49 Properties leased by the Group in the PRC	The properties comprise 49 properties with a total gross floor area of approximately 16,456.12 sq.m. which were completed in various stages between 1996 and 2009. The properties are leased to the Group from various independent third parties for various terms at a total annual rental of RMB5,267,890.02.	The properties are currently occupied by the Group for office and residential purposes.	No commercial value

Notes:

1. Pursuant to various Tenancy Agreements entered into between the Group and various independent third parties, 49 properties with a total gross floor area of approximately 16,456.12 sq.m. are leased to the Group for various terms with the expiry date between 1 November 2007 and 31 December 2015 at a total annual rent of RMB5,267,890.02 for office and residential purposes.
2. For 13 of the 49 leased properties with a total gross floor area of approximately 8,558.79 sq.m., the respective lessors have provided the Group with relevant BOCs.

For the remaining 36 properties with a total gross floor area of approximately 7,897.33 sq.m., the Group has not been provided with the relevant title certificates.
3. Pursuant to the Reorganization Agreement, China Datang Corporation (the controlling shareholder of the Company) has undertaken to assist the Group to obtain the lessor's guarantee for the exclusive use rights on the leased properties without any dispute and indemnify the Group against the losses relating to the aforesaid disputes.
4. We have been provided with a legal opinion on the legality of the Tenancy Agreements to the properties issued by the Company's PRC legal advisors, which contains, *inter alia*, the following:
 - a. for properties with the relevant BOCs, relevant Tenancy Agreements are legal and can be protected by the PRC laws;
 - b. for properties without relevant title certificates, relevant Tenancy Agreements will be legal upon with relevant BOCs provided. China Datang Corporation has made undertaking stated in note 3. There is no significant dispute over ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Company; and
 - c. the undertaking of China Datang Corporation is legal, valid and enforceable.

APPENDIX V

PROJECT PORTFOLIO OVERVIEW

(A) The following table sets out a summary of our wind power projects in operation and under construction, managed by our direct and indirect subsidiaries as of June 30, 2010.

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Status ⁽³⁾	Actual/Estimated in-service date ⁽⁴⁾	Installed Capacity (MW)	Constructing Capacity (MW)	Attributable installed/constructing Capacity ⁽⁵⁾ (MW)	On-grid tariff (RMB/kWh)
Inner Mongolia									
中國大唐集團新能源股份有限公司 (China Datang Corporation Renewable Power Co., Ltd)	100%	Chifeng City, Inner Mongolia	Phase 1 of Saihanba wind power project	Operational	August 2005	30.6		30.6	0.540
內蒙古大唐萬源新能源有限公司 (Inner Mongolia Datang Wanyuan Renewable Power Co., Ltd)	51%	Wulanchabu City, Inner Mongolia	Xinghe Daxishan wind power project	Operational	November 2009	49.5		25.2	0.510
大唐中日 (赤峰) 新能源有限公司 (Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd)	51%	Chifeng City, Inner Mongolia	Phase 1 of Danianzi wind power project	Operational	December 2008	50		25.5	0.540
大唐錫林郭勒盟風力發電有限公司 (Datang Xilin Gol Wind Power Generation Co., Ltd)	100%	Xilin Gol City, Inner Mongolia	Phase 1 of Huitengliang wind power project (zone A)	Operational	December 2008	49.5		49.5	0.520
			Phase 2 Huitengliang wind power project (zone A)	Operational	December 2008	49.5		49.5	0.520
			Phase 1 of Huitengliang wind power project (zone B)	Operational	December 2007	49.5		49.5	0.510
			Phase 2 Huitengliang wind power project (zone B)	Operational	December 2007	49.5		49.5	0.520
			Phase 3 Huitengliang wind power project (zone B)	Operational	December 2008	49.5		49.5	0.520
大唐多倫新能源有限公司 (Datang Duolun Renewable Power Co., Ltd)	60%	Xilin Gol City, Inner Mongolia	Phase 1 of Duolun Daxishan wind power project	Operational	November 2007	30.6		18.4	0.520
大唐包頭亞能電力有限公司 (Datang Baotou Yaneng Power Co., Ltd)	51%	Baotou City, Inner Mongolia	Guyanguaishuo wind power project	Under construction	August 2010		49.5	25.2	0.510

APPENDIX V

PROJECT PORTFOLIO OVERVIEW

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Status ⁽³⁾	Actual/Estimated in-service date ⁽⁴⁾	Installed Capacity (MW)	Constructing Capacity (MW)	Attributable installed/constructing Capacity ⁽⁵⁾ (MW)	On-grid tariff (RMB/kWh)
大唐巴彥淖爾風力發電有限公司 (Datang Bayannur Wind Power Generation Co., Ltd)	100%	Bayannur City, Inner Mongolia	Phase 1 of Wuliji wind power project	Operational	December 2009	50.0		50.0	0.520
大唐 (通遼) 霍林河新能源有限公司 (Datang (Tongliao) Huolinhe Renewable Power Co., Ltd)	100%	Huolin Gol City, Inner Mongolia	Phase 1 of Huolinhe Wind Power Project	Operational	December 2008	50.0		50.0	0.540
			Phase 1 of North Zhaluote Wind Power Project	Operational	November 2009	49.3		49.3	0.540
			Phase 2 of North Zhaluote Wind Power Project	Operational	November 2009	48.8		48.8	0.540
			Dangxiaogou wind power project	Operational	November 2009	49.5		49.5	0.540
			Beishagou wind power project	Operational	November 2009	49.5		49.5	0.540
大唐 (赤峰) 新能源有限公司 (Datang (Chifeng) Renewable Power Co., Ltd.)	60%	Chifeng City, Inner Mongolia	Toudaogou wind power project	Under construction	December 2010		49.5	29.7	0.540
			Phase 2 of Saihanba wind power project	Operational	June 2006	45.1		27.0	0.570
			Phase 3 of Saihanba wind power project	Operational	August 2006	45.1		27.0	0.570
			Phase 1 of Dongshan wind power project	Operational	November 2006	49.3		29.6	0.540
			Phase 2 of Dongshan wind power project	Operational	December 2007	50.0		30.0	0.540
			Phase 1 of Bolike wind power project	Operational	December 2007	50.0		30.0	0.540
			Phase 2 of Bolike wind power project	Operational	November 2008	50.0		30.0	0.540
			Phase 4 of Dali wind power project	Operational	December 2007	49.5		29.7	0.540
			Phase 5 of Dali wind power project	Operational	December 2007	49.5		29.7	0.540
			Phase 2 of Duolun Daxishan wind power project	Operational	December 2008	30.0		18.0	0.520

APPENDIX V

PROJECT PORTFOLIO OVERVIEW

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Status ⁽³⁾	Actual/Estimated in-service date ⁽⁴⁾	Installed Capacity (MW)	Constructing Capacity (MW)	Attributable installed/constructing Capacity ⁽⁵⁾ (MW)	On-grid tariff (RMB/kWh)
赤峰唐能新能源有限公司 (Chifeng Tangneng Renewable Power Co., Ltd.)	100%	Chifeng City, Inner Mongolia	Phase 3 of Duolun Daxishan wind power project	Operational	December 2009	49.5		29.7	0.520
			Aqidaode wind power project	Operational	November 2009	49.5		29.7	0.540
			Chaganhada wind power project	Operational	December 2009	49.5		29.7	0.540
			Yikesong wind power project	Operational	December 2009	49.3		29.6	0.540
			Phase 1 of Daheishan wind power project	Operational	December 2007	49.3		49.3	0.540
巴彥淖爾烏拉特中旗富匯風能電力有限公司 (Bayannur Wulate Zhongqi Fuhui Wind Power Generation Co., Ltd.)	100%	Chifeng City, Inner Mongolia	Phase 1 of Daguangdingzishan wind power project	Operational	December 2007	49.3		49.3	0.540
			Qingmachang wind power project	Operational	December 2008	49.5		49.5	0.540
			Tashanzi wind power project	Operational	December 2008	49.5		49.5	0.540
			Phase 1 of Tugurige wind power project	Operational	January 2008	49.5		49.5	0.510
			Phase 1 of Narenbaolige wind power project	Operational	August 2008	49.5		49.5	0.510
大唐興安盟新能源有限公司 (Datang Xing'anmeng Renewable Power Co., Ltd.)	100%	Xing'anmeng, Inner Mongolia	Phase 1 of Keyouqianqi wind power project	Under construction	October 2010		49.3	49.3	0.540
			Yangshugou wind power project	Under construction	December 2010		49.5	49.5	0.540
			Changhangou wind power project	Under construction	December 2010		50.0	50.0	0.540
			Dashuiboluo wind power project	Under construction	November 2010		50.0	25.5	0.540
林西興陸嘉新能開發有限公司 (Linxi Aolujia Renewable Power Development Co., Ltd.)	51.00%	Chifeng City, Inner Mongolia							

APPENDIX V

PROJECT PORTFOLIO OVERVIEW

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Status ⁽³⁾	Actual/Estimated in-service date ⁽⁴⁾	Installed Capacity (MW)	Constructing Capacity (MW)	Attributable installed/constructing Capacity ⁽⁵⁾ (MW)	On-grid tariff (RMB/kWh)
中國大唐集團新能源股份有限公司 (China Datang Corporation Renewable Power Co., Ltd)	100%	Xing'anmeng, Inner Mongolia	Phase 1 of Laoyeling wind power project	Under construction	December 2010		49.5	49.5	0.540
Northeastern Region									
大連大唐海派新能源有限公司 (Dalian Datang Haipai Renewable Power Co., Ltd.)	80%	Wafangdian City, Liaoning Province	Phase 1 of Dalian Datang Haipai Tuoshan wind power project	Under construction	December 2010		49.5	39.6	0.610
		Dalian City, Liaoning Province	Phase 1 of Donggang wind power project	Under construction	December 2010		49.5	39.6	0.610
大唐向陽風電有限公司 (Datang Xiangyang Wind Power Generation Co., Ltd.)	100%	Taonan City, Jilin Province	Phase 1 division 1 of Xiangyang wind power project	Operational	December 2009	150.0		150.0	0.610
			Phase 1 division 2 of Xiangyang wind power project	Under construction	November 2010		250.5	250.5	0.610
大唐集賢風力發電有限公司 (Datang Jixian Wind Power Generation Co., Ltd)	100%	Shuangyashan City, Heilongjiang Province	Datang Jixian Taiwangshan wind power project	Under construction	December 2010		49.5	49.5	0.580
大唐樺川風力發電有限公司 (Datang Huachuan Wind Power Generation Co., Ltd)	100%	Jiamusi City, Heilongjiang Province	Datang Huachuan Sujiaodian wind power project	Under construction	May 2011		49.5	49.5	0.610
大唐 (朝陽) 新能源有限公司 (Datang (Chaoyang) Renewable Power Co., Ltd)	60%	Chaoyang City, Liaoning Province	Kezuozhongshan wind power project	Operational	December 2009	30.0		18.0	0.610
大唐依蘭風力發電有限公司 (Datang Yilan Wind Power Generation Co., Ltd)	51%	Harbin City, Heilongjiang Province	Yilanfujiang wind power project	Operational	October 2009	49.5		25.2	0.610
			Chengguang wind power project	Operational	June 2009	49.5		25.2	0.610
大唐海林風力發電有限公司 (Datang Hailin Wind Power Generation Co., Ltd)	51%	Hailin City, Heilongjiang Province	Hufengling wind power project	Operational	January 2010 ⁽⁶⁾	4.5	40.5	22.1	0.610
大唐樺南風力發電有限公司 (Datang Huanan Wind Power Generation Co., Ltd)	70%	Jiamusi City, Heilongjiang Province	Phase 1 of Huanan Dajiazishan wind power project	Operational	December 2008	49.5		34.7	0.610

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Status ⁽³⁾	Actual/Estimated in-service date ⁽⁴⁾	Installed Capacity (MW)	Constructing Capacity (MW)	Attributable installed/constructing Capacity ⁽⁵⁾ (MW)	On-grid tariff (RMB/kWh)
大唐中電 (吉林) 新能源發電有限公司 (Datang China Power (Jilin) Renewable Power Co., Ltd.)	51%	Changchun City, Jilin Province	Phase 2 of Huanan Daijiazhan wind power project Phase 1 of Shuangliao wind power project	Operational	December 2008	49.5		34.7	0.610
大唐中電 (吉林) 發電有限公司 (Datang China Power (Jilin) Power Generation Co., Ltd.)	51%	Changchun City, Jilin Province	Phase 2 of Shuangliao wind power project Datong wind power project	Operational	December 2008	49.5		25.3	0.610
大唐吉林風力發電股份有限公司 (Datang Jilin Wind Power Generation Co., Ltd.)	31%	Changchun City, Jilin Province	Phase 1 of Taonan wind power project	Operational	November 2005	49.3		15.3	0.630
Coastal Region									
上海東海風力發電有限公司 (Shanghai Dong Hai Wind Power Generation Co., Ltd.)	28%	Shanghai City	Donghai Bridge offshore wind power project	Operational	June 2010	102		28.56	0.9745
大唐文登風力發電有限公司 (Datang Wendeng Wind Power Generation Co., Ltd.)	100%	Wendeng City, Shandong Province	Phase 1 of Wendeng wind power project	Operational	December 2009	49.5		49.5	0.710
山東大唐國際東營風電有限公司 (Shandong Datang International Dongying Wind Power Generation Co., Ltd.)	100%	Dongying City, Shandong Province	Phase 1 of Dongying wind power project	Operational	December 2008	49.5		49.5	0.810
大唐萊州風力發電有限公司 (Datang Laizhou Wind Power Generation Co., Ltd.)	100%	Laizhou City, Shandong Province	Phase 1 of Laizhou wind power project	Operational	December 2007	49.5		49.5	0.710
大唐平度風力發電有限公司 (Datang Pingdu Wind Power Generation Co., Ltd.)	100%	Pingdu City, Shandong Province	Phase 2 of Laizhou wind power project Phase 1 of Pingdu wind power project	Operational	December 2007	49.5		49.5	0.710
				Under construction	October 2010		49.5	49.5	0.610
大唐威海新能源有限公司 (Datang Weihai Renewable Power Co., Ltd.)	100%	Qingdao City, Shandong Province	Huangdao wind power project	Under construction	December 2010		49.5	49.5	0.610
				Under construction	December 2010		49.5	49.5	0.610

APPENDIX V

PROJECT PORTFOLIO OVERVIEW

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Status ⁽³⁾	Actual/Estimated in-service date ⁽⁴⁾	Installed Capacity (MW)	Constructing Capacity (MW)	Attributable installed/constructing Capacity ⁽⁵⁾ (MW)	On-grid tariff (RMB/kWh)
Central and Western Region									
大唐張北風力發電有限公司 (Datang Zhangbei Wind Power Generation Co., Ltd)	100%	Zhangjiakou City, Hebei Province	Phase 1 of Wudengshan wind power project	Operational	December 2009	49.5		49.5	0.540
大唐玉門昌馬風電有限公司 (Datang Yumen Changma Wind Power Generation Co., Ltd)	100%	Yumen City, Gansu Province	No.1 Changma wind power project	Under construction	October 2010		201.0	201.0	0.540
甘肅大唐玉門風電有限公司 (Gansu Datang Yumen Wind Power Co., Ltd)	60%	Yumen City, Gansu Province	Phase 1 of Yumen wind power project	Operational	August 2006	49.3		29.6	0.540
			Phase 2 of Yumen wind power project	Operational	October 2008	49.5		29.7	0.540
大唐景泰風電有限公司 (Datang Jingtai Wind Power Generation Co., Ltd)	100%	Baiyin City, Gansu Province	Baiyin City Jingtaixingquan wind power project	Operational	October 2008	45		45	0.5658
		Baiyin City, Gansu Province	Jingtaixingquan localized trial wind power project	Under construction	December 2010		49	49	0.580
大唐三門峽風力發電有限公司 (Datang Sanmenxia Wind Power Generation Co., Ltd)	90%	Sanmenxia City, Henan Province	Phase 1 of Yellow river wind power project	Operational	December 2007	25.5		23	0.610
		Sanmenxia City, Henan Province	Phase 2 of Huanghe (Qingyuan) wind power project	Under construction	September 2010		34.8	31.3	0.610
大唐洱源風電有限公司 (Datang Er'yuan Wind Power Generation Co., Ltd)	100%	Sanmenxia City, Henan Province	Anzishan wind power project	Under construction	September 2011		45	40.5	0.610
大唐新能瀾州風力發電有限公司 (Datang Renewable Shuozhou Wind Power Generation Co., Ltd.)	100%	Dali City, Yunnan Province	Phase 1 of Luopingshan wind power project	Under construction	October 2010		48.8	48.8	0.610
大唐吳忠新能源有限公司 (Datang Wuzhong Renewable Power Co., Ltd.)	100%	Shuozhou City, Shanxi Province	Phase 1 of Shuozhoulinmin wind power project	Under construction	September 2011		49.5	49.5	0.610
		Wuzhong City, Ningxia Hui Autonomous Region	Taiyangshan wind power project	Under construction	December 2010		49.5	49.5	0.580

Notes:

- (1) Aggregate ownership is calculated by including 100% of the shareholding directly owned by the Company and a portion of the shareholding indirectly owned by the Company's subsidiaries proportionate to our direct percentage ownership in such subsidiaries.
- (2) A wind farm sometimes includes several phases or is expanded by additional projects. As each phase or additional project of a wind farm is subject to separate government approvals, it is deemed as a separate project.
- (3) Refers to an operating project or a project under construction (as the case may be) as defined in "Glossary of Technical Terms."
- (4) Based on the actual or estimated in-service date of the wind turbine installed.
- (5) This is calculated by multiplying our percentage ownership in each project company in which we have an interest by its total installed capacity or total constructing capacity (as the case may be).
- (6) Refers to in-service date of the wind turbines that completed construction.

(B) The following table sets out a summary of our advanced pipeline wind power projects and solar power project managed by our direct and indirect subsidiaries as of June 30, 2010.

Project Company	Aggregate ownership directly and indirectly held by the Group ⁽¹⁾	Location	Project Name ⁽²⁾	Estimated in-service date	Prospective Capacity (MW)	Attributable prospective capacity (MW)	Estimated On-grid tariff (RMB/kWh)
Inner Mongolia							
大唐山東新能源有限公司 (Datang Shandong Renewable Power Co., Ltd.)	100%	Shandong Province	Phase 1 of Yidao wind power project	October 2010	49.5	49.5	0.610
大唐鑛黃旗新能源有限公司 (Datang Xianghuangqi Renewable Power Co., Ltd.)	100%	Inner Mongolia	Phase 1 of Xianghuangqi wind power project	December 2010	48.3	48.3	0.510
大唐山西新能源有限公司 (Datang Shanxi Renewable Power Co., Ltd.)	100%	Shanxi Province	Phase 1 of Hunyuanmimazongliang wind power project	February 2011	49.5	49.5	0.610
大唐山東新能源有限公司 (Datang Shandong Renewable Power Co., Ltd.)	100%	Shandong Province	Phase 1 of Jiaonan wind power project	May 2011	49.5	49.5	0.610
大唐山東新能源有限公司 (Datang Shandong Renewable Power Co., Ltd.)	100%	Shandong Province	Phase 2 of Jiaonan wind power project	May 2011	49.5	49.5	0.610
大唐山西新能源有限公司 (Datang Shanxi Renewable Power Co., Ltd.)	100%	Shanxi Province	Phase 2 of Hunyuanmimazongliang wind power project	December 2011	49.5	49.5	0.610
大唐新能源青銅峽有限公司 (Datang Qingtongxia Renewable Power Co., Ltd.)	100%	Ningxia Hui Autonomous Region	Qingtongxia solar power project	December 2010	10.0	10.0	1.150

Notes:

- (1) Aggregate ownership is calculated by including 100% of the shareholding directly owned by the Company and a portion of the shareholding indirectly owned by the Company's subsidiaries proportionate to our direct percentage ownership in such subsidiaries.
- (2) A wind farm sometimes includes several phases or is expanded by additional projects. As each phase or additional project of a wind farm is subject to separate government approvals, it is deemed as a separate project.

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Sustainable Engineering Worldwide

**China Datang Corporation
Renewable Power Co., Limited**

**Independent Technical Report
on
Datang Renewable Wind Farm Portfolio**

August 2010

EXECUTIVE SUMMARY

SgurrEnergy Ltd. (SE) has been commissioned by China Datang Corporation Renewable Power Co., Ltd. (Datang Renewable, the Client) to produce an independent expert technical report for a Chinese wind farm portfolio (the Portfolio) owned by Datang Renewable. The Portfolio comprises onshore wind farms in operation, construction and development and one offshore wind farm in operation. Datang Renewable is expected to be floated on the Hong Kong Stock Exchange in December 2010 and SE's work will inform the IPO prospectus preparation.

There are 55 operational wind farms with a cumulative installed capacity of 2,717.0 MW in the Portfolio. Additionally, Datang Renewable has informed SE that the total capacity of the projects under construction is 1,462.4 MW, the total capacity of the pipeline projects is 50.7 GW.

Ten onshore wind farms considered representative of the Portfolio, including eight in operation and two under construction, and one offshore wind farm, were selected for detailed review. The onshore wind farms are distributed throughout Shandong, Gansu, Jilin and Inner Mongolia Provinces, and the offshore wind farm is located in Shanghai municipality.

SE considers the selection of wind farms to be representative of the Portfolio, in terms of wind resource distribution, wind turbine generator (WTG) technology, wind farm size and Datang Renewable's percentage shareholding in the wind farm.

This independent technical due diligence report follows an interim report released on 28 July 2010 which described the scope and methodology of SE's work.

This report is based on information received between 17 June 2010 and 13 August 2010.

Project Company Overview

SE has sought to assess Datang Renewable's technical ability to develop, construct and operate wind farm projects.

Despite its relatively recent formation, Datang Renewable is considered to have considerable resources and expertise with regard to wind farm development, construction and operation. This expertise arises from Datang Renewable's formation from subsidiaries of Datang Corporation, each of which was involved in similar wind farm development, construction and operation activities in different areas of China.

The development process employed by Datang Renewable is considered to be industry standard with the locations of wind farms chosen within NDRC wind farm development zones. The timeline for the development process of each wind farm is considered to be reasonable when compared with typical Chinese developments.

Contractual structures employed during construction are considered to be industry standard and reasonable. Based on the detailed review of the wind farms in operation and under construction, Datang Renewable is considered to exhibit effective cost control and construction management.

Post warranty operation and maintenance (O&M) tasks are performed by a subsidiary of Datang Renewable and no issues have been observed with this approach during detailed assessment of the relevant operational sites.

SE believes that substantially most of Datang Renewable's targets for cumulative installed wind farm capacity of 4,000 MW by the end of 2010 will be achieved as sufficient wind farm capacity is being constructed and it is on-track for commercial operation before the end of 2010.

Datang Renewable is well advanced in the development wind farms for 2005 it is likely that the target for cumulative installed wind farm capacity of 4,000 MW by the end of 2010 and 5,500 MW by the end of 2011 could be achieved given that Datang Renewable has shown it is capable of constructing wind farms at a rate approaching 1.5GW/year.

Portfolio Overview

The wind farms within the Portfolio use a wide range of domestic and international WTG technologies, spread across a large geographical area. These aspects of the Portfolio would be expected to reduce the risk associated with concentration in any one area or using only a limited range of WTG models.

The majority of Datang Renewable wind farms have been developed by different subsidiaries of Datang Corporation, subsidiaries which were subsequently merged to form Datang Renewable. The site selection and development methodology employed by each subsidiary appears consistent.

Wind Resource

The majority of the wind farms in the Portfolio are located in areas of high wind power density and Datang Renewable advised that its site selection and development strategy is focused on such areas.

Key WTGs in Portfolio

The Portfolio employs proven WTGs with warranties that meet or exceed Chinese benchmarks from a range of leading Chinese and established European manufacturers. It makes use of proven European and Chinese WTG designs, including designs transferred from Europe for production in China. SE has conducted a favourable review of the track record, certification, quality processes and warranties offered by the key WTG models in the Portfolio and none are considered to pose a significant technology risk.

The exception to the use of proven technologies is, by default, Phase 1 of Shanghai Donghai Bridge offshore wind farm as the Sinovel turbines used in this project are the first Chinese turbines to be deployed offshore. The technology risk associated with this groundbreaking project is mitigated by independent analysis and certification of the WTG design and implementation of appropriate quality assurance standards. Further mitigation is provided by the performance warranties offered by Sinovel.

A review of the annual production capabilities of the Chinese WTG manufacturers assessed in this report reveals that these manufacturers have substantially increased output in recent years. SE believes that Chinese manufacturers will be able to service the expanding Chinese market and that Datang Renewable will be able to maintain quality and performance within its Portfolio by maintaining technology diversification.

Review of Energy Yield Prediction

SE has completed a technical review of the energy yield predictions for each of the nine operational wind farms and two construction wind farms.

Overall the feasibility study reports (FSRs) are considered to have taken a conservative view of the energy yield prediction due to the fact that assumptions on losses in the FSRs are generally considered to be higher than what is likely to be observed in practice. If regional grid curtailment problems are resolved, and the wind farm Portfolio continues to perform above budget, it is likely that the Portfolio will produce more energy than indicated by the predicted production in the FSRs.

Review of Availability and Generation

SE has conducted a high level review of the historic output of the nine operational sites, in order to assess their performance and provide an indication of future output.

The actual and predicted availability values are considered reasonable for onshore operational wind farms. For the periods for which availability information is available the wind farms achieve the turbine manufacturer's guaranteed availability.

WTG Layout and Site Suitability

Generally, the WTGs deployed on the sites assessed are considered suitable for the environments in which they are required to operate suggesting that Datang applies WTG selection criteria designed to ensure that WTGs will achieve the design life specified by the wind turbine manufacturer.

Operation and Maintenance

Datang Renewable's O&M strategy is considered to be reasonable. The experience and training acquired during the warranty period by Datang Renewable indicates that Datang Renewable's maintenance team will be able to take over the maintenance of the WTGs once the turbine manufacturer's warranty expires.

All wind farms contain a spares store holding minor components and consumables. The use of the Daheishan United Storeroom in Chifeng is considered to be an effective way for manufacturers to store key wind turbine components local to wind farms. SE is encouraged that this policy is planned to be introduced in other regions. SE is also encouraged by the fact that Datang Renewable has embraced wind turbine condition and performance monitoring techniques and is actively using these on some of the wind farms assessed.

The establishment of Datang New Energy Beijing Services Company to manage all maintenance of the Portfolio under an incentive arrangement is considered to be an appropriate strategy that will assist in driving down maintenance costs, optimising wind farm performance and will enable the sharing of knowledge and experience across Datang Renewable's maintenance staff.

Project Costs

Datang Renewable's methodology for calculating the *Original Budget* is widely used in China and is recognized by the Chinese wind power industry. SE considers this methodology to be reasonable. Confidence in Datang Renewable's ability to cost projects is provided by the fact that the average *Revised Budget* for eight operational wind farms assessed was within $\pm 5\%$ of the *Original Budget*.

All the *Final Costs* provided by Datang Renewable were within the Revised Budget, which suggests realistic budgeting and strong cost control by Datang Renewable. SE considers the *Final Cost* for six operational wind farms assessed to be in line with Chinese onshore wind farms.

Construction Schedules

SE has reviewed the construction schedules for No.1 Yumen Changma and Yangshugou wind farms and notes that these are on or ahead of schedule for most elements of work. Therefore, although the construction schedules are considered tight when compared with European wind farms, they are considered to be realizable in practice due to the ability of Chinese contractors to mobilize and organize significant human resources.

Based on the information collected on site, SE believes that Datang Renewable has the ability to design and deliver realistic construction schedules.

Electrical Design and SCADA System

A high level review has been conducted of the electrical designs for the 11 wind farms assessed. Cabling, transformer and substation design was subjected to a high level review and were considered to be reasonable and appropriate for each site assessed.

A brief review of the SCADA systems employed or proposed for each site assessed was conducted and the SCADA system robustness and capabilities were considered reasonable.

Grid Connection

A high level review has been conducted of all available information on the grid connection status, including main transformer capacity, reactive power compliance, grid connection point and voltage level for the eleven wind farms assessed.

SE is satisfied that the cabling and transformer sizing is suitable for each wind farm assessed and sufficient to allow export of all power generated. However, grid curtailment issues at some of the wind farms assessed were raised during the site visits.

SE understands from industry announcements that there will be substantial grid improvements in Xinjiang, Gansu, Hebei, Jilin, Jiangsu, Inner Mongolia East and Inner Mongolia West areas, which would ultimately be expected to reduce grid curtailment in these areas.

At this stage it is not clear if the reactive power and low voltage ride through requirements of the new grid code will be applied retrospectively across China. It is expected that new wind farms will be required to comply with the new grid code in the future, although the timeline for this is unclear. SE believes Datang Renewable has the technical capability to comply with the new grid code if it is required for all wind farms in the future. Additionally, SE has been advised that Datang Renewable has a strategy of developing and constructing increasing numbers of “grid-friendly” wind farms to mitigate the curtailment risk.

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GLOSSARY

BoP	Balance of Plant
Capex	Capital Expenditure
CCS	China Classification Society
CGC	China General Certification
COD	Commercial Operation Date
EPC	Engineer Procure Construct
EY	Energy Yield
FSR	Feasibility Study Report
GL	Germanischer Lloyd
Hz	Hertz
IEC	International Electrotechnical Commission
IPO	Initial Public Offering
kW	Kilowatt
LVRT	Low Voltage Ride Through
MSR	Micrositing Report
MW	Megawatt
NCAR	National Centre for Atmospheric Research
NDRC	National Development and Reform Commission
O&M	Operation & Maintenance
Opex	Operational Expenditure
QA	Quality Assurance
RD	Rotor Diameter

RMB	Renminbi
SCADA	Supervisory Control And Data Acquisition
SE	SE Ltd.
SVC	Static Var Compensator
TA	Technical Advisor
TQ	Technical Question
WAsP	Wind Atlas Analysis and Application Program
WTG	Wind Turbine Generator

1 INTRODUCTION

1.1 Overview of this Report

SgurrEnergy Ltd. (SE) has been commissioned by China Datang Corporation Renewable Power Co., Limited (Datang Renewable, the Client) to produce an independent expert technical report for a Chinese wind farm portfolio (the Portfolio) owned by Datang Renewable. The Portfolio comprises onshore wind farms in operation, construction and development, and one offshore wind farm in operation. Datang Renewable is expected to be floated on the Hong Kong Stock Exchange in December 2010 and SE's work will inform the IPO prospectus preparation.

There are 55 operational wind farms in the Portfolio with a cumulative installed capacity of 2,717.0 MW. Additionally, Datang Renewable has informed SE that the total capacity of the projects under construction is 1,462.4 MW, the total capacity of the pipeline projects is 50.7 GW.

Ten onshore wind farms considered to be representative of the Portfolio, and one offshore wind farm, were selected for detailed review. The onshore wind farms are distributed throughout Shandong, Gansu, Jilin, and Inner Mongolia Provinces, and the offshore wind farm is located in Shanghai municipality.

SE considers the selection of wind farms to be representative of the Portfolio, in terms of wind resource distribution, WTG technology, wind farm size and Datang Renewable's percentage shareholding in the wind farm.

This independent technical due diligence report follows an interim report released by SE on 28 July 2010 that described the scope of SE's work and the methodology employed to deliver it.

This report is based on information received between 17 June 2010 and 13 August 2010.

1.2 Report Structure

Within this report SE has provided the following main areas of commentary:

- A review of Datang Renewable;
- A description of the methodology for selection of 11 wind farms for assessment;
- A Portfolio overview, including an opinion of the wind resource;
- A review of the key WTGs in the Portfolio;
- A summary of key findings from site visits;
- A review of design institute energy yield predictions within Feasibility Study Reports (FSRs);

- A review of operational data;
- A review of operation and maintenance arrangements;
- A review of project costs;
- A review of project schedules;
- A review of electrical infrastructure designs and SCADA systems; and,
- A review of grid connection arrangements.

SE's conclusions are made at the end relevant sections of the report and compiled in the Executive Summary.

SE's objective is to assess the condition of a sample of Portfolio assets regarding the adequacy of technologies used and plant performance, based on the assumption that the finding of this assessment will apply to the wider Portfolio, assess Datang Renewable's ability to develop and operate projects and comment on the capacity of the power transmission and distribution systems in the vicinity of Datang Renewable projects.

2 CAPABILITIES OF INDEPENDENT TECHNICAL EXPERT

2.1 Independence of SgurrEnergy

This report has been produced by suitably qualified staff within SE. The team involved in production of the report is outlined in Section 2.3.

Professional fees are payable to SE by the Client for the production of this report. SE confirms that neither the SE directors, nor any of the staff involved in production of the report, have any interest in:

- Datang Renewable;
- The Portfolio; or,
- The outcome of the Datang Renewable IPO.

This report has been issued to the Client, and the Client and its advisors have made comments for the purposes of confirming the factual content of the report only.

2.2 SgurrEnergy Qualifications and Track Record

SE is a leading independent multi-disciplinary engineering consultancy specialising in renewable energy. The company has the capability to deliver at every phase of a project, from the early stages of site selection, feasibility and design through to project management of the construction phase and operation and maintenance. SE's team of over 100 consultants has extensive UK and international experience providing consultancy services across five continents in over 30 countries. To date SE's team has assessed over 50GW of renewable energy development internationally and this figure continues to grow rapidly.

SE has carried out in excess of 800 projects to date. The company is operating under an Integrated Management System and is committed to delivering the highest standards of Quality, Environmental and Health & Safety Assurance as demonstrated by SE's certification to the ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) standards.

SE's recent relevant experience includes:

Confidential Wind Farm Portfolio Technical Due Diligence Review, China, (2010)

SE recently completed a technical due diligence review of a 200 MW wind farm portfolio in Gansu Province on behalf of an investment bank. The technical due diligence review included energy yield assessment, contract review, WTG technology review and a financial model review, which helped the client to identify the potential technical risks and apply mitigation measures to reduce its exposure to risk. To support the review, a site visit and a WTG factory visit were performed.

Baicheng Wind Farm (50 MW), Lenders Engineer, HSBC, China, (2009 – on-going)

SE was mandated to undertake a review of a new WTG model for use on a new onshore wind farm project in China, to provide the lenders with sufficient confidence in both the WTG model itself and the contractual protection offered within the WTG supply and maintenance agreements. Although a separate lender's engineer report had already been prepared, HSBC approached SE directly and requested that it undertook a new review of the contracts covering WTG supply and maintenance, as well as long-term maintenance budgets and availability assumptions. SE also opined on the WTG's suitability for the specific site location and recommended a series of ongoing inspections during the construction phase of the project. SE was subsequently selected as the lenders' Technical Advisor (TA) for the construction phase.

Confidential Portfolio Reviews, China, (2009)

SE recently completed two separate independent reviews of Chinese wind farm portfolios. Both reviews included wind energy production assessments, and reviews of the developer's track record and abilities, as well as key project agreements, project capital and operating costs and assessments of several different domestic Chinese WTG suppliers. SE's Beijing staff undertook a number of site visits and management meetings as part of these assignments.

Confidential Review of Wind Farm (150 MW) and WTG Technology in Heilongjiang Province, China (2009)

SE undertook due diligence on a new onshore wind farm project in Heilongjiang province, China. The client was based overseas and approached SE's China team to be the project's lender's engineer.

SE performed a site visit and WTG factory visit, reviewed the contracts covering WTG supply and maintenance, opined on the WTG suitability, identified potential risks and recommended a series of on-going inspections to the client.

Owner's Engineer and Technical Advisor at Multiple Locations (50 MW – 4,000 MW), Honiton Energy, Inner Mongolia, China (2005 – on-going)

SE is providing technical advisory and owner's engineer services to Honiton Energy on a range of individual wind energy projects, utilising both UK based technical experts and those based in SE's Beijing office. The projects underline Honiton's plans to install up to 4,000 MW of wind farm projects in the next 14 years. SE consultants are providing technical support and strategic management advice to assist in the feasibility, design, development, construction and operation of this significant portfolio of wind farms in China.

2.3 Core Team Members

The role and relevant experience of the individuals comprising the core SE team undertaking this assignment is summarized below.

Project Director, Simon Luby (Glasgow)

Overall responsibility for this project lies with our Project Director for this assignment; Simon Luby. As Project Director Simon Luby has added his considerable experience where required to the project. Simon's most recent assignments include supporting our latest due diligence assignments in China, in addition to leading our lender's engineer teams for onshore and offshore wind farms around the world. Simon has previously carried out a number of renewable energy due diligence assignments for a major international infrastructure fund, both at SE and prior to his move to the company in 2007. Simon also led our offshore lender's engineer teams for Borkum West II, Lynn & Inner Dowsing and Thanet. Since joining SE in September 2007 he has led over 50 major lender's engineer and acquisition due diligence assignments. From early 2003 up to his move to SE in September 2007 Simon led or participated in the majority of Mott MacDonald's wind energy due diligence assignments. While working for Mott MacDonald, Simon led the overall lender's engineer teams for Thanet and Thornton Bank, and deputised on Q7, with all three project teams consisting of a combination of Mott MacDonald and SE staff.

Simon has considerable experience of leading and undertaking due diligence of renewable energy projects on behalf of lenders and investors, with particular expertise in design and contract reviews. Over half of his 14-year career has been spent on undertaking and leading major due diligence assignments on energy projects.

Project Manager, Ian Irvine (Glasgow/Beijing)

The Project Manager for this assignment is Ian Irvine. Ian founded SE after spending seven years managing the Renewable Energy Group at ScottishPower Technology, and he has worked in the renewable energy industry at an industrial level for over 25 years. His experience covers all aspects of project development and analysis, including expertise in energy yield analysis and WTG design. Ian has been directly involved in projects ranging from several kW's to thousands of MW's in size, where he has provided expert advice to developers and financiers on issues relating to WTG and project design, energy yield, long-term maintenance and project costs.

Ian has been closely involved in all our Chinese due diligence assignments, and played a central and critical role in both our major offshore wind studies for the Chinese Government during 2007 to 2009 (part-funded by the World Bank and EU respectively).

The additional team members working on the assignment are listed in Table 1. These individuals have been closely supported by SE's wider professional expertise and experience from over 100 experienced renewable energy and engineering professionals.

Table 1: Team Members

Role	Member of Staff
Field Operations & Programme Review	James Wu
Technical Review	Molly Iliffe
Client Liaison	Cathryn Chu
Offshore Wind Farm Review.	Dawei Zhang
Energy Yield and Availability Review.	Shirley Chen
Energy Yield and Availability Review.	Shona Quinn
Energy Yield and Availability Review.	Yan Li
O&M Strategy Review	Tianfeng Dang
Electrical, SCADA and Grid Review	Stephen Chai
Electrical, SCADA and Grid Review	Gavin Montgomery
WTG Technology Review.	Stephen Chai and Dawei Zhang

3 METHODOLOGY

3.1 Objectives of Technical Appraisal

SE's role in this assignment is to produce an independent, expert technical report on the Portfolio. An overview of the topics to be covered by the report is provided in Section 1.2. Briefly, SE will assess a sample wind farms, both operational and under construction and considered to be representative of the Portfolio, from a technical perspective in order to provide an independent view of asset condition, performance, suitability of the key equipment used and highlight regional grid issues. The technical review process is outlined in Section 3.3.

The information used in this report has come from a number of sources:

- Information provided by Datang Renewable in response to the Technical Question (TQ) Register compiled by SE;
- Information provided by wind farm personnel during site visits and other meetings;
- Information provided by WTG manufacturers;
- Publicly available information; and,
- SE's experience in the wind power industry.

It should be noted that the level of detail that can be discussed in the report relies heavily on the information provided by Datang Renewable.

SE's knowledge and experience in the Chinese and global wind power sectors was utilized in the assessment of externally sourced information.

3.2 Selection of Representative Wind Farms

The Portfolio comprises onshore wind farms in operation, construction and development, and one offshore wind farm in operation.

The composition of the Portfolio as of 30 June 2010 is summarized in Table 2. As can be seen from Table 2, on 30 June 2010 there were 55 operational wind farms with a cumulative installed capacity of 2,717.0 MW. Additionally, there were 22 wind farms under construction with a cumulative rated capacity of 1,462.4 MW. Datang Renewable has informed SE that it has a 50.7 GW construction and development pipeline.

Table 2: Portfolio Summary (30 June 2010)

Stage	Number of Sites	Installed/ Rated Capacity (MW)
Construction	22	1,462.4
Operation	55	2,717.0

An assessment of Datang Renewable's entire Portfolio was not considered necessary or practicable and as a result the approach adopted by SE involved identification of a sample of sites within the Portfolio with characteristics that reflected the whole Portfolio. SE then conducted site visits to the sites selected to ascertain whether they were being developed, constructed and operated in accordance with best industry practice.

As the construction sites currently have anemometer masts from the development phase installed, it was considered reasonable that visits to the sites under construction could be employed to assess whether best industry practice had been followed during the development phase.

A sample size of 15% of the portfolio was considered appropriate, giving a practical target of approximately 10 – 11 sites to visit and assess. The split of these sites between those in operation and those under construction is approximately 80/20 and therefore nine operational sites and two sites in the construction phase were selected from the Portfolio to best reflect the following:

- The range of environmental conditions (wind resource, wind characteristics, atmospheric temperature, humidity and particulate composition) that sites within the Portfolio operate in;
- The range of technologies deployed, wind farm sizes, percentage of Datang Renewable shareholding and turbine ages within the Portfolio; and,
- Development, construction and operating practices and strategies employed within the Portfolio.

Appropriate consideration was also given to the logistics of the site visits.

The sites selected for assessment are listed in Table 3 and the corresponding details have been provided by Datang Renewable.

Table 3: Sites Selected for Assessment

Name of Project	Province	City/Site	COD	Size (MW)	WTG Model	No. of WTGs	2009 Full Load Hours
Phase 4 of Dali Wind Farm	Inner Mongolia	Dali	23-Dec-07	49.5	Sinovel FL1500/70	33	2,344
Phase 2 of Dongshan Wind Farm	Inner Mongolia	Dongshan	27-Dec-07	50	VESTAS V80-2000	25	2,587
Phase 2 of Duolun Daxishan Wind Farm	Inner Mongolia	Duolun	19-Dec-08	30	Guangdong MingYang MY1500se	20	2,205
Phase 1 of Saihanba Wind Farm.	Inner Mongolia	Saihanba	12-Aug-05	30.6	VESTAS V52-850	36	2,633
Baiyin City Jingtaixingquan Wind Farm	Gansu	Baiyinxingquan	18-Oct-08	45	Sinovel FL1500/70	30	1,974
Phase 2 of Shuangliao Wind Farm	Jilin	Shuangliao	23-Dec-08	49.5	Goldwind 77-1500	33	2,111
Phase 1 of Taonan Wind Farm	Jilin	Taonan (near Baicheng)	29-Nov-05	49.3	GAMESA G58-850	58	2,032
Phase 1 of Dongying Wind Farm	Shandong	Dongying	23-Dec-08	49.5	Dongfang FD70B-1500	33	2,074
Division 1 of Donghai Bridge Offshore Wind Farm	Shanghai	Shanghai	In operation	102	Sinovel SL3000/90	34	N/A
Total Capacity of operational wind farms (MW)				455.4			
Yangshugou Wind Farm	Inner Mongolia	Yangshugou	Under Construction	49.5	Goldwind 77-1500	33	Under construction
No.1 Yumen Changma Wind Farm	Gansu	Changma	Under Construction	201	Sinovel SL1500/82	134	Under construction
Total Constructing Capacity (MW)				250.5			

Of the two sites under construction, Yangshugou wind farm is at an early stage in the construction programme and No.1 Yumen Changma wind farm is at a later stage of construction allowing SE to observe activities occurring throughout the construction phase.

Division 1 of Donghai Bridge, an offshore wind power project, allowed SE to gain a better understanding of Datang Renewable's capability and strategy regarding offshore wind farm development.

3.3 Technical Review Process

Following the selection of the wind farms to be assessed, as discussed in Section 3.2, SE prepared a detailed TQ Register which was issued to Datang Renewable. The TQ Register contained questions and requests for data relating to every part of SE's scope of work.

Following issue of the TQ Register, SE conducted visits to the eleven wind farm sites selected for detailed assessment, during which, as far as practicable, the asset condition was assessed and interviews were conducted on with site personnel. This process is discussed in more detail in Section 5.1. The TQ Register was also taken to site as much of the information required for SE's review was held at the specific sites or regional offices rather than centrally by Datang Renewable.

As information was obtained, further, more detailed questions were posed through the TQ Register. SE then conducted a desktop review of this information in its offices in Beijing and Glasgow. The core team which undertook this review is detailed in Section 2.3.

It is assumed that conclusions based on the detailed review of the sample of 11 wind farms assessed can be extrapolated to the Portfolio as a whole.

4 PORTFOLIO OVERVIEW

4.1 Project Company Overview

SE has sought to assess the Client's technical ability to develop, construct and operate wind farm projects.

SE's assessment is based on the following documentation provided for review:

- Company Overview EN and 股份公司基本情况

Additionally, SE has made use of observations and discussions from the site visits and Client meetings.

4.1.1 Track Record and Resources

Datang Renewable is a wholly owned subsidiary of China Datang Corporation (Datang Corp), and it owns the bulk of Datang Corp's wind energy assets.

Datang Corp is one of the five largest electricity utility companies in China. It created a wholly owned subsidiary called Datang Chifeng Saihanba Wind Power Generation Co., Ltd. in 2004 in Chifeng, for the purposes of development, construction and operation of wind farms in the area. Datang Chifeng Saihanba Wind Power Generation Company Limited was renamed to China Datang Corporation Renewable Power Co., Ltd. on March 19, 2009, for the overall development of the wind power resources in Chifeng area of Inner Mongolia, PRC. Our Company was established as a joint stock limited company under the PRC Company Law on July 9, 2010 through Reorganization of China Datang Corporation Renewable Power Co., Ltd. At present the personnel of Datang Renewable have already moved to other provinces to develop similar subsidiaries there.

From the above it can be seen that although Datang Renewable is a relatively new company, it has considerable experience of wind farm development as a result of its formation from the experienced subsidiaries that had been in operation as early as 2004. At the end of 2009, the subsidiaries that now comprise Datang Renewable had installed over 2,600 MW of wind energy in China.

Using information provided by Datang Renewable, site visits and Client meetings the capabilities of Datang Renewable were established and are summarized in the following subsections.

4.1.1.1 Wind Farm Development

The Development and Planning Department within Datang Renewable has responsibility for managing the progression of wind farms through the development phase. Most of the wind farms within the Portfolio are developed by Datang Renewable. Only a small proportion of

wind farms were acquired from other companies. SE has been informed that there is 274 staff currently working in this department.

4.1.1.2 Equipment Procurement

Equipment procurement is the responsibility of Datang Renewable's Construction Management Department. SE has reviewed the bidding procedures and tendering documents of Datang Renewable and considers these to be in line with Chinese industry standards.

4.1.1.3 Construction

Datang Renewable has the capability to project manage the construction phase of the wind farms and is understood to generally retain this rather than pass this function to a third party. The Construction Management Department manages the construction of wind farms. As at 30 June 2010 there were 22 wind farms under construction and SE inspected two of these wind farms during the site visits.

The procurement process for the WTGs and other major items of equipment for the wind farms is the responsibility of the Construction Management Department. The purchase process is by means of public bidding.

It is understood that Datang Renewable utilizes both multi-contract and Engineer Procure Construct (EPC) contract strategies for wind farm construction. Around 1/4 to 1/3 of contracts are EPC contracts. EPC and multi-contract strategies are widely employed in wind farm construction worldwide and there are many examples of projects that have been completed successfully using these strategies.

Datang Renewable assigns a project manager and technical team, including an in-house electrical engineer and civil engineer, to monitor the entire construction process on site. As discussed in Sections 5.6 and 5.7, the subsidiaries that formed Datang Renewable are considered to have realistic and industry standard construction budgeting practices and construction schedules. This suggests that Datang Renewable has a robust EPC and multi-contract delivery capability.

4.1.1.4 Project Management

Project management is undertaken by the Development and Planning, Construction Management and Safety Production Departments within Datang Renewable.

As discussed in Sections 5.6 and 5.7, the subsidiaries that formed Datang Renewable are considered to have effectively managed construction budget and schedules for the operational sites visited.

4.1.1.5 Operation & Maintenance

The operation and maintenance (O&M) strategy of Datang Renewable is in line with Chinese standard industry practice. O&M is carried out by the WTG supplier within the warranty period, after which Datang Renewable conducts O&M in-house. Datang Renewable has set up a subsidiary company to focus on provision of O&M services. SE has recommended that a quality assurance department is established to monitor the performance of its wind farm assets. These points are discussed in more detail in Section 5.

Figure 1 shows the Datang Renewable company structure as provided by Datang Renewable.

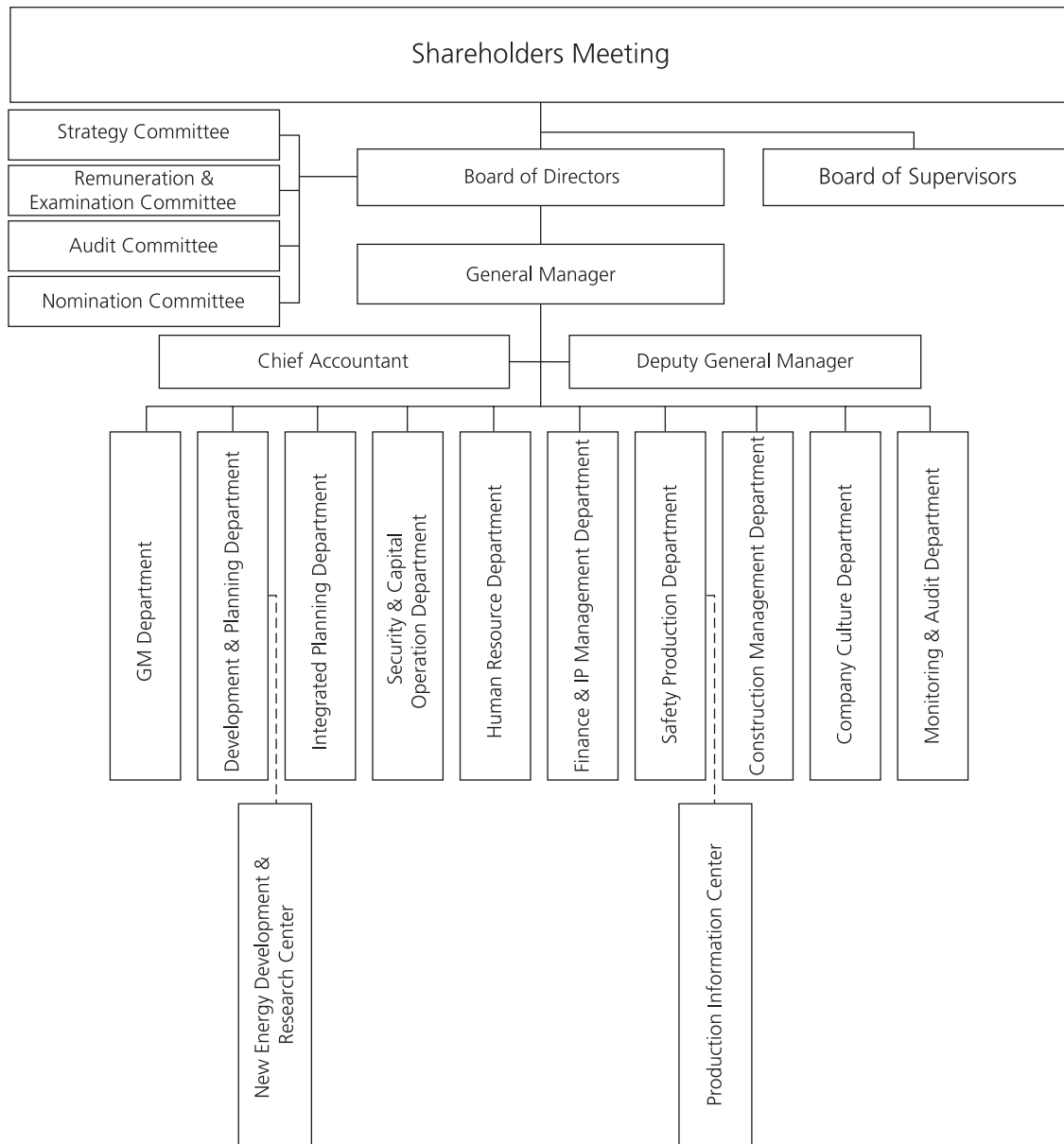


Figure 1: Datang Renewable Company Structure

SE has been informed that the Safety Production Department is the main department responsible for the operational assets.

4.1.2 Approach to Wind Farm Development

According to information provided by Datang Renewable, the company's wind farm development is focused on three major wind energy development zones:

- "Northern Development Zone" – composed mainly of projects in Inner Mongolia and the three Northeastern provinces;
- "Central-Western Development Zone" – composed mainly of projects in Hebei, Shanxi, Shaanxi, Ningxia, Gansu and Xinjiang; and,

- “Southeast Development Zone” – composed of projects in Shandong, Jiangsu, Shanghai, Jiangxi and Fujian.

SE has been provided with a high level schematic showing the workflow process applied by Datang Renewable throughout the development phase of a project. From the diagram, SE understands that the development process is composed of five main steps, namely:

1. Create wind farm project plan, which takes around 1 month;
2. Undertake wind resource measurement, which takes around 15 months;
3. Complete a feasibility study, which takes around 4 months;
4. Obtain supporting documentation, which takes around 4 months; and,
5. Obtain project permits, which takes three to five months.

Datang Renewable expects to spend around 28 months from project inception to completion of the development phase. SE understands that these five steps are mandatory and are required in order to obtain a development permit from the National Development and Reform Commission (NDRC). SE considers the timeframe spent for each step to be reasonable, in particular for the wind resource measurement step as wind resource analysis must be based on at least one consecutive year of wind data.

Through interviews with the management team of Datang Renewable, it is considered that Datang Renewable’s processes for site section and development follow standard practice in China. At the current time, Datang Renewable is planning to develop the bulk of the pipeline projects within the seven wind farm development zones identified by the National Development and Reform Commission. In SE’s experience, there are considerable benefits to developing within these zones, particularly related to lower risk of grid connection constraints as the government is undertaking vast investment and is implementing electrical infrastructure improvement plans in these zones.

4.1.3 Development Pipeline

Datang Renewable provided SE with a list of short, medium and long-term provincial development targets, which is summarized in Table 4, and the definition of short, medium and long-term is as follows:

- **Short-term:** It is expected that those projects with the state NDRC approval or provincial NDRC approval but the work and construction of which have not been commenced could be completed within six to nine months from 30 June 2010.
- **Medium-term:** Datang Renewable has finished the wind measurement campaign and it is in the process of applying for state NDRC approval or provincial NDRC approval. These projects can begin construction within the next one to three years from 30 June 2010.
- **Long-term:** Datang Renewable has signed a development agreement with local government to begin a wind speed measurement campaign. The most promising of these projects will be brought forward within the next five to ten years.

The number of wind farms under construction of Datang Renewable was 22 as of 30 June 2010, and it was expected that the total installed capacity was 1,462.4 MW, most of them would be completed by 2010. Therefore, SE believes that Datang Renewable's targets for cumulative installed wind farm capacity of 4,000 MW by the end of 2010 will be achieved.

Table 4: Provincial Development Targets at 30 June 2010

Province	Short-term (MW)	Medium-term (MW)	Long-term (MW)	Total (MW)
Inner Mongolia	49.5	1,899.5	13,600.0	15,549.0
Heilongjiang	0	742.5	4,409.0	5,151.5
Hebei	0	99.5	3,540.0	3,639.5
Ningxia	0	150	2,700.0	2,850.0
Qinghai	0	6.0	2,000.0	2,006.0
Shandong	148.5	150.0	1,150.0	1,448.5
Jiangsu	0	0	1,180.0	1,180.0
Liaoning	0	250.0	1,650.0	1,900.0
Shanxi (山西)	99.0	100.0	800.0	999.0
Shaanxi (陕西)	0	100	850.0	950.0
Xinjiang	0	0	500	500
Gansu	0	0	1,500.0	1,500.0
Yunnan	0	338	0	338
Jilin	0	105	695.0	800.0
Chongqing	0	0	300.0	300.0
Hainan	0	200	0	200
Fujian	0	30.0	70.0	100
Guangdong	0	50.0	100.0	150.0
Anhui	0	0	50	50
Guangxi	0	100.0	0	100.0
Beijing	100.0	0	0	100.0
Total	297	5,627	44,783.5	50,707.5

As Datang Renewable will install over 1,400 MW of new wind farm capacity in 2010 and as Table 4 suggests the capacity of the short, medium and long term pipeline projects, Datang Renewable possesses adequate pipeline projects to achieve the target for cumulative installed capacity of 4,000 MW by the end of 2010 and 5,500 MW by the end of 2011.

To help Datang Renewable achieve the targets listed in Table 4, SE has been advised that Datang Renewable has recruited more than 600 new staff this year. In terms of availability of key equipment, SE understands that Datang Renewable has particular long-established relationships with Sinovel, Vestas and Gamesa and will seek further opportunities to lever off its substantial purchasing power.

4.1.4 Conclusions on Project Company Overview

SE has sought to assess Datang Renewable's technical ability to develop, construct and operate wind farm projects.

Despite its recent formation, Datang Renewable is considered to have considerable resources and expertise with regard to wind farm development, construction and operation. This expertise arises from its formation from subsidiaries of Datang Corp, each of which has been involved in similar wind farm development, construction and operational activities in different areas of China.

The development process employed by Datang Renewable is considered to be industry standard, with the locations of wind farms chosen being in line with NDRC wind farm development zones. The timeline proposed by Datang Renewable for the development phase of each wind farm is considered to be reasonable.

Contractual structures employed during construction are considered to be industry standard and reasonable. Datang Renewable is considered to have had effective control of costs and construction schedules regarding those operational wind farms for which detailed assessments were performed and this level of control could prevail throughout the wider Portfolio.

Post warranty O&M activities are conducted by a subsidiary of Datang Renewable and no issues were observed with this approach during assessment of the wind farm sites visited.

SE believes that Datang Renewable's targets for cumulative installed wind farm capacity of 4,000 MW by the end of 2010 will be achieved as sufficient wind farm capacity is being constructed and it is on-track for commercial operation before the end of 2010.

Datang Renewable is well advanced in the development wind farms for 2005 it is likely that the target for cumulative installed wind farm capacity of 5,500 MW by the end of 2011 could be achieved given that Datang has shown it can currently construct wind farms at a rate approaching 1.5GW/year.

4.2 Overview of Operational Wind Farms in Portfolio

Datang Renewable has provided SE with a list of operational wind farms within its Portfolio and a review of this list reveals a wide range of domestic and international WTG brands, spread across a large geographical area. This characteristic of the Portfolio is expected to reduce the risk associated with concentration in any one area or using only a narrow range of WTG models.

A small number of wind farms were acquired by Datang Corp subsidiaries preceding creation of Datang Renewable. However, the majority of the Portfolio has been developed by different subsidiaries of Datang Corporation, subsidiaries which were subsequently merged to form Datang Renewable. The site selection and development methodology employed by each subsidiary appears consistent.

4.3 Wind Resource Assessment

A high level review was conducted of the wind resource in the provinces in which the operational wind farms in the Portfolio are located. Figure 2 shows the distribution of wind resource within China in terms of effective wind power density (W/m^2).

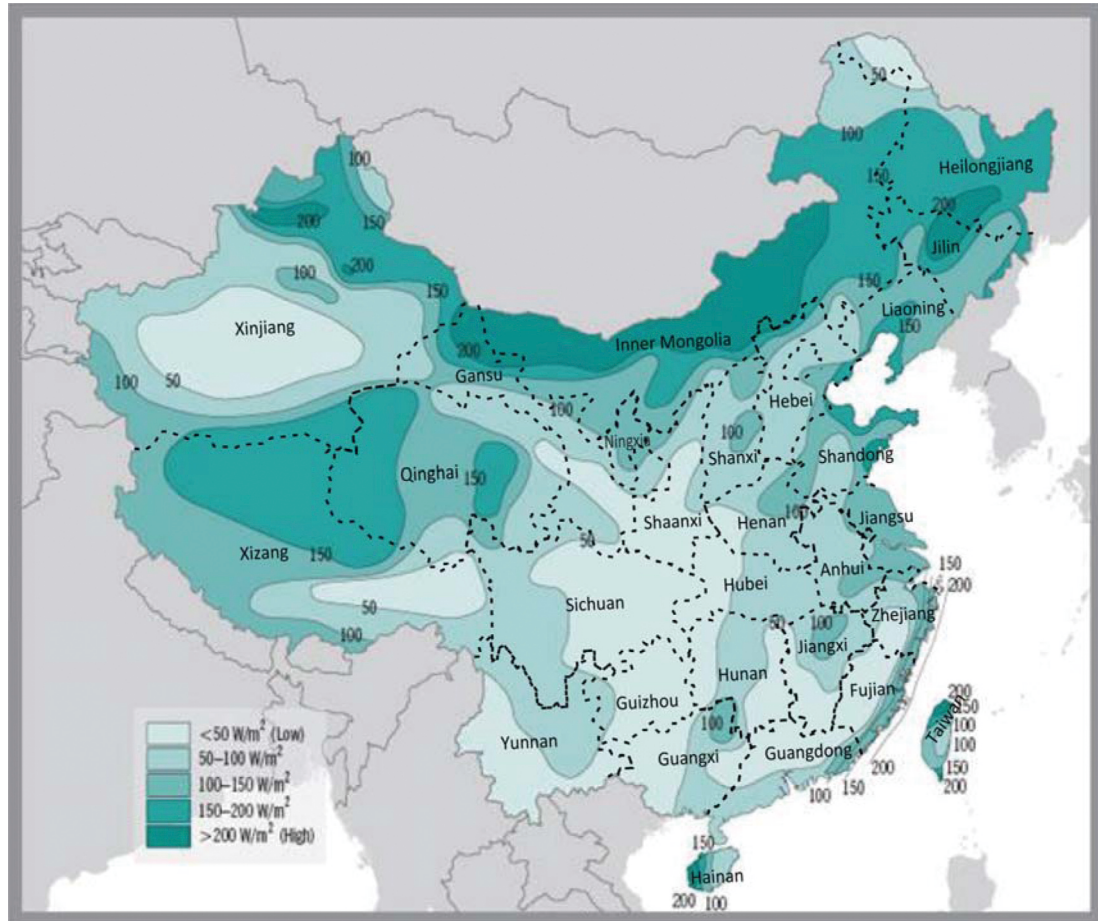


Figure 2: Onshore Wind Resource in China¹

As can be seen from Figure 2, the highest wind resource is found in the North of China, particularly Inner Mongolia, Heilongjiang, Gansu and Jilin provinces. In these areas annual wind power density can be higher than $200 W/m^2$.

Datang Renewable advised SE of the Portfolio's operational installed capacity and the ultimate installed capacity of those sites in construction and these sites are listed in Table 5.

If we compare Table 5 with the wind resource map shown in Figure 2 we can see that the wind farms listed in Table 5 are located in provinces with a wide range of wind power densities. However, the majority of the Portfolio's installed capacity is located in Inner Mongolia, with sizable proportions in Heilongjiang, Jilin, Shandong and Gansu provinces. Therefore over 90% of the Portfolio is located in provinces with high wind power densities.

¹ Source: BCSE/CREIA (2006), "Pursuing Renewable Energy Business with China" p33. Available online at http://www.frankhaugwitz.info/doks/general/2006_09_China_RE_Business_Guide_Australia_CREIA.pdf. Accessed 31-07-10.

Table 5: Wind Farm Capacities as of 30 June 2010

Province	Operational Installed Capacity (MW)	Ultimate Capacity of Sites in Construction (MW)	Operational Capacity as Proportion of Portfolio (%)
Inner Mongolia	1,618.1	347.3	59.6
Jilin	347.6	250.5	12.8
Shandong	198.0	148.5	7.3
Heilongjiang	202.5	139.5	7.5
Gansu	143.8	250.0	5.3
Hebei	49.5	–	1.8
Liaoning	30.0	99	1.1
Henan	25.5	79.8	0.9
Shanghai	102.0	–	3.7
Shanxi	–	49.5	0.0
Ningxia	–	49.5	0.0
Yunnan	–	48.8	0.0
Total	2,717.0	1,462.4	100%

The location of each of the 11 sites on which detailed assessments were undertaken is shown in Figure 3. As can be seen from Figure 3 the wind farms are generally located in areas of high wind power density. Only one wind farm, Baiyin City Jingtaixingquan, is located in an area with a wind power density ranging from 50-100W/m², with the other wind farms located in areas with wind power density in excess of 100W/m².

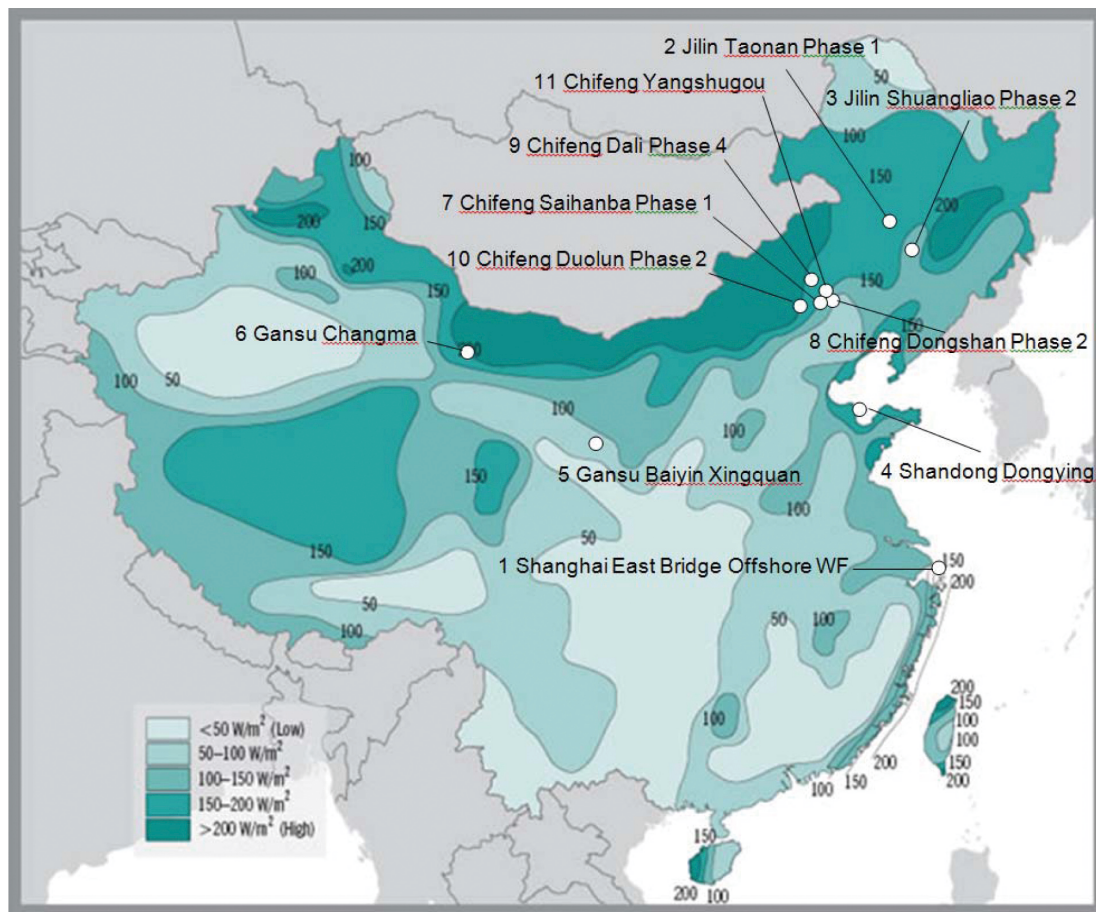


Figure 3: Wind Power Density at 11 Assessment Sites

4.4 Key WTGs in Portfolio

4.4.1 Overview of Key WTGs in Portfolio

The wind farms in the Portfolio use WTGs produced by some of the top domestic and international manufacturers active in the Chinese market, including Sinovel, Goldwind, Dongfang, MingYang, Vestas and Gamesa. These manufacturers are discussed generally in Section 4.4.2 in more detail in the subsequent sections.

Table 3 listed the type and number of WTGs used in the wind farms subjected to detailed assessment and these wind farms use a variety of WTG types, from domestic and international WTG manufacturers. As discussed in Section 3.2, a criterion by which the wind farms were selected was to provide a representative sample of WTG types.

4.4.2 WTG Manufacturer Market Share in China and Globally

Over the past few years there has been a growth in the market share of domestic manufacturers, while the market share of foreign companies has declined. Table 6 shows the key WTG manufacturers' market shares in China and globally.

Table 6: WTG Manufacturer Market Share in China and Globally

Rank (2009)			Market Share (%)						
			World ²	China ³					
			2009	2009	2008	2007	2006	2005	2004
China	World	Manufacturer							
1	3	Sinovel	9.2	25.3	22.5	20.6	1.5	–	–
2	5	Goldwind	7.2	19.7	18.1	25.1	33.3	26.4	20.0
3	7	Dongfang	6.5	14.7	16.9	6.7	5.6	1.2	–
5	15	MingYang	1.5	5.4	2.8	0.1	–	–	–
6	1	Vestas	12.5	4.4	9.6	11.2	23.6	14.6	2.0
10	6	Gamesa	6.7	2.0	8.1	17.0	15.9	35.7	36.0

Values not listed indicate that the manufacturer had not commenced operation.

Values do not depict cumulative historic market share.

The WTG manufacturers of the WTGs at the sites assessed are discussed in the following sections.

² BTM World Market Update 2009, March 2010

³ China Wind Farm Power Capability Installation Statistics, published by CWEA.

4.4.3 Sinovel

4.4.3.1 Manufacturer Overview

Sinovel Wind Group Co., Ltd. is a company registered and operating under the laws of the People's Republic of China. DHI•DCW is a shareholder of Sinovel, holding 20% share.

SgurrEnergy is informed by Sinovel that since its establishment, Sinovel has been dedicated to the research and development of MW class wind turbine generator systems. Based on the 1.5 MW wind turbine technology introduced from Fuhrlander of Germany, Sinovel has developed 1.5 MW series wind turbines that are adaptable to a different wind resource conditions and environmental conditions in China. Sinovel has established strategic cooperation relationship with Windtec⁴ and signed joint development agreement to develop 3 MW and 5 MW onshore/offshore wind turbines.

Sinovel supplied all 34 sets of 3 MW offshore wind turbines for the Shanghai Donghai Bridge Wind Farm in service.

With the fast development of the wind power market in China, the fast growth of market share of Sinovel is the results of the successful strategy held by Sinovel. Table 6 indicates that, according to the annual installed capacity of wind turbines, Sinovel has become No. 3 largest wind turbine manufacturer in the world. Currently Sinovel is No. 1 wind turbine supplier in China. Up till the end of year 2009, the accumulated installation capacity has reached 25.3% in the market. Table 7 is a summary of Sinovel background and achievements.

Table 7: Sinovel Reference List

Design Experience and Product Range	Installed Capacity and Market Share
Established in 2006	SL1500: 3,441 MW (2009)
Two categories of product	SL3000: 69 MW (2009)
Rated power: 1.5 MW and 3 MW	Accumulated capacity: 3,510 MW (2009)
Offshore: 3 MW	Market share in China: 25.3% (2009)
	Market share worldwide: 9.2% (2009)

4.4.3.2 Manufacturer Capability and Experience

Sinovel has a number of factories in China. It is the largest wind turbine manufacturer in China. As informed by Sinovel, SgurrEnergy understands that the strategy of Sinovel is to focus in development, manufacturing and marketing of its turbines products, maintaining its advance development in offshore wind energy position, establishing worldwide component supply chain, supplying mature and certified components to both domestic and overseas customers, aware of product quality control and supply chain management, and providing the best services.

In the opinion of SgurrEnergy, the major components of Sinovel have obtained relevant certifications, and the supply chain of the company can meet the growing market demand.

Sinovel released its 5 MW wind turbine model designed jointly with AMSC Windtec, the prototype of which SgurrEnergy was informed that this prototype is expected to be completed by the end of year 2010.

⁴ AMSC Windtec is the leading engineering company involved in developing electrical and mechanical systems for wind turbine applications. AMSC Windtec GmbH is a wholly-owned subsidiary of American Superconductor (AMSC).

4.4.3.3 Quality Assurance

There are several standards and guidelines used for WTG design and quality assurance (QA), with the most commonly used being the Germanischer Lloyd (GL) Wind Guidelines and the International Electrotechnical Committee (IEC) suit of standards. There are several organizations that perform type approval of WTG designs, manufacturing processes, operation and maintenance procedures and site specific certification of wind farm layouts to determine compliance to the aforementioned standards. The most commonly used organizations are:

- Det Norske Veritas (DNV);
- The Germanischer Lloyd Wind Group (GL); and,
- TÜV CERT.

In China, there are several standards and guidelines used for WTG design, with the most widely used including:

- JB/T 10400-2001 Wind Turbine Generator Systems Design Requirements;
- GB 18451.1-2001 Wind Turbine Generator Systems Safety Requirements; and,
- China Classification Society (CCS).

With regard to China, the main organization performing type approval and site specific certification is:

- The China General Certification Centre.

It should be noted that type certification relates only to the WTG and takes no account of the site specific environment in which the turbine will operate.

Table 8 lists the type certification and quality assurance (QA) certification for the SL1500.

Table 8: Type Certification & QA Assessment

WTG Model	GL Wind Guidelines	IEC Standards	Professional Organizations Certificate	Extremes (3s) Gust (m/s): TI ₁₅ (%):	QA Certification
Sinovel SL1500 RD 70 HH65 . .	65m Tower Load Assumptions (GL)	Class II _A – 65m Tower	CGC – Design Certification	59.5m/s IEC Class II _A TI ₁₅ =16	ISO 9001:2000
Sinovel SL1500 RD 77 HH 70 . .	70m Tower Load Assumptions (GL)	Class II _A – 70m Tower	GL – Design Certification	59.5m/s IEC Class II _A TI ₁₅ =16	ISO 9001:2000

With regard to QA, Sinovel has ISO 9001 accreditation for the production of its SL1500 WTG models, which covers design, development, production, installation and servicing. This is a crucial level of certification as there have been many problems within the WTG industry that have been attributed to manufacturing quality assurance issues.

4.4.3.4 WTG Warranted Availability

It is customary in the WTG industry for the manufacturer to provide a defect warranty period. However, the warranty duration, coverage range, and compensation rates or methods differ from contract to contract. Table 9 summarizes Sinoel's WTG warranties and availabilities for the wind farms in the Portfolio sample that use Sinoel WTGs and as can be seen these compare well against a Chinese industry benchmarks.

Table 9: Sinoel Warranty & Availability Comparison

	Chinese Industry Benchmark	Baiyin City Jingtaixingquan	No.1 Yumen Changma	Phase 4 of Dali	Division 1 of Donghai Bridge
Warranty Period (Years).	2	2	2	2	5
Average Wind Farm Availability .	95%	95%	95%	95%	95%
Power Curve Warranty	95%	95%	95%	95%	95%

4.4.4 Vestas

4.4.4.1 Manufacturer Overview

Vestas is a long established player in the WTG industry, and has a long track record in the design and supply of WTGs to a worldwide market.

Vestas merged with NEG Micon in 2004, making the merged company the largest WTG manufacturer in the world. This position has been consolidated with Vestas commanding 12.8%⁵ of the world market in 2009. Vestas and NEG Micon is now a single integrated company with a common design, development, manufacturing, sales and service infrastructure. The Vestas headquarters is located in Randers, Denmark.

Vestas business strategy has been to develop cutting edge WTGs in order to gain market share and Table 10 provides a summary of Vestas' profile and achievements.

Table 10: Vestas Track Record

Design Experience & Track Record	Market Share
Established: 1986	V52-850kW: 3,424 installed
Personnel: >20,000	V80-2 MW: 2,723 installed
Product Range: 9 models	Cumulative installed capacity: 38,303 MW
Rated Power: 850kW; 1.65 MW, 1.8 MW, 2 MW & 3 MW	World Market Share: 12.5% (2009)
Offshore Products: 3 MW	

⁵ BTM World Market Update 2009, March 2010

4.4.4.2 Manufacturer Capability and Production Capacity

The company has manufacturing locations worldwide and Vestas opened several new facilities in Asia during 2007, namely a nacelle and hub assembly factory and a generator plant in Tianjin, China. In addition to this it extended its existing blade facility in Tianjin.

More recently, four new production centers are planned to open in China during 2010, taking the total number of Vestas production centers in China to ten.

4.4.4.3 Type Certification & Quality Assurance

Table 11 lists the type certification and QA certification of the relevant Vestas WTGs in the Portfolio sample.

Table 11: Type Certification and QA Assessment

WTG Model	GL Wind Guidelines	IEC Standards	Extremes (3s) Gust (m/s): TI ₁₅ (%):	QA Certification
Vestas V80 2 MW	60m, 67m, 78m Tower Load Assumptions (GL)	Class I _A – 60m, 67m, 78m, 100m Towers	IEC Class I _A	ISO 9001, ISO 9002
Vestas V52-850.	Tower Load Assumptions (GL)	Class I _A – 40m, 44m, 49m, 55m, 60m, 65m Towers Class II _A – 55m, 60m, 65m, 74m Towers	IEC Class I _A	ISO 9001, ISO 9002

With regard to QA, we can see that Vestas has ISO9001, 9002 certification for each of the above WTGs, which covers design, development, production, installation and servicing. Overall, we consider Vestas to be a high quality, low risk supplier with which the market is now comfortable and the certification provided for the projects gives us confidence in the quality of the Chinese supply chain.

4.4.4.4 WTG Warranted Availability Comparison

Table 12 summarizes the warranties and availabilities of the two Datang Renewable wind farms from the Portfolio sample utilizing Vestas WTGs that compare well against Chinese industry benchmarks.

Table 12: Vestas Warranty & Availability Comparison

	Chinese Industry Benchmark	Phase 1 of Saihanba	Phase 2 of Dongshan
Warranty Period (Years)	2	2	2
Overall Project Availability	95%	1st year >90% 2nd year >95%	95%
Power Curve	95%	95%	95%

4.4.5 MingYang

4.4.5.1 Manufacturer Overview

Guangdong MingYang Wind Power Industry Group Company Ltd. (MingYang) was established in June 2006 with investments from Sopaf (Italy) and Clarity (USA). It is a subsidiary of MingYang Electric Group Holdings Co Ltd. and in August 2009, MingYang collaborated with Ris Wind Energy Laboratory to open an international R&D Center in Roskilde, Denmark. The center will initially support MingYang's 3 MW offshore Super Compact Drive turbine platform. Since entering the market in 2007, MingYang has steadily captured a larger share of WTG sales in China achieving a market share of 5.4% in China in 2009.

MingYang offers two 1.5 MW WTG models and also has a 3 MW model available. Table 13 provides a summary of MingYang's profile and achievements.

Table 13: MingYang Track Record

Design Experience & Track Record	Market Share
Established: 2006	MY1500se cumulative installed capacity
Product Range: 2 models	1020 MW (up to end of 2009)
Rated Power: 1.5 MW & 3 MW	World Market Share: 4.1% (2009)
Offshore Products: SCD 3 MW	

4.4.5.2 Manufacturer Capability and Production Capacity

Since its establishment in 2006, MingYang has continuously expanded its manufacturing facilities. All of its manufacturing facilities are currently in China where it has facilities in Shanxi, Jilin, Tianjin and Jiangsu,

4.4.5.3 Type Certification & Quality Assurance

Table 14 lists the type certification and quality assurance (QA) certification of the relevant MingYang WTGs.

Table 14: Type Certification and QA Assessment

WTG Model	GL Wind Guidelines	IEC Standards	CGC	Extremes (3s) Gust (m/s): TI ₁₅ (%):	QA Certification
MingYang MY1500se HH 65 . .	GL C-Design	Class II _A - 65m Tower	Design Certification	IEC Class II _A	ISO 9001:2000

SE has been provided with the statement of compliance for the C-design (prototype WTG) from GL and CGC's design certificate. With regard to QA, it can be seen that MingYang has ISO9001 for the MY 1500se, which covers design, assembly and sales.

4.4.5.4 WTG Warranted Availability and Comparison

Table 15 would summarize the warranties and availabilities of Phase 2 of Duolun Daxishan from the Portfolio sample, which utilizes MingYang WTGs. However, the required information has not been made available to SE.

Table 15: MingYang Warranty & Availability Comparison

	Chinese Industry Benchmark	Phase 2 of Duolun Daxishan
Warranty Period (Years)	2	2
Single WTG Availability	90%	No contract annexes available
Overall Project Availability	95%	No contract annexes available
Power Curve Warranty	95%	No contract annexes available

4.4.6 Goldwind

4.4.6.1 Manufacturer Overview

Goldwind was the largest WTG supplier in China from 1998 to 2007. In 1998, Xinfeng Scientific and Industrial Trade Co., Ltd. began development of a 600kW WTG. Following a company renaming to Goldwind Science & Technology Co., Ltd. in 2001, Goldwind continued developing WTGs with higher rated capacity. By 2003, Goldwind had grown into the largest developer and manufacturer of WTGs in China. In 2006, Goldwind had 33% of the Chinese market, ranking it first domestically and 10th in the world.

In January of 2008, Goldwind acquired the German Vensys Energy AG. In December 2009, the first independently researched and developed 3 MW WTG was installed in Xinjiang province by Goldwind.

Goldwind is able to supply onshore and offshore WTGs with capacities from 600kW to 3 MW. It is currently second in the Chinese market behind Sinovel. Table 16 summarizes Goldwind's profile and achievements.

Table 16: Goldwind Track Record

Design Experience & Track Record	Market Share
Established: 1998	Cumulative installed capacity: 5,275 MW
Product Range: 4 models	World Market Share: 7.2%
Rated Powers: 0.6-3 MW	

4.4.6.2 Manufacturer Capability and Production Capacity

Goldwind has pursued a policy of constructing WTG manufacturing factories in wind resource rich areas in China, in order to facilitate efficient transportation between the manufacturing location and the wind farm developments. At the end of 2009, Goldwind had two main manufacturing bases in Xinjiang and Beijing, and another five WTG assembly factories in Baotou, Inner Mongolia, Gansu Jiuquan, Xi'an, Ningxia and Hebei Chengde. Goldwind has also built a manufacturing base in Germany.

4.4.6.3 Type Certification & Quality Assurance

Table 17 presents the type certification and quality QA certification of the relevant Goldwind WTGs.

Table 17: Type Certification and QA Assessment

WTG Model	GL Wind Guidelines	IEC Standards	CGC	Extremes (3s) Gust (m/s): TI ₁₅ (%):	QA Certification
Goldwind 82-1500 HH 70 . . .			Design certification for Load Assessment	IEC Class III	ISO 9001:2000

With regard to QA, it can be seen that Goldwind has ISO 9001 accreditation for the Goldwind 82-1500 HH70 WTG, which covers design, development, production, installation and servicing.

4.4.6.4 WTG Warranted Availability and Comparison

Table 18 summarizes the warranties and availabilities of Phase 2 of Shuangliao from the Portfolio sample, which utilizes Goldwind WTGs, and these can be seen to be in line with Chinese industry benchmarks.

Table 18: Goldwind Warranty & Availability Comparison

	Chinese Industry Benchmark	Phase 2 of Shuangliao
Warranty Period (Years)	2	5
Single WTG Availability	90%	90%
Overall Project Availability	95%	95%
Power Curve Warranty	95%	95%

4.4.7 Dongfang

4.4.7.1 Manufacturer Overview

Dongfang Electric Corporation was founded in 1984 and has been a key player in China's thermal, hydro and nuclear power sectors. In November 2004, Dongfang Electric Group, Dongfang Steam Turbine Co., Ltd. and the world's leading wind power equipment design and manufacturing company, Repower of Germany, signed a wind turbine technology transfer agreement for two 1,500kW models for different wind conditions.

Based on Repower's Type 70 and Type 77 technologies, Dongfang has developed equivalent low temperature versions for the elevated regions of northern China.

With experience in 1,500kW WTG manufacturing and service technology, Dongfang began joint development of the 1 MW, 2MW and 2.5 MW WTGs with European designers. Dongfang has completed 2 MW and 2.5 MW WTG designs and manufacturing will commence in 2010.

Additionally, offshore 5 MW direct drive WTGs are expected to be completed in 2010. Dongfang has prepared offshore testing for this prototype WTG and has researched the market for large-scale development of offshore wind energy technologies.

Currently Dongfang has the following types of WTGs available: DF70, DF77, DF82, DF90 and DF100. Table 19 provides a summary of Dongfang's profile and achievements.

Table 19: Dongfang Track Record

Design Experience & Track Record	Market Share
Established: 1984	Cumulative installed capacity: 3,765 MW
Product Range: 4 models	World Market Share: 6.5% (2009)
Rated Power: 1 MW, 2.5 MW	
Offshore Products: 5 MW	

4.4.7.2 Manufacturer Capability and Production Capacity

At the end of 2009, Dongfang had a total annual production capacity of 1,600 WTGs. To meet the rapid development of the domestic wind power industry, Dongfang has gradually expanded the production capacity of its WTG production facilities in Tongliao City, Inner Mongolia; Jiuquan, Gansu Province and Zhangjiakou, Hebei. Dongfang predicts that by the end of 2010 it will have an annual assembly capacity of 2,000 WTGs.

4.4.7.3 Type Certification & Quality Assurance

Table 20 presents the type certification and QA certification of the relevant Dongfang WTGs from the Portfolio sample.

Table 20: Type Certification and QA Assessment

WTG Model	GL Wind Guidelines	IEC Standards	CGC	Extremes (3s) Gust (m/s): TI ₁₅ (%):	QA Certification
Dongfang FD70B-1500 HH 70/80		Class II _A – 65m Tower	Design Certification	IEC Class II _A	ISO 9001:2000

With regard to QA, we can see that DongFang has ISO 9001 for the FD70B-1500 HH70/80 WTG, which covers design, development, production, installation and servicing.

4.4.7.4 WTG Warranted Availability and Comparison

Table 21 summarizes the warranties and availabilities of Phase 1 of Dongying from the Portfolio sample, which utilizes Dongfang WTGs and as can be seen, these exceed Chinese industry benchmarks.

Table 21: Dongfang Warranted Availability Comparison

	Chinese Industry Benchmark	Phase 1 of Dongying
Warranty Period (Years)	2	5
Single WTG Availability	90%	N/A
		1-2 years >95%
Overall Project Availability	95%	3-5 years >97%
Power Curve Warranty	95%	95%

4.4.8 Gamesa

4.4.8.1 Manufacturer Overview

Gamesa Corporación Tecnológica is a Spanish company. The WTG manufacturing unit of Gamesa was set up in 1994 and has over 16 years of experience in the WTG manufacturing industry. In addition to the manufacture of WTGs, Gamesa has been developing and constructing wind farms since 1995.

Gamesa was the world's sixth largest WTG manufacturer in 2009, with 6.74% of the market share. Gamesa supplied 3,289 MW capacity in 2007, 3,684 MW in 2008, and 3,145 MW in 2009⁶. This is common with other leading European manufacturers which have lost percentage market share to emerging Chinese manufacturers.

From Table 22 it can be seen that Gamesa has a long history in the wind industry and offer several versions of its 850kW and 2 MW WTGs.

Table 22: Gamesa Track Record

Design Experience & Track Record	Market Share
Established: 1976	G5X-850 kW: >7000
Personnel: >6,300	Cumulative installed capacity: 18,000 MW
Product Range: 5 models	World Market Share: 6.7% (2009)
Rated Powers: 850kW, 2 MW, 4.5 MW	
Offshore Products: none	

4.4.8.2 Manufacturer Capability and Production Capacity

Gamesa has its own design and technical development capacity and it designs and manufactures its own blades, root joints, and manufacturing moulds for blades and towers, in addition to performing WTG assembly. Gamesa uses other companies to manufacture some of the major components of the WTG such as gearboxes, generators and converters.

The majority of Gamesa's WTG production is performed across its several Spanish facilities. In recent years Gamesa has expanded production capabilities in China. Since the opening of its first production facility in China in 2005 Gamesa has constructed three other production facilities, the most recent of which was opened in Tianjin in the first quarter of 2008. Construction of a fifth manufacturing plant in Jilin will bring Gamesa's annual production capacity in China up to 1,500 MW⁷.

Gamesa's nacelle assembly plants located in Spain, China and the US have a total annual production capacity of 4,000 MW⁸ and its blade manufacturing facilities have a total capacity of 3,500 MW.

⁶ BTM Consult 2009

⁷ Gamesa press release 10/05/2010

⁸ Gamesa web site, Wind turbines manufacture and assembly process.

4.4.8.3 Type Certification & Quality Assurance

Table 23 presents the type certification and QA certification of the relevant Gamesa WTGs from the Portfolio sample.

Table 23: Type Certification and QA Assessment

WTG Model	GL Wind Guidelines	IEC Standards	CGC	Extremes (3s) Gust (m/s): TI ₁₅ (%):	QA Certification
G58-850, HH55m	Type Certificate	Class III _B		IEC Class III _B	ISO 9001:2000

Gamesa has a comprehensive certification, including type certificates covering, noise, power curve measurement and power quality measurement. With regard to QA, it can be seen that Gamesa has ISO 9001 for the G58-850 HH55m WTG, which covers design, development, production, installation and servicing.

4.4.8.4 WTG Warranted Availability and Comparison

Table 24 summarizes the warranties and availabilities of Jilin Taonan from the Portfolio sample, which utilizes Gamesa WTGs, and these compare well against Chinese industry benchmarks.

Table 24: Gamesa Warranted Availability Comparison

	Chinese Industry Benchmark	Tao Nan Wind Farm Phase 1
Warranty Period (Years)	2	2
Single WTG Availability	90%	N/A
Overall Project Availability	95%	95%
Power Curve Warranty	95%	95%

4.4.9 Conclusions on Key WTGS in Portfolio

The Portfolio employs proven WTGs with warranties that meet or exceed Chinese benchmarks from a range of leading Chinese and established European manufacturers. It makes use of proven European and Chinese WTG designs, including designs transferred from Europe for production in China. SE has conducted a favourable review of the track record, certification, quality processes and warranties offered by the key WTG models in the Portfolio and none are considered to pose a significant technology risk.

The exception to the use of proven technologies is, by default, Phase 1 of Shanghai Donghai Bridge offshore wind farm as the Sinovel turbines used in this project are the first Chinese turbines to be deployed offshore. The technology risk associated with this groundbreaking project is mitigated by independent analysis and certification of the WTG design and implementation of appropriate quality assurance standards. Further mitigation is provided by the performance warranties offered by Sinovel.

A review of the annual production capabilities of the Chinese WTG manufacturers assessed in this report reveals that these manufacturers have substantially increased output in recent years. SE believes that Chinese manufacturers will be able to service the expanding Chinese market and that Datang Renewable will be able to maintain quality and performance within its Portfolio by maintaining technology diversification.

5 TECHNICAL APPRAISAL OF SELECTED SITES

5.1 Site Visit Key Comments

SE personnel undertook site visits to 11 wind farm sites in order to conduct a review of those elements of the wind farms which could not be assessed remotely. In particular, SE assessed the following:

- The locations and configurations of the meteorological monitoring masts were assessed at the two construction sites.
- The character of the site in terms of topography, roughness, forestry and obstacles was assessed. This allowed appreciation of the potential impacts of the site's location and physical factors on design and construction issues.
- For operational wind farms, an inspection was conducted of a selection of WTGs, substations, transformers and civil infrastructure and interviews were conducted with construction supervisors and maintenance teams where possible.

The findings from the site visits are discussed in the relevant sections of this report. General comments from all site visits are presented below:

- Personnel on site were cooperative and provided useful information during discussions. Typically, the visit to the site was followed by a visit to the office of the local subsidiary company, where relevant documentation was provided for review.
- On the basis of a high level inspection, asset condition was considered to be good at each of the wind farm sites where inspection was possible. The WTGs, substations, transformers and civil infrastructure all appeared well maintained.
- We were advised that the two operational wind farms where the turbine manufacturer's warranty period had expired, namely, Saihanba Phase 1 and Taonan Phase 1, had not experienced any noteworthy maintenance issues.
- A small number of the operational wind farms within the WTG warranty period had experienced technical issues.
- From discussions with site personnel the two wind farms under construction, namely, No.1 Yumen Changma and Yangshugou, were believed to be ahead of the construction schedule and within budget.
- Wind farm locations were generally flat and without complex terrain or forestry in the vicinity.

5.2 Review of Energy Yield Prediction

5.2.1 Overview

The following section provides a high level review of energy yield (EY) predictions undertaken for the nine operational wind farms that were visited by SE.

The energy yield predictions for the wind farms in the Portfolio are detailed in the feasibility study reports (FSRs). All FSRs use a methodology and procedures that are in line with Chinese standards. These standards are largely consistent with international conventions. The main Chinese standards are listed below:

- DL/T 5067-96, Code on Compiling Feasibility Study Report for Wind Power Projects;
- GB/T 18710-2002, Methodology for Wind Energy Resource Assessment of Wind Farms; and,
- GB/T 18709-2002, Methodology for Wind Energy Resource Measurement of Wind Farms.

SE has completed a technical review of the energy yield predictions for each of the nine wind farms that are operational and the two wind farms under construction. In order to do this, SE completed a technical review of the FSR for each wind farm and corresponding energy yield information.

5.2.2 Comments Common to all FSRs

Following review of the FSRs for the wind farms visited that are operational, SE's comments that are common to all FSRs are summarized below:

- In China, NRG anemometers are commonly used on the meteorological masts. Higher quality anemometers are available. However, those used by Datang Renewable are considered adequate for energy yield and wind regime analysis in simple terrain, which is common to the sites visited. SE has not been able to confirm the compliance of mast setup and instrumentation with the Chinese standards as no mast installation reports were made available for review.
- Some of the installed mast heights are lower than WTG hub height, which is not ideal and will increase uncertainty when extrapolating wind speed to hub height. Ideally a meteorological mast shall be 75% of hub height or greater. The following observations are made with regard to the sites assessed: Division 1 of Donghai Bridge (offshore), 29% of hub height; Baiyin City Jingtaixingquan, 57% of hub height; Phase 4 of Dali, 62% of hub height; Phase 1 of Saihanba and Phase 1 of Taonan 73% of hub height and for Phase 2 of Dongshan, 86% of hub height.

- SE would comment that the quality of wind speed and direction measurements for the majority of the masts described in the FSRs appears reasonable, although the quality of wind speed and direction data measurements is not ideal for some masts.
- The main concern for all masts is the fact that the Datang Renewable has not been able to provide calibration certificates for the instruments, or maintenance logs for the installations, that would show whether the masts suffered any downtime or significant issues affecting data quality.
- A nearby meteorological (met) station is usually used as the reference station for long-term wind speed correction. However, the FSRs state that most of the met stations are experiencing a trend of decreasing wind speed mainly due to surrounding environment changes associated with urbanization, including taller buildings being built in the vicinity of the masts.
- The long-term mean wind speed obtained from the reference met station is normally relatively low (less than 3.2 m/s for all reference met stations mentioned). Use of reference data with a very low mean wind speed can lead to a disproportionate correlation change in site wind speed.
- The FSRs have used the industry standard wind flow model entitled the Wind Atlas Analysis and Application Program (WAsP) to extrapolate the mast height long-term wind resource to hub height and across the wind farm area. WAsP is an industry standard software developed by Wind Energy Division at Risø DTU. WAsP software is designed for non-complex terrain in Europe. It is considered to be a suitable tool for modelling non-complex terrain in China.
- SE considers that the range of losses adopted in the FSRs is reasonably comprehensive. Estimates of losses have been made for electrical efficiency, turbine availability, grid downtime and other relevant areas. However, grid curtailment is excluded. Although SE would take a different view on some of the losses applied, and the method of calculating the total loss, the total loss adopted in the FSR is considered to be conservative in many cases.

5.2.3 Energy Yield Review

Key points arising from SE's energy yield review for the nine operational sites and two under construction sites are summarized below:

- Regardless of the period and location of measurement, in all but one case the FSRs conclude that the measured wind speed is representative of the long-term. SE considers this to be unlikely and may reflect the limitations in the reference data available. Where possible, long-term wind speeds have been checked and adjustments suggested based on comparison with concurrent and long-term wind speed data from the National Center for Atmospheric Research (NCAR) re-analysis project⁹. Although not ideal for this type of analysis, SE considers the NCAR data generally reliable and the most robust dataset available in the absence of high quality measured data.
- During visits by SE personnel to some of the operational sites, wind farm staff advised of grid curtailment losses.
- WTG availability and power curve performance losses assumed in many of the FSRs are higher than what might reasonably be expected in practice. In addition, the FSRs typically use the sum of assumed wind farm losses rather than the product of losses (the mathematically correct method). Therefore, if grid curtailment losses are not considered, the FSRs are likely to overestimate of losses for some wind farm sites.
- Overall, the quality of the measured data, mast installation, reference data and assumed losses used in the FSRs will result in higher energy yield prediction uncertainties compared to what is practically achievable. In Section 5.3.1 of this report SE has used operational output data, where these are available, to give confidence that the expected long-term Portfolio production will be achieved.

⁹ Kalnay E. et al (1996). The NCEP/NCAR40-year reanalysis project. Bull. A. Meteor. Soc. 1996. 77: p. 437-477.

Table 25 lists some of the parameters discussed above for individual operational wind farms.

Table 25: Potential Sources of Bias in FSR Energy Yield Predictions

Division 1 of Donghai Bridge Offshore Wind Farm (102 MW)

Long-Term Average Wind Speed (m/s)	8.40 at 90m
Total Applied Loss Excluding Wake Losses (%)	21.7
Full Load Hours (h/annum)	2,624
Energy Yield (GWh/annum)	267.6
Capacity Factor (%)	30.0

- Based on SE's experience of China's offshore wind resource, the estimated 8.4m/s at 90m hub height may be higher than actual.
- **Application of losses:** SE considers that the overall loss adopted in the FSR is likely to be higher than actual losses (excluding any grid curtailment losses).

Phase 1 of Taonan Wind Farm (49.3 MW)

Long-Term Average Wind Speed (m/s)	6.92 at 55m
Total Applied Loss Excluding Wake Losses (%)	14
Full Load Hours (h/annum)	2,100
Energy Yield (GWh/annum)	103.2
Capacity Factor (%)	23.9

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 6.92m/s wind speed prediction could be slightly lower than actual.
- **Application of losses:** In the FSR, no grid curtailment is considered. It is common in China that the grid curtailment loss is not considered in the feasibility studies predictions. SE considers that the overall loss adopted in the FSR is lower than actual. Based on the information provided by the wind farm staff on the site visit, the grid curtailment loss from Jan 2009 to Jun 2010 was 11.8%. For this reason net yield is likely to be lower than predicted.

Phase 2 of Shuangliao Wind Farm (49.5 MW)

Long-Term Average Wind Speed (m/s)	6.71 at 70m
Total Applied Loss Excluding Wake Losses (%)	33.2
Full Load Hours (h/annum)	2,171
Energy Yield (GWh/annum)	107.5
Capacity Factor (%)	24.8

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 6.71m/s wind speed is reasonable.
- **Application of losses:** Based on the information provided by the wind farm staff on the site visit, the grid curtailment loss from April 2009 to June 2010 was 14.1%, and this loss was not considered in the FSR. SE considers that the overall loss adopted in the FSR will be higher than actual losses.

Phase 1 of Dongying Wind Farm (49.5 MW)

Long-Term Average Wind Speed (m/s)	7.00 at 70m
Total Applied Loss Excluding Wake Losses (%)	22.3
Full Load Hours (h/annum)	1,951
Energy Yield (GWh/annum)	96.6
Capacity Factor (%)	22.3

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 7.0m/s wind speed prediction may be higher than the actual wind speed.
- **Application of losses:** SE considers that the overall loss adopted in the FSR will be higher than actual losses.
- **Wind farm layout:** At the time of composing the FSR for the Phase 1 of Dongying wind farm project, the layout was designed to the west of the sea wall. During the site visit, it is found that there are ten WTGs located at the inter-tidal zone to the east of the sea wall. The wind resource is generally better off the coast. Therefore, the overall wind farm production may exceed the FSR prediction.

Baiyin City Jingtaixingquan Wind Farm (45 MW)

Long-Term Average Wind Speed (m/s)	6.25 at 40m
Total Applied Loss Excluding Wake Losses (%)	29.9
Full Load Hours (h/annum)	1,871
Energy Yield (GWh/annum)	84.2
Capacity Factor (%)	21.4

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 6.25m/s wind speed prediction will be slightly lower than actual wind speed.
- **Application of losses:** SE considers that the overall loss adopted in the FSR will be slightly lower than actual losses.

Phase 1 of Saihanba Wind Farm (30.6 MW)

Long-Term Average Wind Speed (m/s)	9.40 at 40m
Total Applied Loss Excluding Wake Losses (%)	30.4
Full Load Hours (h/annum)	2,361
Energy Yield (GWh/annum)	72.2
Capacity Factor (%)	27.0

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 9.4m/s wind speed prediction will be slightly lower than the actual wind speed.

- **Actual WTG installed:** The FSR did not present an energy yield prediction using the actual WTG type (V52-850 with 55m hub height). The full load hours and capacity factor given above is an approximation for this WTG, based on the data presented in the FSR.
- **Application of losses:** Based on the operational information provided by Datang Renewable, the grid curtailment loss from January 2009 to June 2010 was 12.9%. SE considers that the overall loss adopted in the FSR is likely to be higher than the actual losses.

Phase 2 of Dongshan Wind Farm (50 MW)

Long-Term Average Wind Speed (m/s)	10.20 at 60m
Total Applied Loss Excluding Wake Losses (%)	29
Full Load Hours (h/annum)	2,560
Energy Yield (GWh/annum)	128.0
Capacity Factor (%)	29.2

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 10.2m/s wind speed prediction will be slightly higher than actual.
- **Actual WTG installed:** The FSR did not present an energy yield prediction using the actual WTG type (V80-2000 with 70m hub height). The full load hours and capacity factor given above is an approximation for this WTG, based on the data presented in the FSR.
- **Application of losses:** Based on the operational information provided by Datang Renewable, the grid curtailment loss from Jan 2009 to Jun 2010 was 36.1%. This one individual loss is significantly higher than the total of all losses assumed in the FSR. It would be expected that this wind farm will not perform to the FSR prediction and is likely to significantly underperform if grid curtailment losses prevail.

Phase 4 of Dali Wind Farm (49.5 MW)

Long-Term Average Wind Speed (m/s)	7.80 at 40m
Total Applied Loss Excluding Wake Losses (%)	23
Full Load Hours (h/annum)	2,493
Energy Yield (GWh/annum)	123.4
Capacity Factor (%)	28.5

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 7.8m/s wind speed prediction will be slightly lower than actual.
- **Actual WTG installed:** The FSR did not present an energy yield prediction using the actual WTG type (FL1500/77 with 65m hub height). The full load hours and capacity factor given above is an approximation for this WTG, based on the data presented in the FSR.
- **Application of losses:** Based on the operational information provided by Datang, the grid curtailment loss from Jan 2009 to Jun 2010 was 9.6%. Although SE has different opinions regarding some losses applied in the FSR, the energy yield prediction is considered to be reasonable.

Phase 2 of Duolun Daxishan Wind Farm (30 MW)

Long-Term Average Wind Speed (m/s)	8.80 at 70m
Total Applied Loss Excluding Wake Losses (%)	33
Full Load Hours (h/annum)	2,300
Energy Yield (GWh/annum)	69
Capacity Factor (%)	26.3

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 8.8m/s wind speed prediction will be slightly higher than actual.
- **Actual WTG installed:** The FSR did not present an energy yield prediction using the actual WTG type (MY1500se with 65m hub height). The full load hours and capacity factor given above is an approximation for this WTG, based on the data presented in the FSR.
- **Application of losses:** SE considers that the overall loss adopted in the FSR is likely to be lower than actual losses and that energy yield may be lower than predicted.

Yumen Changma Wind Farm (201 MW)

Long-Term Average Wind Speed (m/s)	7.25 at 50m
Total Applied Loss Excluding Wake Losses (%)	24.0
Full Load Hours (h/annum)	2,321
Energy Yield (GWh/annum)	466.6
Capacity Factor (%)	26.5

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 7.25m/s wind speed prediction will be lower than actual.
- **Application of losses:** SE considers that the overall losses adopted in the FSR and MSR are higher than actual and that, in the absence of grid curtailment, energy yield could be higher than that predicted.

Yangshugou Wind Farm (49.5 MW)

Long-Term Average Wind Speed (m/s)	7.76 at 65m
Total Applied Loss Excluding Wake Losses (%)	33.3
Full Load Hours (h/annum)	2,296
Energy Yield (GWh/annum)	113.7
Capacity Factor (%)	26.0

- **Long-term wind speed correction:** A check using Reanalysis data suggests that the 7.76m/s wind speed prediction may be slightly higher than actual.

- **Actual WTG installed:** The FSR did not present an energy yield prediction using the actual WTG type (GW1500/77 with 65m hub height). The full load hours and capacity factor given above is an approximation for this WTG, based on the data presented in the FSR.
- **Application of losses:** SE considers that the overall loss adopted in the FSR could be higher than actual and, in the absence of grid curtailment, that energy yield may be higher than predicted.

5.2.4 Conclusions on Energy Yield Review

The above section provides a review of energy yield predictions undertaken for the nine operational wind farms and two wind farms under construction.

While there is scope for improving wind resource assessment and prediction it is considered to be adequate and, in the absence of grid curtailment losses, it is likely that actual wind farm production will exceed that predicted in the FSR.

5.3 Review of Availability and Generation

SE has conducted a high level review of the historic output of the nine operational sites in order to assess their performance and provide an indication of future output.

The historic productivity of the wind farms that are operational has been examined, with reference to the available wind resource, and the performance of the asset in exploiting the resource.

5.3.1 Review of the Wind Farm Production

For the operational periods of the nine wind farms, actual production data were compared with the budgeted values.

Table 26 presents actual and budgeted production values provided by Datang Renewable. SE has been advised that the actual energy yield is the annualized average for the available operational period.

Of the eight operational wind farms, three have performed below budget, and five above budget. Variations in wind farm performance may be due, either to variations in wind speed during the operational period compared to the long-term average, or to WTG availability and performance either failing to meet, or exceeding, expectations. Issues of availability and operational period wind speed are investigated further in the following sections. The fact that the Portfolio is currently slightly ahead of budget shows the benefits of having a technological and geographical diverse portfolio.

Table 26: Portfolio Production

Wind Farm	Commissioning Period	Operational Data Coverage	Wind Farm Energy Yield (GWh/annum)		Ratio: Actual/Budgeted
			Actual	Budgeted ¹	
Division 1 of Donghai Bridge	Mar 09 – Jun 10	N/A ²	N/A	267.6	N/A
Phase 1 of Taonan	Nov 05 – Mar 06	Jan 07 – Dec 09	104.4	103.2	101.2%
Phase 2 of Shuangliao . .	Dec 08 – Apr 09	Apr 09 – Dec 09	104.5 ³	107.5	97.2%
Phase 1 of Dongying . .	Dec 08 – Mar 10 ⁶	Mar 10 – Jun 10	102.7 ³	96.6	106.3%
Baiyin City Jingtaixingquan	No specified – Jan 09	Jan 09 – Dec 09	88.8	84.7	104.8%
Phase 1 of Saihanba . . .	Aug 05 – Dec 05	Jan 06 – Dec 09	80.8	73.4	110.1%
Phase 2 of Dongshan . .	Jan 08 – Jan 09	Jan 09 – Dec 09	128.9	128.0	100.7%
Phase 4 of Dali	Jul 08 – Dec 08	Jan 09 – Dec 09	115.2	122.4	94.1%
Phase 2 of Duolun Daxishan	Dec 08 – till now	N/A ⁴	66.15 ³	70.0	94.6%
Portfolio⁵			103.6	102.4	101.3%

Notes:

1. The budgeted energy yield values are provided by Datang Renewable and for some sites these budgeted figures are different to the prediction in the FSR due to changes in wind farm layout following micrositing or changes of installed WTG.
2. As it has been a short period of time since operation commenced, there is no statistics of this information.
3. The energy production for Phase 2 of Shuangliao wind farm project, Phase 1 of Dongying wind farm project and Phase 2 of Duolun Daxishan wind farm project were derived from the full load hours of operational WTGs. Full load hour data was obtained from Datang Renewable and it has not been possible to verify.
4. During the Phase 2 of Duolun Daxishan wind farm project site visit, it was found that there are still six WTGs under commissioning.
5. The portfolio energy yield is the average of the energy production of available wind farms, excluding Phase 2 of Shuangliao wind farm project and Phase 1 of Dongying wind farm project, which have been operational for less than a year.
6. SE understands from Datang Renewable that the relatively long time taken for commissioning was due to transfer of the wind farm between subsidiaries half way through the commissioning process.

5.3.2 WTG Availability

SE has assessed each wind farm's availability based on the information supplied by Datang Renewable. The availability values presented here represent contractual WTG availability and do not account for downtime due to other issues, such as grid curtailment which is discussed in Section 5.3.3. It should be noted that the periods for which availability values are supplied may not be the same as the period used in the production review presented in Table 26.

The actual availability has been compared to the budgeted values assumed in the FSRs in order to establish any under or over performance. This analysis was based on the monthly availability values provided by Datang Renewable.

Wind farms often experience poorer availability in the first few months of operation compared to the early years of operation. However, no data prior to January 2009 have been supplied for any wind farms in the Portfolio. Therefore, the availability values presented are expected to be a reasonable representation of future availability (except for Phase 2 of Duolun Daxishan wind farm project which is undergoing commissioning on six turbines). SE has used the output data supplied to assess the operational trends and predict a long-term availability value for each site.

Table 27 below lists the actual availability levels provided by Datang Renewable and SE predicted availability values. SE has been advised that the average actual availability is a weighted average of the availabilities during all months for which data are available.

Table 27: Operational Wind Farm Availability

Wind Farm	Data Period ¹	Actual Availability	Guaranteed Availability ²	Predicted Long-term Availability
Division 1 of Donghai Bridge	N/A ³	N/A ³	95.0%	N/A ³
Phase 1 of Taonan.	Jan 09 – Jun 10	97.8%	95.0%	96.4%
Phase 2 of Shuangliao	Apr 09 – Jun 10	96.4%	95.0%	96.0%
Phase 1 of Dongying	Mar 10 – Jun 10	98.2%	95.0%	96.4%
Baiyin City Jingtaixingquan	Jan 09 – Dec 09	98.0%	95.0%	96.4%
Phase 1 of Saihanba	Jan 09 – Jun 10	95.8%	95.0%	95.0%
Phase 2 of Dongshan.	Jan 09 – Jun 10	98.0%	95.0%	96.4%
Phase 4 of Dali.	Jan 09 – Jun 10	96.0%	95.0%	95.6%
Phase 2 of Duolun Daxishan.	Jan 09 – Jun 10	N/A ³	Unknown	95.0%

Notes:

1. The realized availability has been calculated from the monthly availability of the supplied data period for each wind farm. Note that this information was supplied by Datang Renewable and it is not possible to verify it given the documentation available for review.
2. No guaranteed availability for Phase 2 of Duolun Daxishan wind farm project has been made available and no availability data are available as the wind farm still has 6 WTGs under commissioning.
3. As it has been a short period of time since operation commenced, there is no statistics of this information.

The actual and predicted availability levels are considered reasonable for onshore operational wind farms and, for the periods presented, meet the guaranteed availability, with the exception of Phase 2 of Duolun Daxishan wind farm project as commissioning has not been completed.

5.3.3 Grid Curtailment

Most of the wind farms in the Jilin and Inner Mongolia regions have suffered grid curtailment. The situation is expected to improve as government plans for grid strengthening are implemented over the next five years.

Wind farm losses due to grid curtailment have been supplied by Datang Renewable and are detailed in Table 28.

Table 28: Details of Grid Curtailment Losses

Wind Farm	Data Availability ¹	Actual Production During Data Period (GWh)	Grid Curtailment Loss During Data Period (GWh)
Division 1 of Donghai Bridge.	N/A ¹	N/A ¹	N/A ¹
Phase 1 of Taonan	Jan 09 – Jun 10	148.9	20.3
Phase 2 of Shuangliao.	Apr 09 – Dec 09		
	Apr 10 – Jun 10	120.7	8.2
Phase 1 of Dongying	Mar 10 – Jun 10	38.7	0
Baiyin City Jingtaixingquan	Jan 09 – Jun 09		
	Jan 10 – Jun 10	102.2	0
Phase 1 of Saihanba	Jan 09 – Jun 10	117.3	17.6
Phase 2 of Dongshan	Jan 09 – Jun 10	180.4	104.3
Phase 4 of Dali	Jan 09 – Jun 10	165.9	18.3
Phase 2 of Duolun Daxishan	Jan 09 – Jun 10	95.3	7.4

Notes:

1. As it has been a short period of time since operation commenced, there is no statistics of this information.

5.3.4 Conclusions on Review of Availability and Generation

SE has conducted a high level review of the historic output of the eight operational sites in order to assess their performance and provide an indication of future output.

The monthly reports and operational data that were supplied to SE were analyzed to allow comparison of budgeted and actual production figures. Of the eight operational wind farms, three have historically performed below budget, and five above budget. Overall, the Portfolio has performed better than budget, highlighting the benefits of a diverse portfolio.

The actual and predicted availability values are considered reasonable for onshore operational wind farms. For the periods for which information is available, the wind farms achieve guaranteed availability, with the exception of Phase 2 of Duolun Daxishan wind farm where commissioning has not yet been completed.

Most of the WTGs have achieved availability greater than 95%, which meets the benchmark guaranteed availability under Chinese domestic manufacturer WTG contracts. There have been some availability issues at wind farms using domestic WTGs, however this is considered to be a common problem and not particular to this Portfolio. The wide range of WTG manufacturers and models reduces the exposure of the Portfolio to failure of any one particular WTG type, further highlighting portfolio benefits.

SE understands from industry announcement¹⁰ there will be substantial grid improvements in Xinjiang, Gansu, Hebei, Jilin, Jiangsu, Inner Mongolia East and Inner Mongolia West areas, which would be expected to reduce grid curtailment in these areas.

¹⁰ Seven 10GW level wind farms bases transmission line plan and State Grid wind farm and Solar plant grid connection management, published in 2010-5-31 by State Grid. (七個千萬千瓦風電基地輸電規劃及國網公司風電場和光伏電站接入系統管理意見).

5.4 WTG Layout and Site Suitability

The international WTG design standard IEC61400-1 specifies classes of WTG, based on the wind conditions that create WTG fatigue and extreme loads. In particular, wind shear, turbulence intensity, extreme 50 year gust wind speed and long-term mean wind speed are considered. It is essential to properly understand a site's wind regime and failure to do so could result in WTG underperformance and/or the WTG failing to last for its specified design life. WTGs are typically certified to IEC 61400-1 Wind turbine generator systems – Part 1 Design Requirements (2005), which specifies WTG classes as listed in Table 29.

Table 29: Basic Parameters for IEC 61400-1 (2005) WTG Classes

Parameter	IEC Class I	IEC Class II	IEC Class III
Reference Wind Speed (m/s)	50	42.5	37.5
Annual Average Wind Speed (m/s)	10	8.5	7.5
50 Year Gust (m/s)	70	59.5	52.5
Turbulence Intensity at 15m/s			
IEC Class A		16%	
IEC Class B		14%	
IEC Class C		12%	

Extreme wind speeds can accelerate and/or exacerbate WTG failure. Characterization of this parameter at a potential wind farm site enables the correct specification of WTG to be selected. Turbulence is the main driver behind fatigue loading on a WTG structure and a wind shear coefficient of 0.2 is referred to as a typical design value in the IEC61400-1 guidelines. Wind shear is important when considering the fatigue loading of WTGs and wind shear values above 0.2 should be discussed with WTG manufacturers.

Most of the FSRs have assessed these three wind regime parameters at the mast location for each wind farm site. However, the FSR analysis does not take into account the WTG wake induced turbulence intensity, which is normal practice in China. WTG wakes can significantly increase turbulence at downwind WTG locations, increasing the fatigue loads. This occurs particularly at low ambient turbulence intensity sites, as wakes will propagate over longer distances. While it should be noted that the FSR analysis does not take into account the WTG wake induced turbulence intensity, which can be significant, given the comparatively wide WTG spacing and the low ambient turbulence intensity at most of the sites, turbulence intensity is unlikely to result in excessive fatigue loading of the WTGs.

The layout design of the wind farm in the FSR has generally taken into account the site characteristics, constraints, cabling and minimization of wake loss. The spacing and layout design for most of the wind farm sites are considered reasonable. Usually there are slight differences between the layout in the FSR and the actual optimised layout after micro-siting. The influence on the energy yield induced by the layout difference is usually minor.

Table 30 presents SE's conclusions with regards to the suitability of the chosen WTG to individual wind farm sites. The symbols in Table 30 indicate whether the site conditions fall within WTG design thresholds. The symbol meanings are described in notes below the table.

The annual mean wind speed in Phase 2 of Dongshan wind farm project exceeds the WTG design threshold of 10.0m/s by 0.2m/s at mast location and mast height. As the wind regime conditions have not been assessed in the FSR, SE will not be able to opine on the WTG suitability based on currently available information.

At the mast location in Phase 2 of Duolun Daxishan wind farm project, the annual mean wind speed predicted at 70m height is 8.8m/s, which exceeds the IEC Class II WTG design threshold of 8.5m/s. However, with low turbulence intensity of 8.5% and at a lower hub height of 65m, it is probable that the use the IEC Class II WTG at the Phase 2 of Duolun Daxishan wind farm project site is acceptable from the perspective of WTG loading.

The extreme wind speed predicted in Phase 1 of Dongying wind farm project site exceeds the WTG design value by 0.5 m/s. Thus there is a minor risk that the 50 year extreme wind speed will exceed the threshold at the WTG locations.

Table 30: Site Suitability

Wind Farm	Division 1 of Donghai Bridge (offshore)	Phase 1 of Taonan	Phase 2 of Shuangliao	Phase 1 of Dongying	Baiyin City Jingtaixingquan	Phase 1 of Saihanba	Shifeng Dongshan Phase 2	Phase 4 of Dali	Phase 2 of Duolun Daxishan
WTG Type	Sinovel SL3000	Gamesa G58-850	Goldwind GW82-1500	Dongfang FD77A-1500	Sinovel SL1500/77	Vestas V52-850	Vestas V80-2000	Sinovel FL1500/70	MingYang MY1500se
IEC Class	IEC IA	IEC IIIB	IEC IIIC	-	IEC IIA	IEC IA	IEC IA	IEC IIB	IEC IIC
Annual Average Wind Speed	√	√	√	-	√	√	Ø	√	Ø
50 Year 3s Gust	-	-	-	Ø	-	-	-	-	-
50 year Reference 10min Wind Speed	√	-	√	-	√	-	-	-	√
Turbulence Intensity at 15m/s	√	-	√	-	√	-	-	-	√
Wind Shear	√	√	Ø	-	√	√	-	-	√
Extreme Temperature	√	√	0	-	0	-	0	√	√
Layout	√	√	√	√	√	-	-	-	-
Overall	√		√		√				√

√ **Suitable.** Site conditions fall within WTG design thresholds.

- **No information available.** No assessment carried out or WTG design threshold specified.

0 **Loss in energy yield.** Loss due to the extreme temperature has been considered in the energy yield.

Ø **IEC design value exceeded.** Site condition exceeds IEC design value, which might Impact on the fatigue loading of WTGs.

Ø **WTG design value exceeded.** Site condition exceeds WTG design parameters, which could lead to premature WTG failure or reduced WTG life.

Note: No wind regime assessment has been performed for the three wind farms: Phase 1 of Saihanba, Phase 2 of Dongshan and Phase 4 of Dali.

Where there is no overall assessment of site suitability, this is because there is insufficient information relating to 50 year 3s gust, turbulence Intensity at 15m/s and/or wind shear.

5.4.1 Conclusions on WTG Layout and Site Suitability

Generally information on the risk of extreme wind is not available as it is not common practice to undertake this analysis in China and it is the absence of this analysis that stops a positive result in the overall assessment row.

The WTGs used for the sites assessed are generally considered suitable for the environments in which they are required to operate although some sites are operating at the limits of the turbine design envelope.

The suitability of most of the WTGs for the environments in which they are required to operate suggesting that Datang Renewable applies WTG selection criteria designed to ensure that WTGs achieve the specified design life

5.5 Operation and Maintenance Arrangements

An experienced operation and maintenance (O&M) team and an effective O&M strategy are essential to maximise revenue and ensure a wind farm performs optimally over its life. Information on Datang Renewable's O&M strategy and provisions was obtained from the following sources:

- Site visits where SE personnel discussed O&M arrangements with operations personnel on site.
- Meetings with Datang Renewable where current O&M arrangements and future O&M strategy were discussed.

5.5.1 O&M Strategy

During the WTG warranty period, which is typically two to three years with the exception of Phase 2 of Shuangliao and Division 1 of Donghai Bridge that are five years, Datang Renewable relies on the WTG supplier to undertake scheduled and unscheduled maintenance in accordance with the WTG warranty. Datang Renewable's maintenance team works with the WTG supplier's team, and undertakes necessary training, such that Datang Renewable is in a position to take over the O&M of the wind farm after the WTG warranty period expires.

During the WTG warranty period Datang Renewable undertakes the balance of plant (BoP) maintenance, for example maintenance of roads and drainage works.

Datang Renewable has established a subsidiary company specialising in O&M work. This company is discussed further in Section 5.5.4. In Chifeng, the wind farms SE visited had already signed an O&M contract with the subsidiary, covering both WTG and BoP maintenance.

5.5.2 O&M During WTG Warranty Period

A summary of the O&M Provisions for the 11 wind farms assessed is provided in Table 31. From Table 31, it can be seen that the warranty period of most of the wind farms is two years. At the present time the warranty period has expired at two wind farms: Phase 1 of Saihanba and Phase 1 of Taonan. At both of these sites, Datang Renewable undertakes all O&M work.

Seven wind farms are still within the WTG warranty period and the WTG manufacturer takes responsibility for maintenance. The remaining two wind farms, Yangshugou and No.1 Yumen Changma, are currently under construction.

Table 31: Warranty Status

Wind Farm	WTG	Warranty Expiry Date ¹	Warranty Period (Years)	O&M Provider
Phase 4 of Dali	Sinovel	2010.12.16	2	Sinovel
Phase 2 of Dongshan	Vestas	2009.12.28 – 2011.1.13	2	Vestas
Phase 2 of Duolun Daxishan	MingYang	Warranty has not started	2	MingYang
Phase 1 of Saihanba	Vestas	2007.8.12 – 2007.12.23	2	Datang Renewable
Baiyin City Jingtaixingquan	Sinovel	2011.1.13	2	Sinovel
Phase 2 of Shuangliao	Goldwind	2013.12.23 – 2014.4.1	5	Goldwind
Phase 1 of Taonan	Gamesa	2008.7.9	2	Datang Renewable
Phase 1 of Dongying	Dongfang	2011.1.14 – 2012.3.29	2	Dongfang
Division 1 of Donghai Bridge (offshore)	Sinovel	Warranty has not started	5	Sinovel
Yangshugou	Wind farm under construction			
No.1 Yumen Changma	Wind farm under construction			

¹ One date indicates that all WTGs come out of warranty at the same time, while two dates represent respectively the warranty expiry dates of the first and the last WTG.

The industry standard warranty period for onshore wind farms in China is typically two years. However, although this is considered reasonable for a proven WTG in a location without adverse site specific conditions, for example non-complex terrain, a longer warranty period is considered appropriate for wind farms using newer technology and in more onerous environments. Datang Renewable's strategy is generally to pay a premium in order to obtain a longer warranty period where required and as a result the warranty period of the wind farms within the Portfolio ranges from two to three years with the exception of Phase 2 of Shuangliao and Division 1 of Donghai Bridge that are both five years.

It is understood from discussions with Datang Renewable that it is currently negotiating with Vestas to extend the warranty period from two years to three years in future contracts for a reasonable premium. SE believes that a longer warranty period would be beneficial to the wind farms in question, in terms of reliability of income, cost of corrective maintenance and wind farm life.

In the WTG supply contracts, the supplier's obligations during the warranty period are clearly listed. The WTG supplier undertakes routine inspection and non-routine inspection in order to achieve an agreed availability and power curve performance. The level of the availability warranty provided in the contracts is considered to be industry standard in China.

During the site visits, SE observed a number of major problems with the WTGs. In Phase 2 of Duolun Daxishan, WTGs encountered control problems and six WTGs had not passed the 240-hour test run required by the WTG supply contract. This represents a delay of more than a year and a half to the original schedule. This issue has been given a high priority by Datang Renewable, which provides confidence that such issues are taken seriously and will be resolved.

In Phase 4 of Dali, major components of its WTGs had to be replaced. This is believed to be due to a problem with manufacturing quality as all failed components were produced over the same period at the same location and other wind farms using the same components from the same production line at the same period, faced the same problem. WTG manufacturers agreed to extend the warranty period and cover the costs and SE considers this problem to have been resolved satisfactorily.

In Phase 1 of Taonan, blade cracking has been observed and active steps are being taken to resolve this problem and the in-warranty replacement programme is on-going.

With regards to the problems outlined above, it should be noted that these have all occurred at wind farms during the warranty period. Therefore the WTG manufacturer is responsible for replacing the faulty components. The relatively broad range of WTG types used in the Portfolio reduces exposure to problems associated with any one particular WTG type, further highlighting portfolio benefits.

On the basis of a high level review of the WTG contracts for the 11 sites visited, it is considered that the training programs arranged by the WTG suppliers during the warranty period are comprehensive and detailed. The training programs usually include operation, maintenance and repairs, covering most of the issues that would be expected to occur on site. Based on observations on site and discussions with relevant personnel, SE considers that O&M experience that Datang Renewable's team acquires on site and during technical training should be sufficient to allow Datang Renewable to be prepared to take over the WTG O&M work when the WTG warranty expires.

5.5.3 Post Warranty O&M

As discussed above, Datang Renewable's O&M strategy requires that, further to training by the wind turbine manufacturer, its own maintenance team takes over all maintenance work after the WTG warranty has expired and SE considers the training and experience obtained by Datang Renewable's Team during the WTG warranty period to be sufficient to allow it to provide effective WTG maintenance after the warranty period.

In each wind farm, there is a store holding regular spares and consumables. Key WTG components such as gearboxes, generators and blades are not held in the store and are ordered from the WTG supplier when required.

In Chifeng area, it is noted that around Daheishan wind farm there are several out of warranty wind farms equipped with Vestas WTGs. To make spare parts supply more effective, a spares holding facility called Daheishan United Storeroom was built by Datang Renewable for Vestas to keep spare parts. The United Storeroom holds strategic spares required for V52 and V80 WTGs, including gearboxes and generators. However, blades are not in the store's spares list. Blades, if required, will be sourced directly from Vestas' factories. It is considered that the Daheishan United Storeroom is an effective way to make the spare parts supply more convenient and timely. SE understands that Datang Renewable has decided to introduce this system to other areas.

No issues with the two wind farms visited that were out of warranty, Saihanba Phase 1 and Taonan Phase 1, were observed or referred to in discussions with Datang Renewable staff.

As discussed in the Section 4.4 on the WTG technology, it is considered that some domestic Chinese WTG manufacturers have had problems with reliability of their WTGs, while the top European manufacturers have generally proved themselves to be reliable WTG suppliers. Datang Renewable is aware of these issues and the increased maintenance requirements that may arise at some sites as a result of the WTG technology used.

5.5.4 *Subsidiary O&M Company Strategy*

In order to improve management of maintenance work of all wind farms in the Portfolio Datang Renewable has established a subsidiary company called Datang Renewable Beijing Services Company (Datang Services), which was established on 05 Nov 2009. SE has been informed it has 132 members of staff.

The main tasks of Datang Services include end of warranty inspections, scheduled maintenance and breakdown maintenance. The intention is that Datang Services will take over WTG maintenance of all wind farms where the warranty period has already expired, and for the remaining wind farms in the Portfolio, Datang Services will take over WTG maintenance once the warranty period expires. Datang Services will also have responsibility for all wind farm substation maintenance work.

Datang Services has undertaken training of its maintenance technicians. Maintenance technicians have attended technical training courses with Vestas, which included operation, maintenance and safety training, in to obtain a 'Wind Turbine Maintenance Engineer' certificate. This certificate not only enables staff to undertake a higher quality of maintenance work on the out of warranty sites, but it also means they can be employed by Vestas as technical staff to work on wind farms which are still within the warranty period, thus allowing first-hand maintenance experience to be obtained under experienced Vestas supervisors.

At present Datang Services has signed O&M contracts with 13 wind farms in Inner Mongolia and Liaoning. The contracts clearly specify the responsibilities and obligations of each party. The scope of scheduled inspections is clearly defined. In addition, availability targets are specified with associated incentives and penalties.

Datang Services has a research centre which undertakes studies on WTG control systems with the intention of providing related technical support in the future. Datang Services has indicated that it is currently researching how to improve optimisation of performance.

Given Datang Service's experience in Inner Mongolia and Liaoning, it is considered that the company is effectively obtaining the experience and capabilities to take over maintenance of all wind farms in the Portfolio in the future as planned.

5.5.5 Conclusions on O&M

Datang Renewable's O&M strategy is considered to be reasonable. The experience and training acquired during the warranty period by Datang Renewable indicates that Datang Renewable's maintenance team will be able to take over the maintenance of the WTGs once the maintenance period expires.

All wind farms contain a spares store holding minor components and consumables. The use of the Daheishan United Storeroom in Chifeng is considered to be an effective way for manufacturers to store key components for wind farms nearby. SE is encouraged that this policy is planned to be introduced in other regions.

The establishment of Datang New Energy Beijing Services Company to manage all maintenance of the Portfolio under an incentive arrangement is considered to be an appropriate strategy that will assist in driving down maintenance costs, optimising wind farm performance and will enable the sharing of knowledge and experience across Datang Renewable's maintenance staff.

5.6 Project Costs

Capital expenditure (Capex) budgets for Datang Renewable's wind farm projects are given a number of different names depending on the stage of the wind farm development and construction. At the development stage, an original budget will be defined in the feasibility report, which is called "Gai Suan". This budget will be termed "Original Budget" in this report. When the main contracts have been confirmed, but not necessarily authorized, the original budget will be revised to produce an updated budget termed "Revised Gai Suan". This budget will be termed "Revised Budget" in this report. Finally, one or two years after the wind farm commissioning, the audit company will compile the final cost for the wind farm, which is termed "Jue Suan". This will be termed "Final Cost" in this report.

In this section, SE has reviewed the methodology of the budget calculation, the reasonableness of the Original Budget and Revised Budget, and the reasonableness of the Final Cost compared with industry benchmarks. SE has also compared the Original Budget to the Final Cost in order to opine on Datang Renewable's cost control capabilities. The assessment has been based on the following documents:

- Feasibility Study Report (FSR), which contains the Original Budget;
- Revised Budget Report (RBR) (修編概算), which contains the Revised Budget; and,
- Final Settlement of Account (FSA)(竣工決算), which contains the Final Cost.

5.6.1 Review of Budgeting Methodology

SE has conducted a detailed review of the Original Budget in the FSR and it is considered that the Original Budget was produced according to national standards, namely "Budget calculation standard for wind plant feasibility study report"¹¹ and "Ration of budgetary estimation for wind power projects"¹². These two documents present standardized budget calculation methodology, and provide the maximum permitted construction and installation fee. However, the documents do not state the allowable fee for the equipment, such as the WTGs.

The Revised Budget will be published at the construction stage. The price of the main construction contracts will be available at this stage and the Original Budget will be revised in line with the price in the bidding documents.

Finally, one or two years following the completion of the wind farm, Datang Renewable will employ an audit company to determine the actual capital expenditure associated with the wind farm in order to finalize the FSA.

SE considers this process to be reasonable.

Two of the wind farms, No.1 Yumen Changma and Yangshugou, are at the construction stage, and as a result there is no Revised Budget and Final Cost. As the period that Datang Renewable's wind farms have been operational is normally less than two years, and Final Cost will only be available after one or two years operation, only six wind farms have the Final Cost available for review.

Following review of the Original Budget, Revised Budget and Final Cost, SE has the following comments:

- Confidence in Datang Renewable's ability to cost projects is provided by the fact that the average Revised Budget for the eight operational wind farms assessed was within $\pm 5\%$ of the Original Budget.
- Final Costs provided by Datang Renewable for six sites were within the Revised Budget, which suggests realistic budgeting and strong cost control by Datang Renewable.

SE notes that the wind farm with the highest Final Cost per MW installed is Phase 1 of Saihanba. SE undertook a detailed review of the breakdown costing sheet for Phase 1 of Saihanba and considers the reasons for the high cost to be exceptional and reasonable. A primary reason for the high cost is that the full cost of the substation is included in Phase 1, even though the substation will be used for all five phases of the wind farm.

The wind farm with the lowest cost per MW installed is Phase 4 of Dali wind farm project which is due to the relatively low WTG price.

¹¹ (FD 001) (風電場工程可行性研究報告設計概算編製辦法及計算標準)水電水利規劃設計總院 2007.

¹² (FD 004) (風電場工程概算定額) 水電水利規劃設計總院 2007. Note that the English translation of the title provided in this report is the official translation.

Phase 1 of Dongying's Original Budget is higher than other wind farms in the Portfolio. During the site visit, SE observed that the site is located on the coast, with 10 WTGs located in the intertidal zone. As a result, there are significant foundation, tidal protection and drainage costs associated with this site. Consequently, SE considers the higher budget for Phase 1 of Dongying wind farm project to be reasonable.

The Original Budget of the offshore wind farm is more than twice the cost typically associated with onshore wind farms in China, although the Revised Budget and Final Cost for this site is not yet available. Experience from other countries suggests that offshore wind farm capital costs can be significantly higher than onshore costs, and the onshore/offshore cost ratios observed for Donghai Bridge is in line with those observed in Europe. Therefore, the magnitude of the offshore wind farm Original Budget is not considered to be of concern.

SE notes that the difference between the Original Budget and Revised Budget is 42.24% and 14.12% for Phase 1 of Saihanba and Phase 1 of Taonan respectively. SE also notes that these two wind farms are the oldest wind farms in the Portfolio and construction began in 2004. Lack of experience could therefore be the main reason for these significant differences. Additionally, Datang Renewable selected imported WTG brands Vestas and Gamesa for these two wind farms and the high cost of the WTGs could be another reason for the large difference. Furthermore, as previously indicated, the full cost of the substation was calculated in the Final Cost of Phase 1 of Saihanba. If the cost of this substation is deducted, the difference between the Original and Revised Budgets is 14.87%, which is similar to Phase 1 of Taonan.

For the six wind farms for which the Final Cost is available, this cost came to less than the Revised Budget. The biggest difference between the Final Cost and Revised Budget is 15.23%, which is for Phase 4 of Dali. Additionally, there is a difference of 12.54% for Phase 2 of Shuangliao and 9.31% for Phase 2 of Dongshan. The FSA indicates that the reason for these significant differences is the tax refund for the WTGs, which was not included in the Revised Budget.

5.6.2 Conclusions on Project Costs

Datang Renewable's methodology for calculating the Original Budget is widely used in China, and is recognized by the Chinese wind power industry. SE considers this methodology to be reasonable. Additionally, confidence in Datang Renewable's ability to cost projects is provided by the fact that the average Revised Budget for the eight operational wind farms assessed was within $\pm 5\%$ of the Original Budget.

Final Costs provided by Datang Renewable for six sites were within the Revised Budget, which suggests realistic budgeting and strong cost control by Datang Renewable.

5.7 Construction Schedules

A high level review has been undertaken of the construction schedule for the two wind farms that are under construction, namely: No.1 Yumen Changma and Yangshugou. In this section, SE will assess the construction schedule for these two wind farms in relation to the adequacy of time allowed for key tasks during the construction phase.

Additionally, SE will discuss the extent to which the operational wind farms assessed were constructed according to the project schedule.

5.7.1 Construction Schedule

The assessment of the construction schedules has been based on the following documents:

- Changma Phase 1 wind farm plan milestone;
- Changma Phase 1 wind farm implementation schedule;
- Datang New Energy Yangshougou wind farm plan schedule; and,
- Datang New Energy Yangshougou wind farm implementation schedule.

5.7.2 No.1 Yumen Changma Wind Farm Project

No.1 Yumen Changma is a concession project located in Gansu Province and composed of 134 Sinovel 1,500 WTGs with an ultimate installed capacity of 201 MW. Construction was planned to be completed within 21 months from April 2009 and ending in December 2010. SE has reviewed the time allocated for four major elements of work during construction, which are listed in Table 32.

Table 32: No.1 Yumen Changma Wind Farm Construction Schedule

Item of Work	Time Allocated to Task
Substation Construction	5 months (08-April-09 to 30-Aug-09)
WTG Foundation Concrete Pouring	8 months (28-April-09 to 31-Dec-09)
WTG Erection	6 months (01-May-10 to 30-Oct-10)
WTG Commissioning	4 months (01-Sep-10 to 31-Dec-10)

As can be seen from Table 32, the total time allocated for WTG foundation concrete pouring is around 8 months, equating to less than 1.9 days per WTG. The total time allocated for WTG erection is 6 months, which equates to less than 1.4 days per WTG. The total time allocated for WTG commissioning is 4 months, which equates to less than 0.9 days per WTG.

Based on SE's experience of Chinese wind farm construction, which is generally achieved significantly faster than wind farms in Europe, SE considers the overall construction time allocated in the schedule, and the sequence of each key task to be reasonable. The time allocated for WTG erection and foundation concrete pouring are considered to be shorter than the time usually assumed for projects in Europe. However, these times are not considered unreasonable for Chinese projects. SE considers the reason for the faster pace in Chinese projects is mainly due to lower labor costs and the ability of contractors to mobilize and organize human resources. In SE's experience it is not uncommon for more than 1,000 people to be involved in the construction of a project like this in order to accelerate construction.

SE has reviewed the implementation programme to date and notes that some key tasks were accomplished earlier than planned under the construction schedule. An example of this is WTG erection, which started in November 2009 and was completed in June 2010, rather than that scheduled which began on 1 May 2010 and should be completed by 30 October 2010. During the site visit to No.1 Yumen Changma, construction was observed to be moving forward smoothly and in line with or ahead of schedule. SE was informed by site personnel that no issues had been encountered during construction with regards to the project schedule.

5.7.3 Yangshugou Wind Farm Project

The second wind farm under construction for which the project schedule was reviewed, was Yangshugou, located in Inner Mongolia. Yangshugou is planned to be composed of 33 Goldwind 1,500kW WTGs with a total installed capacity of 49.5 MW. The construction of Chifeng Yangshougou will be undertaken at the same time as the neighboring Changhangou wind farm, which will be comprised of 25 Shanghai Electric 2,000kW WTGs with a total installed capacity of 49.5 MW. Construction of both wind farms will be undertaken as a single 99 MW project. The construction was planned to be accomplished within 6.3 months and the time allocated to each task is shown in Table 33.

Table 33: Yangshugou and Changhangou Wind Farm Construction Schedule

Item of Work	Time Allocated to Task
Substation Construction	4.3 months (09-May-10 to 18-Sep-10)
WTG Foundation Concrete Pouring	3.3 months (23-May-10 to 04-Sep-10)
WTG Erection	2.7 months (11-Jul-10 to 02-Oct-10)
WTG Commissioning	1.5 months (15-Aug-10 to 02-Dec-10)

As can be seen from the Table 33 the total time allocated for WTG foundation concrete pouring is around 3.3 months, equating to less than 1.7 days per WTG. The total time allocated for WTG erection is 2.7 months, which equates to less than 1.4 days per WTG. The total time allocated for WTG commissioning is around 1.5 months, equating to less than 0.8 days per WTG.

SE considers this to be a relatively optimistic project construction schedule as this project needs even higher implementation rates than Yumen Changma to achieve completion. However, it should be noted that construction is taking place during the most straightforward periods of the year in terms of weather and the use of significant labor resources can accelerate construction times markedly.

During the site visit to Yangshugou on 01 July 2010 SE personnel noted that the construction team had completed the substation foundation and started to install the main transformer, which is in line with the schedule. SE personnel were informed by the wind farm project manager that concrete pouring of 13 WTG foundations has been completed, placing the project ahead of schedule.

SE has reviewed the implementation schedule provided by Datang Renewable and notes that the only work element which is not in line with the construction schedule is the WTG delivery, which was delayed by around one week.

5.7.4 Operational Wind Farms

SE personnel were informed that the operational wind farms were completed in line with the corresponding construction schedules, except for Phase 2 of Duolun Daxishan as six MingYang WTGs from Phase 2 have not passed the 240 hour continuous running takeover test specified in the WTG supply contract. According to the project schedule all WTGs were planned to be operational by January 2009, from which it can be seen that there has been a delay of more than a year and a half.

SE has been informed by Datang Renewable that the reason for use of domestic WTG brands, other than the top three, is for the purposes of risk mitigation, in that the risk to the Portfolio as a whole is reduced due to a wide variety of WTG types being used.

In the case of Phase 2 of Duolun Daxishan SE understands from Datang Renewable that this issue is being actively addressed and Datang Renewable management has given it high priority. SE understands that Datang Renewable has contacted the WTG supplier and placed pressure on it to prepare enough spare parts and fix the WTG failures. This proactive approach provides confidence that Datang Renewable actively seeks to resolve such issues with support from the highest levels of management. SE understands from Datang Renewable that similar problems have not been experienced at the other wind farms in the Portfolio and this occurrence can therefore be considered exceptional.

5.7.5 Conclusions on Construction Schedules

SE has reviewed the implementation schedules for No.1 Yumen Changma and Yangshugou and notes that the wind farms are on schedule or ahead of schedule for most elements of work. Therefore, although the construction schedules are considered tight when compared with European and some Chinese wind farms, they are considered to be realizable if sufficient resources continue to be made available.

Based on the information collected on site, SE considers Datang Renewable to have competent project management capabilities with regards to completing construction within to schedule.

5.8 Electrical Design and SCADA System

SE has conducted a high level review of the wind farm electrical designs based on information made available by Datang Renewable and a review of the suitability of the cabling, transformer and substation design, has been undertaken. Additionally, SE has undertaken a brief review of the SCADA system to be employed within each wind farm. The conclusions of this review are presented below.

5.8.1 Division 1 of Donghai Bridge

As stated in the description of the assessment for the selected wind farms in Section 3.2, the Shanghai Donghai Bridge wind farm located in the east coast of Shanghai is the offshore wind farm demonstration project. Totally 34 units of Sinovel SL3000 WTGs have been installed and put into operation, the total installed capacity of this project reaches 102 MW.

5.8.1.1 Electrical Design Review

The design of Division 1 of Donghai Bridge offshore wind farm project includes two 120MVA main transformers, which have sufficient capacity to transfer the power to the 220kV/110kV Haiyang substation. The design includes two 110kV networks with two transformers, which provides redundancy in the event that one fails.

Each WTG has paired transformers located in the WTG base tower. There are four separate 35kV array networks. Each network contains 8 or 9 transformers, and is connected to the wind farm substation via 35kV submarine cables (FYJQF41G+OFC-26/35-3×300). The FSR indicates that the system short-circuit level will be 25kA when a short circuit occurs at the 110kV bus bar of Haiyang substation. The 110kV circuit breaker and 35kV circuit breakers fault rating is considered to be reasonable.

The FSR indicates that the wind farm transmission system short circuit level will be 26.42kA at 110kV, 19.85kA at the substation 35kV side, 10.54kA at the WTG transformer 35kV side and 42.08kA at the WTG 0.69kV side when a short circuit occurs at the 110kV bus bar. The 110kV and 35kV circuit breakers have suitable fault ratings for the prospective short circuit faults.

On the basis of a high level technical review, the electrical design of the wind farm is considered to be reasonable.

5.8.1.2 SCADA System Review

Sinovel supplied the wind farm SCADA system. There is a local control server and tele-control server. The local control server is located in the wind farm substation monitoring center, and comprises a Dell Power Edge 1900 server and Dell Precision Workstation 390. The tele-control system is comprised of a Dell Precision Workstation 390 and a DELL620 laptop. The SCADA system is considered reasonable with regard to robustness and capabilities.

Datang Renewable and Sinovel are closely monitoring the performance of the WTGs through condition monitoring. No major issues have been observed so far and no hardware modifications have been required.

5.8.2 Phase 1 of Taonan

Phase 1 of Taonan is located to the north of Taonan city, Jilin Province. The project achieved commercial operation on 29 November 2005. The wind farm has a total installed capacity of 49.3 MW and is composed of 58 Gamesa G58-850kW WTGs.

5.8.2.1 Electrical Design Review

Two 31.5MVA main transformers are used for Phase 1 of Taonan wind farm project and these are considered to have sufficient capacity to export the power to the 220kV Baicheng substation.

Each WTG has been connected to its paired transformers via two parallel 1kV rated low voltage buried power cables (YJV22-4×185mm²). There are ten separate 10kV array networks. Each array contains 5 to 6 transformers and is connected to the wind farm substation via 10kV buried power cables. The arrays are connected via cable lines (YJV22-3×35mm², YJV22-3×70mm², YJV22-3×95mm², YJV22-3×120mm², YJV22-3×150mm²). The sixth WTG is connected to the 66kV substation 10kV busbar via medium voltage buried power cables (YJV22-3×185mm²). SE has conducted a high level review and the cable sizes are considered to be reasonable.

The FSR indicates that the wind farm transmission system short circuit level will be 20.82kA at the 10kV side and 30.36kA on the 0.69kV side when a short circuit occurs at the 66kV busbar. The 66kV and 10kV circuit breakers are considered to be reasonably rated to deal with this fault level.

On the basis of a high level technical review, the electrical design of the wind farm is considered to be reasonable.

5.8.2.2 SCADA System Review

Gamesa supplied the wind farm SCADA system. There is a local control server and tele-control server. The capabilities of this equipment are considered reasonable. Communication between the WTGs and the control center is by means of optical fibre cabling. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The SCADA system is considered reasonable with regards to robustness and capabilities.

5.8.3 Phase 2 of Shuangliao

The project is located to the north of Shuangliao City, Jilin Province, approximately 51km from the city center. Phase 2 of Shuangliao was put into commercial operation on 23 December 2008. It is composed of 33 Goldwind 82/1500 WTGs and has a total installed capacity of 49.5 MW.

5.8.3.1 Electrical Design Review

Two 31.5MVA main transformers were designed for Phase 2 of Shuangliao and these transformers have sufficient capacity to transfer the power generated by the wind farm to the 220kV Shuangliao substation.

Each WTG has been connected to its transformer via three parallel 1kV rated low voltage buried power cables (YJV22-1×240mm²). The wind farm has two main transformers (SFZ11-31500/66/10kV), and a single bus will be connected to 66kV side. There are seven separate 10kV array networks, each with 4 or 5 WTG transformers. The size of these transformers and conductors will support the full output of the WTGs.

The FSR indicates that the wind farm transmission system short circuit level will be 24.13kA at 66kV, 26.71kA at the 10kV side and 98.32kA at the 0.69kV side when a short circuit occurs at the 66kV bus bar. The 66kV and 10kV circuit breakers have suitable fault ratings for the prospective short circuit faults.

On the basis of a high level technical review, the electrical design of the wind farm is considered to be reasonable.

5.8.3.2 SCADA System Review

Goldwind supplied the wind farm SCADA system. There is a local control server and tele-control server. Communication between the WTG and the control center is through optical fibre. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The robustness and capabilities of this SCADA equipment are considered reasonable.

5.8.4 Phase 1 of Dongying

The project is located in a coastal area about 30km away from Dongying town centre, Shandong Province. Dongying wind farm achieved commercial operation on 23 December 2008. It is composed of 33 Dongfang FD70B-1500 WTGs and has a total installed capacity of 49.5 MW.

5.8.4.1 Electrical Design Review

The 50MVA main transformer designed for Phase 1 of Dongying has sufficient capacity to transfer the power to the 220kV/110kV Binhai substation.

Each WTG has been connected to its paired transformer's 0.69kV side via low voltage buried power cables (4xYJV 0.61/1-1×240mm²). There are three separate 35kV array networks, each containing 10 to 12 transformers. They are connected to the wind farm substation via a 35kV overhead line. For each array, the transformers with 1600kVA capacity have been connected to the nearest 35kV overhead line via a medium voltage buried power cable (YJQ22-26135-3x50). The 35kV overhead line (JL/LB20A-150/25) terminates at the substation outside walls. A buried power cable (YJQ22-26/35-3x185) then connects to the wind farm 110kV/35kV substation medium voltage switchgear. The conductors have sufficient capability to support the full output of the WTGs.

The FSR indicates that the wind farm transmission system short circuit level is 17.05kA under the maximum operating conditions in Dongying wind farm substation. The 110kV circuit breaker and 35kV circuit breakers fault ratings all are considered to be reasonable.

On the basis of a high level technical review, the electrical design of the wind farm is considered to be reasonable.

5.8.4.2 SCADA System Review

Dongfang supplied the wind farm SCADA system. There is one local control server and two tele-control servers. Communication between the WTG with the control center is by means of optical fibre cabling. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The SCADA equipment is considered reasonable with regards to robustness and capability.

5.8.5 Baiyin City Jingtaixingquan

The project is located to the north of Baiyin City, Xingquan Region, Gansu Province, about 1km from the city center. Baiyin Xingquan wind farm Phase 1 achieved commercial operation at the end of 2008. It is composed of 30 Sinovel 1500/77 WTGs and has a total installed capacity of 45 MW.

5.8.5.1 Electrical Design Review

The 50MVA transformer designed for Jingtaixingquan wind farm has sufficient capacity to transfer the power to the 110kV Huandong substation.

Each WTG has been connected to its transformers via four parallel 1kV rated low voltage buried power cables (VV22-3×240+1×120mm²). There are eight separate 10kV array networks, each with 3 to 4 transformers, connected to the wind farm substation via a 10kV overhead line. In each array the 1600kVA transformers have been connected to the nearest 10kV overhead line via a 10kV medium voltage buried power cable (YJV22-10-3×50mm²). The 10kV overhead line (LGJ-185mm²) terminates at the substation outside walls and is connected to a 10kV buried power cable (YJV22-10-3×240mm²), which then connects to the wind farm 110kV/10kV substation medium voltage switchgear. The cable sizes are considered to be reasonable.

The FSR indicates that the wind farm transmission system and 110kV/10kV substation are designed to meet the maximum capacity forecast for 2020. The system short circuit level will be 5.92kA when a short circuit occurs at the 110kV bus bar. The 110kV circuit breaker and 10kV circuit breaker are considered to be reasonably rated to meet these fault levels.

On the basis of a high level technical review, the electrical design of the wind farm is considered to be reasonable.

5.8.5.2 SCADA System Review

Sinovel supplied the wind farm SCADA system. There is a local control server comprising a Dell Power Edge 1900 server and the Dell Precision Workstation 390. Communication between the WTGs and the control center is by means of optical fibre. The robustness and capabilities of this equipment are considered reasonable.

5.8.6 No.1 Yumen Changma

The project is located to the northwest of Yumen City, Jiuquan Region, Gansu Province, about 8km to 17km from the city center. No.1 Yumen Changma wind farm project has a total installed capacity of 201 MW with 134 Sinovel 1500/82 WTGs.

5.8.6.1 Electrical Design Review

The single 240MVA transformer designed for No.1 Yumen Changma has sufficient capacity to transfer the power to the Yumenzhen 330kV/330kV substation.

Each WTG has been connected to its transformer via four parallel 1kV rated low voltage buried power cables (YJV22-3×240+1×120mm²). There are 12 separate 35kV array networks, each with 10 to 12 transformers, which are connected to the wind farm substation via a 35kV overhead line. For each array, the 1600kVA transformers have been connected to the nearest 35kV overhead line via a 35kV medium voltage buried power cable (YJV22-3×50mm²). The 35kV overhead line (LGJ-185mm²) terminates at the substation outside walls and then connects to the 330kV/35kV substation medium voltage switchgear via a 35kV buried power cable (YJV22-10-3×185mm²). The conductors have sufficient capability to support the full output of the WTGs.

The FSR indicates that the wind farm transmission system short circuit level will be 36.5kA at the 35kV side and 35.8kA at the 0.69kV side. It is considered that the electrical equipment short circuit level will be 40kA. The 330kV circuit breaker and 35kV circuit breakers fault ratings are considered to be reasonable.

On the basis of a high level technical review, the electrical design of the wind farm is considered to be reasonable.

5.8.6.2 SCADA System Review

Sinovel supplied the wind farm SCADA system. There is a local control server and tele-control server. Communication between the WTG and the control center is by means of optical fibres. The capabilities of these systems are considered reasonable with regards to robustness and capabilities.

Datang Renewable and Sinovel have signed a WTG condition monitoring agreement with Alstom. The main focus of the condition monitoring is to optimize the control system and maintenance strategy. From the site visit it is understood that the WTG condition monitoring system analyzes vibration data and is used for predictive maintenance. Embracing state-of-the-art O&M technology is considered a positive attribute of Datang Renewable.

5.8.7 Phase 1 of Saihanba

The project is located in the south of Zhirui Town, Keshiketeng Banner, Inner Mongolia. Phase 1 of Saihanba achieved commercial operation on 12 August 2005. It is composed of 36 Vestas V52 850KW WTGs and has a total installed capacity of 30.6 MW.

5.8.7.1 Electrical Design Review

The 50MVA transformer designed for Phase 1 of Saihanba has sufficient capacity to transfer the power to the Wudan 220kV substation.

Each WTG has been connected to its transformer 0.69kV side via low voltage buried power cables. Transformers with 900kVA capacity have been connected to the nearest 35kV overhead line (LGJ-240/50), and two 35kV array networks were connected to the wind farm 220kV/35kV substation medium voltage switchgear. The cable sizes are considered to be reasonable.

The FSR indicates that the system short circuit level will be 8.8kA when a short circuit occurs at the 220kV bus bar. The 220kV circuit breaker and 35kV circuit breaker fault ratings are considered to be reasonable.

On the basis of a high level technical review, the electrical design of the wind farm is considered reasonable.

5.8.7.2 SCADA System Review

Vestas supplied the Vestas Graphical Control and Supervision (VGCS) system. There is a local control server and tele-control server. VGCS system communication between the WTGs and the control center is run on shielded twisted paired cabling rather than optical fibre cabling, which is more susceptible to lightning damage. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The system is considered reasonable with regards to robustness and capabilities.

5.8.8 Phase 2 of Dongshan

The project is located 110km northwest of Chifeng City. Phase 2 of Dongshan achieved commercial operation on 27 December 2007. It is composed of 25 Vestas V80 2 MW WTGs and has a total installed capacity of 50 MW.

5.8.8.1 Electrical Design Review

The single 50MVA transformer designed for Phase 2 of Dongshan wind farm project has sufficient capacity to transfer the power to the Saihanba 220kV/220kV substation.

Each WTG has been connected to its transformer's 0.69kV side via low voltage buried power cables (YJV22-3×300+1×150mm²). There are two separate 35kV array networks, each with 11 or 14 900kVA transformers. These are connected to the wind farm 66kV/10kV substation medium voltage switchgear via medium voltage buried power cables (YJV22-3×300+1×150mm²) which are acceptable.

The FSR indicates that short-circuit current is 5.37kA in the 66kV substation, and 21.73kA of 10kV bus. The 66kV circuit breaker and 10kV circuit breakers fault ratings all are considered to be reasonable.

On the basis of a high level technical review, the electrical design of the wind farm is considered reasonable.

5.8.8.2 SCADA System Review

Vestas supplied the VestasOnline™ Business SCADA system for control and monitoring of the wind farm. Communication between the WTG with the control center is through shielded twisted pair cabling rather than optical fibre cabling. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The SCADA system is considered reasonable with regards to robustness and capabilities.

5.8.9 Phase 4 of Dali

The project is located in Dalinuoer, Northwest of Keshiketeng Banner, Inner Mongolia. Phase 4 of Dali achieved commercial operation on 23 December 2007. It is comprised of 33 Sinovel FL1500/70 WTGs and has a total installed capacity of 49.5 MW.

5.8.9.1 Electrical Design Review

The single 120MVA transformer designed for Phase 4 of Dali wind farm project has sufficient capacity to transfer the power to the Reshui 220kV/220kV substation.

Each WTG has been connected to its transformer 0.69kV side via low voltage buried power cables. There are two separate 35kV array networks, with 18 and 16 1600kVA transformers respectively. These arrays are connected to the wind farm 220kV/35kV substation medium

voltage switchgear via 35kV overhead lines (LGJ-240/30). The conductors have sufficient capability to support the full output of the units.

On the basis of a high level technical review the electrical design of the wind farm is considered reasonable.

5.8.9.2 SCADA System Review

Sinovel supplied the WTG SCADA system. Communication between the WTG and the control center is by means of optical fibre cabling. The substation SCADA interfaces for the tele-control server are connected via a site internet router. This equipment is considered reasonable with regards to robustness and capabilities.

5.8.10 Phase 2 of Duolun Daxishan

The project is located 10km west of Dunlun County, Xilinguole, Inner Mongolia. Phase 2 of Duolun Daxishan achieved commercial operation on 19 December 2008. It is composed of 20 MingYang 1500se WTGs and has a total installed capacity of 30 MW.

5.8.10.1 Electrical Design Review

Phase 2 of Duolun Daxishan shares the same 63MVA transformer with Phase 1 (which is composed of 36 Vestas V52 850KW WTGs with a total capacity of 30.6 MW). This transformer has sufficient capacity to transfer the power to the Duolun 110kV/110kV substation.

Each WTG has been connected to the 0.69kV side of its transformer via four parallel 1kV rated low voltage buried power cables (YJV22-3×240+1×120mm²). There are two separate 35kV array networks and each array of 10 transformers is connected to the wind farm substation via a 35kV overhead line. For each group, the 1600kVA transformers have been connected to the nearest 35kV overhead line via a 35kV medium voltage buried power cable (YJV22-3×50mm²). The 35kV overhead line (LGJ-185mm²) terminates at the substation outside walls, and connects to the 110kV/35kV substation medium voltage switchgear via a 35kV buried power cable (YJV22-10-3×150mm²). The size of these transformers and conductors will support the full output of the units.

The FSR indicates that system short circuit level will be 16kA when a short circuit occurs at the 110kV and 35kV busbar. The 110kV circuit breaker and 35kV circuit breakers are considered to be reasonable.

On the basis of a high level technical review, the electrical design of the wind farm is considered reasonable.

5.8.10.2 SCADA System Review

MingYang supplied the WTG SCADA system. There is a local control server an IBM Xserver 4365 server in the control centre. Additionally, there are two workstations with Dell Optiplex 330 in the wind farm control center, and another two tele-control workstations with Dell Optiplex 330. Communication between the WTGs and the control center is by means of optical fibre cabling. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The capabilities of this equipment are considered reasonable.

5.8.11 Yangshugou

The project is located in Yihegong Town, west of Wengniute Banner, Inner Mongolia. It is about 85km away from Chifeng City. Yangshugou wind farm project will have a total installed capacity of 49.5 MW and will comprise 33 Goldwind 82/1500 WTGs.

5.8.11.1 Electrical Design Review

One 100MVA transformer has been designed for Yangshugou which has sufficient capacity to transfer the power to the Chifeng Xijiao 220kV substation.

Each WTG has been connected to the 0.69kV side of its transformer via three parallel 1kV rated low voltage buried power cables (YJV22-3×300). There are three separate 35kV array networks. Each array contains 11 transformers, which are connected to the wind farm substation via a 35kV overhead line. For each array, the 1600kVA transformers have been connected to the nearest 35kV pylon via a 35kV overhead line (LGJ-185mm²). This line terminates at the substation and connects via a 35kV buried power cable (YJV22-3×240mm²) to a 220kV/35kV substation medium voltage switchgear.

SE has conducted a high level review and the cable sizes are considered to be reasonable.

The FSR indicates that system short circuit level will be 40kA when a short circuit occurs at the 220kV bus bar and 31.5kA when a short circuit occurs at the 35kV bus bar. The 220kV circuit breaker and 35kV circuit breakers fault ratings are considered to be reasonable.

On the basis of a high level technical review, the electrical design of the wind farm is considered reasonable.

5.8.11.2 SCADA System Review

Goldwind supplied the WTG SCADA system. There is a local control server and tele-control server. Communication between the WTGs and the control center is by means of optical fibre. The substation SCADA interfaces for the tele-control server are connected via a site internet router. The capabilities of this equipment are considered to be reasonable.

5.8.12 Conclusions on Electrical Design and SCADA System

A high level review has been conducted of the electrical designs for 11 wind farms. Cabling, transformer and substation design was subjected to a high level review and was considered to be reasonable and appropriate for each wind farm.

A brief review of the SCADA system to be used was conducted for each of the representative wind farms and the SCADA system robustness and capabilities were considered reasonable.

5.9 Grid Connection

SE has conducted a high level review of the grid connection arrangements at the 11 wind farms visited. This review was based on the information provided by Datang Renewable and its subsidiaries during the site visits, and specifically on the following documents:

- Feasibility study reports (FSRs);
- Grid connection study reports;
- Grid connection agreements;
- Power purchase agreements;
- Single line diagrams of interconnection in the wind farms;

- Feedback on SE TQs; and,
- Site visit check sheets.

It should be noted that the assessment of grid connection does not include any independent simulations or calculations.

5.9.1 Feasibility Study Reports

Chinese design institutes undertook the integrated design of the wind farms. The following eight design institutes were stated in the 11 wind farms' FSRs as having undertaken this design work. Each of these institutes can be considered independent third parties with no direct links to Datang Renewable.

- Northwest Investigation Design Institute 西北勘测設計研究院, a national Class-A design institute, directly under China Hydropower Engineering Consulting Group Co., providing design, supervision and consulting services to hydroelectric projects and civil works.
- China Water Resources & Hydropower Engineering Consulting Corporation 中國水利水电建設工程諮詢公司, a subsidiary of China Hydropower Engineering Consulting Group Co., providing design, supervision and consulting services to hydroelectric projects.
- Beijing Jipeng Investment Information & Consultant Co., Ltd., 北京計鵬信息諮詢有限公司, a specialized and export-oriented state-owned holding company. Its engagement with renewable energy includes wind power engineering services, review of energy information and support to Clean Development Mechanism projects.
- Shandong Electric Power Engineering Consulting Institute Co., Ltd. 山東電力工程諮詢院, provides design, survey and consulting services to electric power networks, as well as to coal and wind power projects.
- North China Power Engineering (Beijing) Co., Ltd. (北京國電華北力工程有限公司). It provides design, survey and consulting services to electric power networks, as well as to coal and wind power projects.
- Liaoning Power Investigation, Design & Research Institute 遼寧電力勘测設計院. It provides power system design services throughout PRC, but predominantly in Liaoning.
- Beijing Grand Trend International Economic and Technical Consulting Co., Ltd 北京國莊國際經濟技術諮詢有限公司, provides consulting services to various renewable energy projects, but mainly wind power.
- Shanghai Investigation, Design & Research Institute 上海勘测設計研究院, is a national Class-A design institute with strong technical expertise and advanced technical equipment. It provides design, supervision and consulting services to hydroelectric, coal and wind power projects.

The FSRs produced by the Chinese design institutes discuss a number of key issues of interest to this assessment, including:

- Whether or not the wind farms could be connected to the grid;
- What grid system upgrades are required to accommodate the power generated by the wind farm; and,
- Site specific requirements for key pieces of wind farm plant such as the WTGs, WTGs transformers, substation main transformers, switchgear and circuits.

The FSRs that have been written provide confidence to SE regarding the adequacy of the proposed grid connection design and provide confidence that the wind farms will be able to export all power generated to the grid. However, as discussed in Section 5.3.3 grid curtailment occurred at some of the wind farms visited.

5.9.2 Wind Farm Grid Connection in China

There are two large state owned grid groups that manage all power transmission networks in China:

- State Grid Corporation of China, and;
- China Southern Power Grid Corporation.

As wind speed is variable and difficult to predict, wind farm power output is too. These characteristics of wind power affect grid stability and make scheduling challenging. The higher the wind power penetration in an electricity network, the more pronounced these problems become.

In order to address these problems, the grid connection of a wind farm is required to meet the network security operational requirements. A new grid code for connecting wind farms to power networks was issued by the State Grid Corporation of China in February 2009¹³. In the grid code, the wind farm is required to operate within a frequency range of 48Hz to 51Hz. Low voltage ride through (LVRT) capabilities are required such the WTGs can continue to operate for 625ms when the grid voltage drops to 20% of the nominal level. The WTGs are also required to keep operating when the grid voltage rate of change is within $\pm 10\%$ of its rated value. According to the grid code, the WTGs are required to have controllable power factors of a minimum of -0.98~+0.90, and a reactive power capacity of -20% to +20% of rated power.

The new grid code was issued in February 2009 as a guideline. It is not a national standard and implementation is not required throughout China. However, most of the local grid companies have issued low-voltage ride through requirements following issuance of the new grid code, which both operational and new wind farms using their networks are required to meet.

The technical requirements stated in the new grid code will gradually become compulsory throughout China. However, the timetable for this is uncertain. At this stage it is not certain whether all operational wind farms will be required to meet the new grid code in the future.

¹³ www.sgcc.com.cn/風電場接入電網技術規定(修訂版) published February 2009.

Grid curtailment remains an issue throughout China. SE understands from industry announcements¹⁴ there will be substantial grid improvements in Xinjiang, Gansu, Hebei, Jilin, Jiangsu, Inner Mongolia East and Inner Mongolia West areas, which would ultimately be expected to reduce grid curtailment in these areas.

5.9.3 Grid Connection of each Wind Farm

5.9.3.1 Division 1 of Donghai Bridge

At each WTG there is a 35kV/0.69kV, 3200KVA transformer located in the WTG base tower. A total of four separate 35kV array networks, each with 8 or 9 WTG transformers, have been connected via 35kV submarine cables to the 110kV/35kV wind farm onshore substation, and from there is connected to the 220kV/110kV Haiyang substation via two 110kV lines.

Division 1 of Donghai Bridge offshore wind farm project is located near Lingang New City. Lingang New City is a new town intended to be an international deepwater container hub port and Asia-Pacific aviation hub. When Lingang New City has been completed the electrical load in the area is expected to reach 3,000 MW ~ 4,000 MW. To meet the initial demand associated with the construction of Lingang New City two 110kV networks will connect the Division 1 of Shanghai Donghai Bridge offshore wind farm substation to the 220kV Haiyang substation. Electricity generated by the wind farm will be delivered to the 220kV grid. It is not expected that the level of generation will affect the stability of the power grid.

Power demand in Shanghai, Jiangsu, Zhejiang and other economically developed eastern coastal areas is very high. Compared with many onshore wind farms, wind farms in this area have the advantage that power generation is close to the electricity consumer and there is no supply curtailment.

There was no reactive power compensation or LVRT requirement when the wind farm was constructed. However, the FSR indicates that the new grid code requirements may be applied retrospectively in the future. During operation of the wind farm, if the power factor required is required to be up to 1.0, the following two measures can be used. Firstly, reactive power generated by the WTGs can be used to compensate the grid as the WTGs have a controllable power factor of -0.90~+0.90. Secondly, dynamic reactive power compensation devices can be installed in the wind farm substation as there is spare room in the substation to connect these if required.

The project used Sinovel SL3000 WTGs, which are able to operate within the voltage rate of change range of $\pm 10\%$ of rated value. This is in compliance with the new grid code requirements. In correspondence of Sinovel SL3000 WTGS frequency range, further supporting document received and clarified by SgurrEnergy, that Sinovel SL3000 offshore WTG at Shanghai Donghai Bridge offshore wind farm will be able to operate between 48 and 52Hz, which meet the requirements of the new grid code.

5.9.3.2 Phase 1 of Taonan

This project is to comprise 58 850kW WTGs with a total installed capacity of 49.3 MW. At each WTG there is a 10.5kV/0.69kV transformer. A total of ten separate arrays connect each group of 5 to 6 WTG transformers to the 66kV/10kV substation, and this then connects to the 220kV Baicheng substation.

¹⁴ Seven 10G level wind farms bases transmission line plan and State Grid wind farm and Solar plant grid connection management, published in 2010-5-31 by State Grid. (七個千萬千瓦風電基地輸電規劃及國網公司風電場和光伏電站接入系統管理意見).

Subject to finalization by the wind farm owner and the network design institute, Phase 1 of Taonan wind farm project's 66kV/10kV substation will be connected to the 220kV/66kV Baicheng substation via a 38km LGJ-240/30 66kV overhead line. The 240mm² overhead line is considered to be reasonable for the 63MVA export capacity. The wind farm substation capacity is rated at 100 MW such that the planned 50 MW Phase 2 wind farm can be easily accommodated.

During the wind farm site visit, grid curtailment was discussed with site personnel. This curtailment is due to grid overload in the Baicheng area. Approximately 2GWh of power was lost due to grid curtailment, per month on average during the six months from January to June 2010. This equates to 10% of the wind farm annual output. It is anticipated that this situation will improve when the new 500kV network has been built by 2015.

The project used Gamesa G58-850kW WTGs, which are able to operate within a frequency range of 47Hz to 52Hz, and a voltage rate of change range of $\pm 10\%$ of their rated value. These specifications are in compliance with the new grid code and the reactive power compensation capabilities have met the new grid code requirement.

5.9.3.3 Phase 2 of Shuangliao

The project is to comprise 33 1.5 MW WTGs with a total installed capacity of 49.5 MW. At each WTG there will be a 10.5kV/0.69kV, 1600kVA transformer. A total of seven separate 10kV array networks will be used, and each array will be connected via a 10kV cable line to the 66kV substation.

The Phase 2 of Shuangliao substation will connect to the 220kV/66kV Shuangliao substation via a 48.5km LGJ-240 66kV overhead line. The 240mm² overhead line is considered to be reasonable for the 63MVA export capacity.

Grid curtailment was discussed on the wind farm site visit. Significant grid curtailment occurred in 2009, with total power losses of 3.81GWh. From January to June 2010 losses have been 16.67GWh, which equals 3.5% of the wind farm annual output in 2009 and 31% of predicted output in the first six months of 2010. The wind farm operator is understood to have advised that grid curtailment will be 12~15% on average for both phases of Jilin Shuangliao wind farm. It is considered that the situation will improve when the 500kV Jilin grid is built by 2015.

Phase 2 of Shuangliao uses Goldwind 82/1500 WTGs, which are able to operate within a voltage rate of change range of $\pm 10\%$ of their rated value. This specification is in compliance with the new grid code requirements. These WTGs are permanent-magnet direct-driven WTGs with full power converter which have a high power quality and have good compatibility with the grid networks in China due to a wider range of reactive power regulation and voltage support capacity. Additionally, the advanced control strategies of the power converter device and a specially designed braking unit have given the machine considerable low-voltage ride through (LVRT) capability. As a result it is able to keep operating when there is a fault on the network.

The wind farm reactive power compensation capabilities have met the new grid code requirement.

5.9.3.4 Phase 1 of Dongying

The project is to comprise of 33 1.5 MW WTGs with a total installed capacity of 49.5 MW. At each WTG there will be a 35kV/0.69kV transformer. A total of three separate 35kV array networks, each with 10 to 12 transformers will be connected via a 35kV overhead line to a 110kV/35kV substation and from there connected to a main transformer via buried 35kV cable circuits.

A 110kV network will connect Phase 1 of Dongying substation to the 220kV/110kV Binhai substation via a 20.6km LGJ-240 overhead line. The 240mm² overhead line is considered to be reasonable for the 50MVA export capacity. The wind farm substation capacity is designed for 100 MW in order to accommodate the planned 50 MW Phase 2 wind farm. One more 110kV network will connect the Phase 2 wind farm to the 220kV/110kV Binhai substation.

Dongying grid is located in the north of Shandong grid, which mainly supplies the area of Dongying City and the Shengli oil field production. During the site visit SE was informed by site personnel that power generated in the Phase 1 of Dongying wind farm project is generally consumed by the local loads. There has been no grid curtailment to date.

The wind farm reactive power compensation capabilities have met the new grid code requirement.

5.9.3.5 Baiyin City Jingtaixingquan

The project is to comprise 30 1.5 MW WTGs with a total installed capacity of 45 MW. At each WTG there is a 10.5kV/0.69kV transformer. A total of eight separate 10kV array networks, each including 3 to 4 WTG transformers, have been connected via a 10kV overhead line to the outside walls of the 110kV/10kV substation, and from there connected to a 50MVA main transformer via buried 10kV cable circuits.

One 110kV network will connect Baiyin City Jingtaixingquan wind farm project substation to the Huandong substation via a 16km LGJ-240 overhead line. The 240mm² overhead line looks reasonable for the 50MVA export capacity.

The Huandong substation is connected to Jingtai 110kV network which has been constructed as a radial-type power supply network. On the site visit, SE was informed that power generated in the Jingtai wind farm can be consumed by the local loads. No grid curtailment has occurred at the wind farm since the commercial operational date.

The project used Sinovel 1500/77 WTGs, which are able to operate within the frequency range of 48Hz to 52Hz, and a voltage rate of change range of $\pm 10\%$ of their rated value. These specifications are in compliance with the new grid code and the reactive power compensation capabilities have met the new grid code requirement.

5.9.3.6 No.1 Yumen Changma

The project is to comprise 134 1.5 MW WTGs with a total installed capacity of 201 MW. At each WTG there is a 35kV/0.69kV transformer. A total of twelve separate 35kV array networks, each containing 11 to 12 WTG transformers, have been connected via a 35kV overhead line to the outside walls of Changma West 330kV/35kV substation, and from there connected to a 240MVA main transformer via buried 35kV cable circuits.

The project shares a 330kV substation with two other 201 MW wind farms. Three separate 330/35kV 240MVA transformers will be installed in Changma West 330kV substation, one each for the three 201 MW wind farms. A 10km single circuit 330kV overhead line (LGJ-2x300) then connects the transformer station to the proposed Yumenzhen 330kV/35kV Transformer Station, where power is fed into the Northwest Grid. The 2x300mm² overhead line is considered to be reasonable for the 3x240MVA export capacity.

No.1 Yumen Changma wind farm project is located in the Hexi grid area. To meet the requirements of the local 5,160 MW wind power output, Hexi grid is constructing Anxi 750kV substation and Jiuquan 750kV substation with a double circuit 750kV power transmission line. Following this development some new 330kV substations will be built, including a Yumenzhen 330kV transformer station where No.1 Yumen Changma wind farm project is proposed to connect. It is worth noting that any power generated from wind in the Gansu Hexi area is required to be exported to the northwest grid as local consumption is too limited. There was oral confirmation during the site visit that significant local grid curtailment occurred during 2009, reducing power exported by around 50%. It is expected that the 750kV grid construction will be completed by the end of October 2010, which is just after the wind farm is due to have completed construction, and this will mitigate the local grid curtailment conditions.

The project uses Sinovel 1500/82 WTGs, which are able to operate within a frequency range of 48Hz to 52Hz, and a voltage rate of change range of $\pm 10\%$ of their rated value. This is in compliance with the new grid code. The wind farm reactive power compensation capabilities have met the new grid code requirement.

5.9.3.7 Phase 1 of Saihanba

The project is to comprise 36 0.85 MW WTGs with a total installed capacity of 30.6 MW. At each WTG there will be a 35kV/0.69kV transformer. Two separate 35kV array networks, each with 18 transformers, will be connected via a 35kV overhead line to a 220kV/35kV substation and from there connected to the Northeast Grid.

Phase 1 of Saihanba is located in the West of Chifeng Grid, which is part of the Northeast Grid network. The grid structure is considered weak in the area.

A 120km single 220kV circuit overhead line (Aluminum Tubular Bus 6063G-Φ 130/116) connects the transformer station to the Wudan 220kV substation, where power is fed into the Northeast Grid. The actual power reaching the transmission network is far less than the wind farm output. However, this is not considered an issue for Datang Renewable as the power losses in the transmission line are the responsibility of the grid company.

On the wind farm site visit SE was informed that grid curtailment occurred from January 2009 to June 2010, with a total energy loss of about 104.3GWh.

The project used Vestas V52 850KW WTGs, which are able to operate within the frequency range of 47Hz to 51Hz, and the voltage rate of change range of $\pm 10\%$ of their rated value. These specifications are in compliance with the new grid code. The wind farm reactive power compensation capabilities have met the new grid code requirement.

5.9.3.8 Phase 2 of Dongshan

The project is to comprise of 25 2 MW WTGs with a total installed capacity of 50 MW. One 220kV cable line will be connected to the 220kV/220kV Saihanba substation and the 220kV cable circuits will be connected into the Northeast Grid.

The distance between the Phase 2 of Dongshan wind farm project and Phase 1 of Saihanba wind farm project is about 22km. The substation of Chifeng Saihanba wind farm will be connected to Wudan substation via a 220kV cable line. On the wind farm site visit, SE was informed that grid curtailment occurred from January 2009 to June 2010 in Phase 2 of Dongshan, with a total time lost of about 2,085 hours.

The project used Vestas V52 850KW WTGs, which are able to operate within a frequency range of 47Hz to 51Hz, and a voltage rate of change range of $\pm 10\%$ of their rated value. These specifications are in compliance with the new grid code.

The wind farm reactive power compensation capabilities have met the new grid code requirement.

5.9.3.9 Phase 4 of Dali

The project is to comprise of 33 1.5 MW WTGs with a total installed capacity of 49.5 MW. At each WTG there will be a 35kV/0.69kV transformer which will be connected via two electricity lines to a 220kV substation where the voltage will step up via a main transformer. The 220kV cable circuits will be connected into the Northeast Grid.

A 220kV network will connect Dali wind farm substation to the Reshui substation via a 107km overhead line. During the site visit, SE was informed that grid curtailment occurred from January 2009 to June 2010 in Phase 4 of Dali wind farm project, with a total time lost of about 370 hours.

The wind farm reactive power compensation capabilities have met the new grid code requirement.

The project used Sinovel FL1500/70 WTGs, which are able to operate within a frequency range of 48Hz to 52Hz, and a voltage rate of change range of $\pm 10\%$ of their rated value. These specifications are in compliance with the new grid code.

5.9.3.10 Phase 2 of Duolun Daxishan

The project comprises of 20 1.5 MW WTGs with a total installed capacity of 30 MW. At each WTG there is a 35kV/0.69kV transformer. A total of two separate 35kV array networks will be connected via a 35kV overhead line to a 110kV substation.

The Phase 2 of Duolun Daxishan wind farm project is located in Inner Mongolia's Xilingol grid. One 110kV overhead line will connect Dali wind farm substation to the Reshui substation, 107km distant.

Doubly fed WTGs were used in Phase 2 of Duolun Daxishan. The reactive power compensation device was set up in the substation of Phase 2 of Duolun Daxishan, with a capacity of $2 \times 6000\text{kVar}$ in each bus. The final capacity of reactive power compensation will be determined according to the relevant approval documents of the electrical system design.

During the wind farm site visit, SE was informed that grid curtailment occurred from January to May 2009, and the total power loss was about 2,003,814kWh in the five month period.

The project used MingYang 1500se WTGs, which are able to operate within a frequency range of 48.75Hz to 51.25Hz, and a voltage rate of change range of $\pm 10\%$ of their rated value, which is considered acceptable.

5.9.3.1 Yangshugou

The Yangshugou wind farm project is currently under construction. The project is to comprise 33 1.5 MW WTGs with a total installed capacity of 49.5 MW. At each WTG there will be a 35kV/0.69kV, 1600kVA transformer. A total of three separate 35kV array networks, each with 11 transformers, will be connected via the 35kV overhead line to the Chifeng Xijiao 220kV substation.

Yangshugou substation will be connected to the Chifeng Xijiao 220kV substation via a 220kV 75km LGJ-2 $\times$ 240 overhead line. The 240mm² overhead line is considered to be reasonable for the 100MVA export capacity.

The project uses Goldwind 82/1500 WTGs, which are able to operate within the voltage rate of change range of $\pm 10\%$ of their rated value. This is in compliance with the new grid code requirements. In correspondence of Goldwind 82/1500 WTG range of frequency, further supporting document received and clarified by SgurrEnergy, that the Goldwind 82/1500 WTG at Yangshugou will be able to operate between 47.5 and 51.5Hz, which meet the requirements of the new grid code.

The reactive power compensation device was installed in the 35kV bus of the substation of Yangshugou. The compensation capacity is 20,000kVar to ensure a power factor up to 0.98 in the output side of substation. The final capacity of reactive power compensation will be determined according to the relevant approval documents of the electrical system design.

5.9.4 Conclusions on Grid Connection

A high level review has been conducted of all available information on the grid connection status, including main transformer capacity, reactive power compliance, connection point and voltage level, for the eleven representative wind farms.

SE is satisfied that the cabling and transformer sizing is suitable for each wind farm assessed and sufficient to allow export of all power generated. However, grid curtailment issues at some of the wind farms were discussed during the site visits. SE understands from industry announcements¹⁵ there will be substantial grid improvements in Xinjiang, Gansu, Hebei, Jilin, Jiangsu, Inner-Mongolia East and Inner-Mongolia West areas, which would be expected to reduce grid curtailment in these areas.

At this stage it is not clear if the reactive power and low voltage ride through requirements of the new grid code will be applied retrospectively across China. Datang Renewable is considered technically capable of meeting these requirements should they be retrospectively applied.

¹⁵ Seven 10G level wind farms bases transmission line plan and State Grid wind farm and Solar plant grid connection management, published in 2010-5-31 by State Grid. (七個千萬千瓦風電基地輸電規劃及國網公司風電場和光伏電站接入系統管理意見).

SE would expect that compliance with the reactive power requirements will be achieved through the introduction of reactive compensation equipment in wind farms substations. External space will be required in the substation compound to site and there will be a small duration outage to allow connection of the equipment. The cost of procuring and installing this equipment will depend on the size and type of equipment required.

The low voltage ride through requirement will need to be addressed by the particular WTG manufacturer on each site. The options for achieving this may include provision of converters at the WTG output. Low voltage ride through is a common grid requirement and SE would expect that implementing this should be achievable by large global manufacturers.

SE has been advised that Datang Renewable has a strategy of building increasing numbers of “grid-friendly” wind farms. Datang Renewable has almost completed work on all five phases of its first “grid-friendly” wind farm, the Dongshan wind farm. The Dongshan wind farm is composed of Phase 1, 2 of Dongshan, Phase 1, 2 of Bolike and Phase 1 of Danianzishan, and located 110km northwest of Chifeng City, Inner Mongolia. Phase 1 of Dongshan is composed of 58 Vestas V52 0.85 MW WTGs, and a total of 100 Vestas V80 2.0 MW WTGs have been put into operation for Phases 2 of Dongshan, Phase 1, 2 of Bolike and Phase 1 of Danianzishan (25 WTGs for each phase). SE has been advised that all WTGs for Phases 2 of Dongshan, Phase 1, 2 of Bolike and Phase 1 of Danianzishan have LVRT capability. The last LVRT components for Phase 1 of Dongshan are due to be delivered and installed shortly.

A. TAXATION IN THE PRC**Taxes Applicable to Joint-Stock Limited Companies****Enterprise Income Tax**

Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (hereinafter referred to as "EIT Law") was promulgated on March 16, 2007, effective on January 1, 2008. The EIT Law regulates the rate of enterprise income tax at 25%. Enterprises established before promulgation of the EIT Law and entitled to benefit from a preferential tax rate as per the tax laws and administrative regulations then prevailing may gradually shift to the tax rate defined by the EIT Law within five years after effectiveness of the EIT Law according to requirements of the State Council. Those entitled to the preference of fixed tax holiday or fixed-term tax reductions may continue to benefit in the same manner according to the requirements of the State Council until expiration of the tax holiday or the term of the preference. For those who have not benefited from such preference due to the failure to realise profit, the preference will be applied starting from the effective date of the EIT Law, January 1, 2008.

Business Tax

According to the *Provisional Regulations of The People's Republic of China on Business Tax* (《中華人民共和國營業稅暫行條例》) and the *Detailed Rules for Implementation of the Provisional Regulations of The People's Republic of China on Business Tax* (《中華人民共和國營業稅暫行條例實施細則》), both of which became effective on January 1, 2009, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The latest amendments of the abovementioned regulations and rules supplemented the regulatory system in the following aspects:

Insurance services provided by domestic insurance institutions for exporting goods are exempted from business tax.

The withholding agent of the business tax should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services, transferring intangible assets or selling estate within the territory of the PRC but have no business institutions in the PRC; or (ii) the assignee of the assets or the purchaser of the services in case there is no domestic agent.

The column specifying the taxable services and business is deleted from the appendix of the regulations, which enable the Ministry of Finance and the SAT to define the scope of taxable business and services.

The preferential policies approved by the State Council before the effectiveness of the abovementioned amendments on January 1, 2009 could still be applied.

Value-added Tax (VAT)

According to the *Provisional Regulations of the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例》) and the *Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》) in effect since January 1, 2009, all institutions and individuals selling goods or providing processing, repairing or replacement services or importing goods

within the PRC shall pay VAT. The tax rate of 13% shall be levied on general taxpayers selling or importing grain, edible vegetable oil, tap water, heating supply, air-conditioning, gas, liquefied petroleum gas, natural gas, marsh gas, coal products for civil use, books, newspapers, magazines, feedstuff, chemical fertilizer, pesticide, farming machines, films for agricultural use and other goods specified by the State Council; the rate applicable to goods exported by taxpayers shall be zero unless otherwise prescribed by the State Council. The rate of 17% shall be levied on taxpayers selling or importing goods other than the abovementioned items, and to taxpayers providing processing, repair or replacement services. The rate applicable to goods sold or taxable services provided by small-scale taxpayers is 3%. A small-scale taxpayer is defined as a taxpayer engaged in the manufacturing of goods or the supply of taxable services, or primarily dealing in the manufacturing of goods or supply of taxable services while concurrently engaged in the wholesale or retail of goods as secondary operations, and has annual taxable sales (hereinafter referred to as "taxable sales") of less than RMB0.5 million; or a taxpayer engaged in the wholesale or retail of goods and having annual taxable sales of less than RMB0.8 million. Individuals, non-enterprise institutions, and enterprises not frequently incurring taxable activities with annual taxable income beyond the figure set for small-scale taxpayers shall be deemed as small-scale taxpayers for the purpose of VAT payment.

In addition, the new regulations and rules also provide the following:

- The input tax for purchasing fixed assets could be deducted from the output tax.
- The withholding agent of the VAT should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services within the territory of the PRC but have no business institutions in the PRC; or (ii) the assignee of the assets or the purchaser of the services in case there is no domestic agent.
- The preferential policies approved by the State Council before the effectiveness of the abovementioned amendments on January 1, 2009 could still be applied.

Stamp Tax

According to the *Provisional Regulations of the People's Republic of China on Stamp Duty* (《中華人民共和國印花稅暫行條例》) and the *Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Stamp Tax* (《中華人民共和國印花稅暫行條例實施細則》) as brought into effect on October 1, 1988, all institutions and individuals executing or receiving taxable documents within the PRC shall pay stamp tax. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble a contract in nature, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the Ministry of Finance.

Taxes Applicable to Shareholders of Companies

Dividend-related Tax

According to the *Law of the People's Republic of China on Individual Income Tax* (《中華人民共和國個人所得稅法》) brought into effect on September 10, 1980 and the first amendment on October 31, 1993, second amendment on August 30, 1999, third amendment on October 27,

2005, fourth amendment on June 29, 2007 and latest amendment on December 29, 2007, individual income tax at the rate of 20% shall be levied on dividends of H shares received by any and all foreign individuals that are non-Chinese residents. However, according to the terms of the *Circular on Questions Concerning Tax on the Profits Earned by Enterprise with Foreign Investment, Foreign Enterprises and Foreign Individuals From Transfer of Stocks (Stock Rights) and on Dividend Income* (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收入和股息所得稅收問題的通知》) as promulgated by the State Administration of Taxation on July 21, 1993 (hereinafter referred to as the "Taxation Circular"), the income from dividends (bonuses) received by foreign enterprises and foreign individuals who hold B-shares or overseas shares from China's domestic enterprises which promulgate B-shares or overseas shares, is temporarily exempted from enterprise income tax and individual income tax. Furthermore, it is specified in the *Letter of the State Administration of Taxation concerning Taxation Issues of Dividends Received by Foreign Individuals Holding Shares of Companies Listed in China* (《關於外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的信》) as promulgated by the State Administration of Taxation on July 26, 1994 that dividends (capital bonuses) received by foreign individuals holding B-shares or overseas shares (including H-shares) from Chinese enterprises issuing such shares are temporarily exempted from individual income tax.

As of yet, the tax authority in charge has not imposed any individual income tax upon dividends of overseas shares. Individual income tax, therefore, is temporarily exempted or reduced for dividends or other distributions of H-shares held by any foreign enterprises or foreign individuals according to the prevailing PRC laws and regulations.

According to the *Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Oversea H-share Holders (Enterprise shareholders) from Chinese Resident Enterprises* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) promulgated by the State Administration of Taxation on November 6, 2008, enterprise income tax at the rate of 10% shall be levied on dividends of H-shares of 2008 and thereafter received by any enterprise shareholders that are non-Chinese residents from Chinese resident enterprises.

Share Transfer-related Tax

According to the *Law of the People's Republic of China on Individual Income Tax* (《中華人民共和國個人所得稅法》) as brought into effect on September 10, 1980 and amended five times on October 31, 1993, August 30, 1999, October 27, 2005, June 29, 2007 and December 29, 2007, respectively, proceeds received from sale of capital securities by any non-Chinese resident individual shall be levied an individual income tax of 20%. However, according to the Taxation Circular, income tax is temporarily exempted for net income obtained by foreign enterprises through transferring B-shares or overseas shares (including H-shares) promulgated by Chinese enterprises and not held by the foreign enterprises' organizations or related business entities within the territory of the PRC, and for income received by foreign individuals from transfers of their B-shares or overseas shares (including H-shares) promulgated by Chinese enterprises. Furthermore, pursuant to the *Circular of the Ministry of Finance and the State Administration of Taxation concerning the Continued Individual Income Tax Exemption for Individuals' Proceeds from Share Transfers* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) which came into effect on March 30, 1998, and effective since January 1, 1997, individual income tax exemption is continually valid from individuals' transfers of shares of public companies.

Estate Duty or Inheritance Tax

There is no estate duty or inheritance tax levied in China at present.

Stamp Tax

According to the terms of the *Provisional Regulations of the People's Republic of China on Stamp Duty* (《中華人民共和國印花稅暫行條例》), the applicable stamp tax of the PRC on transfers of shares of PRC public companies shall not apply to purchases and dispositions of H-shares that take place outside the PRC. The Provisional Rules provide that PRC stamp tax shall be only levied on all the types of documents executed or received and legally bound within the territory of the PRC and protected under the PRC laws.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The People's Bank of China ("PBC"), as authorized by the State Council, promulgated the *Announcement Concerning Further Reformation of Management of Foreign Exchanges* (《關於進一步改革外匯管理體制的公告》) on December 28, 1993 which was brought into force on January 1, 1994. The Regulations of the People's Republic of China on Management of Foreign Exchanges (《中華人民共和國外匯管理條例》) (hereinafter referred to as "Foreign Exchange Regulation") promulgated by the State Council, promulgated on January 29, 1996, first amendment on January 14, 1997 and latest amendment on August 1, 2008 and implemented on August 5, 2008, applies to the receipts, payments or business activities in China that are transacted in foreign currencies by domestic institutions, individuals, foreign institutions and foreign individuals visiting China. The *Regulations on Control of Foreign Exchange Settlements, Sales and Payments* (《結匯、售匯及付匯管理規定》) promulgated by PBC on June 20, 1996 and implemented on July 1, 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and foreign individuals visiting China.

PBC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies in the inter-bank foreign exchange market.

Before the second amendment of the Foreign Exchange Regulations in August 2008, unless special immunity is obtained, all organizations and individuals in China shall sell their exchange income to designated banks, but foreign-funded enterprises are permitted to retain a certain percentage of their exchange income, to be deposited in a foreign exchange bank account opened in designated banks. However, the newly revised Foreign Exchange Regulation substantially changed the regulatory system by abolishing the compulsory sale principle of the exchanges income under current items, which means enterprises and individuals have the option either to sell to banks or keep the exchange income.

The PRC government has been loosening its control over foreign exchange purchases. Any Chinese enterprise in need of foreign currencies in their day-to-day business activities, trade and non-trade operations, import business and payment of foreign debts may purchase foreign currencies from designated banks, provided that they submit the required appropriate supporting documents. In addition, if foreign-funded enterprises are in need of foreign currencies for distributing dividends, capital bonuses or profits to foreign investors, the amount so needed after payment of the appropriate dividend tax may be drawn from the enterprises'

foreign exchange accounts maintained with designated banks. If the foreign currency in such an account is insufficient, the foreign-funded enterprise may apply to the government authority in charge for purchasing the necessary amount of foreign currency from a designated bank to cover the deficiency. Although the foreign exchange control over transactions under current accounts has decreased, enterprises shall obtain approval from the State Administration of Foreign Exchange before they accept foreign-currency loans, provide foreign-currency guarantees, make investments in foreign countries or carry out any other capital account transactions involving the purchase of foreign currencies.

In foreign exchange transactions, designated banks may freely determine applicable exchange rates based on the rates publicized by PBC and subject to certain governmental restrictions.

The *Circular Concerning Foreign Exchange Control of Overseas-listed Enterprises* (《關於境外上市企業外匯管理有關問題的通知》), as jointly promulgated by China Securities Regulatory Commission ("CSRC") and the State Administration of Foreign Exchange ("SAFE"), came into effect on January 13, 1994, and provides that:

Funds raised by domestic enterprises through issuing shares in foreign countries shall be categorized as income from capital projects, and may be deposited in cash in foreign exchange accounts opened in China as approved by the SAFE.

A domestic enterprise issuing shares in foreign countries shall, within ten days after the foreign funds raised through the issuance of the shares have become available, transfer the full amount of the funds into China and deposit the amount in a foreign exchange account opened with approval.

Foreign currencies needed by domestic enterprises issuing shares in foreign countries for the purpose of distributing dividends and capital bonuses to overseas shareholders may be paid and remitted by the enterprises' banks from their foreign exchange accounts with approval of the SAFE. The enterprises' foreign currency uses for other purposes shall be handled according to applicable regulations.

If the sum of foreign-currency funds raised by a domestic enterprise through the issuance of shares in foreign countries reaches 25% or more of the enterprise's total equity, it may apply to the Ministry of Commerce of the PRC or its authorized department to establish a Sino-foreign joint venture according to the Law on Sino-foreign Joint Ventures. If it is granted the status of a Sino-foreign joint venture, its foreign-currency income and expenses shall be handled pursuant to the foreign exchange control regulation governing foreign-invested enterprises.

The *Circular Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises* (《關於進一步完善境外上市企業外匯管理有關問題的通知》), jointly promulgated by CSRC and SAFE, took effect on September 1, 2002, and provides that:

Domestic equity owners of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors shall, within 30 days after obtaining CSRC's approval for issuing and listing shares in foreign countries, fulfill the procedure with foreign exchange office for foreign exchange registration of overseas-listed shares.

Companies with foreign shares listed overseas shall, within 30 days after the funds raised have become ready, transfer into China the amount of the funds remaining after deduction of associated costs and expenses, and shall not retain the funds in foreign countries without permission of foreign exchange office. The funds transferred back into China shall be subject to control as if they were funds directly injected by foreign investors and may be kept in earmarked accounts or be used for foreign exchange settlement if approved by foreign exchange office.

Foreign-currency funds, obtained by domestic equity owners of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors through reducing holdings of shares in listed companies or through the listed companies' sale of their assets (or equity), shall be transferred back into China within 30 days after the funds become available and after deduction of associated costs and expenses, which may not be detained in foreign countries without approval of foreign exchange office. Foreign exchange settlement shall be made for such funds as approved by foreign exchange office after they are transferred back into China.

If overseas accounts are to be opened to temporarily keep the abovementioned foreign-currency funds before they are transferred back into China, application may be made to foreign exchange office for opening such earmarked foreign exchange accounts, of which the maximum term shall be 3 months from the date of account opening.

Overseas listed companies controlled by Chinese investors who have injected funds raised in China as investment or foreign debts shall fulfill appropriate procedures according to prevailing regulations governing investments, foreign debts and foreign exchange control.

The procedure for foreign exchange registration of overseas investment shall be carried out according to regulations for overseas investments of domestic equity owners of overseas listed companies controlled by Chinese investors who inject assets or equity in foreign countries. The asset or equity to be so injected shall be appraised, the amount of the overseas investment shall not be less than the appraised value of the asset or equity to be injected, and the asset appraisal and confirmation procedure prescribed by the state-owned assets administration shall be fulfilled if the investment involves state-owned assets.

Companies with foreign shares listed overseas needing to repurchase their own shares listed and circulated in foreign countries shall, after obtaining the approval from CSRC, follow procedures set by foreign exchange office for changing foreign exchange registration of their overseas-listed shares and for approval of opening an overseas account and remittance of funds to foreign countries.

On September 9, 2003, SAFE promulgated the *Circular Concerning Improving Foreign Exchange Control of Overseas Listings* (《關於完善境外上市外匯管理有關問題的通知》), clarifying relevant promulgates in the Circular Concerning Further Improving Foreign Exchange Control of Overseas Listings. On February 1, 2005, SAFE promulgated the *Circular Concerning Foreign Exchange Control of Overseas Listings* (《關於境外上市外匯管理有關問題的通知》), further revising and supplementing the abovementioned circulars as follows:

- The time limit for domestic equity owners of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors to transfer funds back into China has been extended to “within six months after the funds so raised have become ready”, and for earmarked overseas foreign exchange accounts, the time period has been extended to “two years from the date of account opening.”
- Where foreign-currency funds, obtained by domestic equity owners of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors through reducing holdings of shares in listed companies or through the listed companies’ sale of their assets (or equity), are transferred back into China, such domestic equity owners may apply to the local foreign exchange office for opening an earmarked account (or use existing earmarked account) to retain such funds. Foreign exchange settlement shall not be made for such funds without the approval of local foreign exchange office.

According to the second amendment of the Foreign Exchange Regulations effective on August 5, 2008, the aforesaid requirement to transfer the exchange income back into China is that the exchange incomes could be transferred back to China or kept in oversea accounts under prescribed conditions and/or within prescribed time limit.

B. TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Taxation on Gains from Sale

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the H-Shares. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a maximum rate on individuals of 17%. Certain categories of taxpayers (for examples, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H-Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H-Shares effected on the Hong Kong Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for, or the market value of, the H-shares, will be payable by the purchaser on every purchase and by the seller on every sale of H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H shares). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of H-shares. Where one of the parties to a transfer is resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities regulations. It also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between PRC Company Law and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and the Mandatory Provisions.

1. PRC LAWS AND REGULATIONS

(a) The PRC legal system

The PRC legal system is based on the PRC Constitution (hereinafter referred to as “the Constitution”) and is made up of written laws, administrative regulations, local regulations, autonomy regulations and separate rules, rules of State Council departments, rules of local governments and international treaties of which the PRC government is a signatory. Court judgments do not constitute legally binding precedents, although they may be used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (“the Legislation Law”), the National People’s Congress (“NPC”) and the standing committee of the NPC (“the Standing Committee”) are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offences, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people’s congresses at the provincial level and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people’s governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The people’s congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people’s governments of the provinces or autonomous regions is greater than that of the rules enacted by the people’s governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of Laws passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and supervisory authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the supervisory authorities under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

(b) The PRC judicial system

According to the Constitution and the Law of Organization of the People's Courts of the PRC (hereinafter referred to as the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance is legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the judicial supervisory procedures.

The Civil Procedure Law of the PRC (hereinafter referred to as the "Civil Procedure Law") sets forth provisions for the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought, provided that the court of jurisdiction is located in either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limits the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country. If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. The time limit for the submission of an application for enforcement shall be two years. The suspension or termination of the time limit for the submission of an application for enforcement shall be governed by the provisions on the suspension or termination of the statute of limitation.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the

judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

(c) The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the Company Law of the PRC was adopted by the standing committee of the Eighth NPC, which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004 and the third time on October 27, 2005. The newly amended Company Law of the PRC (hereinafter referred to as the "Company Law") came into effect on January 1, 2006.

The Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies (hereinafter referred to as the "Special Provisions") were adopted at the 22nd Standing Committee Meeting of the State Council on July 4, 1994. The Special Provisions was formulated according to Article 85 and Article 155 of the Company Law and applies to the overseas share subscription and listing of joint stock limited companies.

The Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed Overseas (hereinafter referred to as the "Mandatory Provisions") were promulgated by the former Securities Commission of the State Council and the State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (which are summarized in Appendix IX).

(i) General provisions

A "joint stock limited company" (hereinafter referred to as the "company") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A State-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the handling and evaluation of the company's assets and liabilities and the establishment of its internal management organs.

A company must conduct its business in accordance with law and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

(ii) Incorporation

A company may be incorporated by promotion or public subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC. According to the Special Regulations, state-owned enterprises or enterprises with the majority of their assets owned by the PRC government can be restructured in accordance with the relevant regulations to become joint stock limited companies which may issue shares to overseas investors. These companies, if incorporated by promotion, may have fewer than five promoters and can issue new shares once incorporated.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce; the initial capital contribution by all promoters of a company shall not be less than 20% of the registered capital, and the remaining shall be paid up within two years by the promoters from the date of incorporation of the company. For investment companies, the remaining shall be paid up within five years from the date of incorporation of the company; for companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce.

The registered capital of a company at a minimum should be RMB5 million. Pursuant to the Securities Law, the total capital of a company which proposes to apply for its shares to be listed on a stock exchange shall not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make an public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the Board of Supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business license has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with

interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Provisional Regulations Concerning the Issue and Trading of Shares promulgated by the State Council on April 22, 1993 (which is only applicable to the issue and trading of shares in the PRC and relevant activities), if a company is incorporated by means of public subscription, the promoters of the company are required to assume joint liability for the accuracy of the contents of this document and to ensure that this document does not contain any misleading statement or omission of any material information.

(iii) Share capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value, provided that the amount of capital contribution in cash by all shareholders shall not be less than 30% of the company's registered capital.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company.

If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan and listed overseas are defined as overseas-listed-foreign-invested shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares. Qualified Foreign Institutional Investors ("QFII") approved by China Securities Regulatory Commission (hereinafter referred to as "CSRC") may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. According to the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement on issuing overseas-listed-foreign-invested shares, to retain not more than 15% of the aggregate amount of overseas-listed-foreign-invested shares proposed to be issued less the amount of underwritten shares.

The share offering price may be equal to or in excess of par value, but shall not be less than par value.

The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council. The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations.

Bearer shares are transferred by delivery of the H share certificates to the transferee.

No modification registration shall be made to the registrar of shareholders within twenty (20) days prior to the shareholders' assembly being held or within five (5) days prior to the benchmark date set for the purpose of distribution of dividends.

(iv) Increase in capital

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for abovementioned conditions of obtaining approval at the general meeting required by the Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

(v) Reduction of share capital

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- the company shall prepare a balance sheet and an inventory of assets;
- the reduction of general meeting registered capital must be approved by shareholders in the general meeting;
- the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days once the resolution approving the reduction in capital being passed;
- creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

(vi) Repurchase of share

A company shall not purchase its own shares other than for the following purposes:

- to reduce the registered capital by cancelling its shares or to merge with another company holding its shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or
- other purposes permitted by laws and administrative regulations.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through o-market contract.

(vii) Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock changes established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management personnel of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one (1) year from the listing date.

(viii) Shareholders

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;
- the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;

- the right to inspect the company's articles of association, shareholders' registers, records of short-term debentures, minutes of shareholders' general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;
- if a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringing action be stopped;
- the right to receive dividends based on the number of shares held;
- the right to obtain surplus assets of the company upon its termination in proportion to shares he/she holds; to claim against other shareholders who abuse their rights of shareholders for the damages; and
- any other shareholders' rights specified in the articles of association.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its limited liability companies as to damage the interests of the creditors of the company; and any other obligation specified in the articles of association of the company.

(ix) Shareholders' general meeting

The shareholders' general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law.

The shareholders' general meeting exercises the following functions and powers:

- to decide on operational policies and investment plans of the company;
- to elect or remove the directors and supervisors who are not representatives of the employees;
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve annual financial budgets and financial accounts proposed by the company;
- to review and approve proposals for profit distribution and for recovery of losses of the company;

- to decide on increase and reduction of the registered capital of the company;
- to decide on bond issuances of the company;
- to decide on merger, division, dissolution and liquidation of the company and other issues;
- to amend the articles of association of the company; and
- other functions and powers specified in the articles of association of the company.

The annual shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the board of supervisors; or
- other matters required by the articles of association.

The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene the shareholders' general meeting shall be dispatched to all the shareholders 20 days before the general meeting pursuant to the Company Law, and 45 days pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be reviewed at the general meeting, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting.

Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies) at the general meeting.

A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

(x) Directors

A company shall have a board of directors, which shall consist of five to nineteen members, and there can be staff representatives of the company. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the shareholders' general meeting and report on its work to the shareholders;
- to implement the resolution of the shareholders' general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's proposals for profit distribution and for recovery of losses;

- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division or dissolution of the company;
- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system; and
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

- persons without capacity or restricted capacity to undertake civil liabilities;
- persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;
- persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or
- persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix IX).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

- to preside over shareholders' general meetings and convene and preside over meetings of the board of directors;
- to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director or the manager. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix IX) contains further elaborations of such duties.

(xi) Supervisors

A company shall have a Board of Supervisors composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The Board of Supervisors is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The Board of Supervisors exercises the following functions and powers:

- check the financial affairs of the company;
- supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;
- require the director or senior manager to make corrections if his act is detrimental to the interests of the company;
- propose the convening of extraordinary shareholders' general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;

- put forward proposals at shareholders' general meetings;
- initiate actions against directors or senior management; and
- other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to supervisors of a company.

(xii) Managers and senior officers

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;
- arrange for the implementation of the company's annual business and investment plans;
- formulate plans for the establishment of the company's internal management structure;
- formulate the basic administration system of the company;
- formulate the company's internal rules;
- recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);
- attend board meetings as a non-voting attendant; and
- other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management personnel of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and other senior officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management personnel of a company have been incorporated in the Articles of Association (a summary of which is set out in Appendix IX).

(xiii) Duties of directors, supervisors, managers and senior officers

A director, supervisor, manager and other senior officers of a company are required under the Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. A director, supervisor, manager and other senior officers of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

A director, supervisor, manager and other senior officers who contravenes any law, regulation or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officers of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

(xiv) Finance and accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the responsible financial department of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profits.

If the aggregate balance of the company's statutory surplus reserve is not enough to make up for the losses of the company of the previous year, the current year's profits shall first be used for making good the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory surplus reserves have been set aside from the after-tax profit, the remaining profits shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated the capital reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve shall not be used for making up the company's losses. Where the statutory reserve is converted into registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital after such conversion.

(xv) Appointment and retirement of auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be filed with the CSRC for record.

(xvi) Distribution of profits

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

(xvii) Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies' approval department of the State Council and CSRC. In relation to matters involving the company's registration, the company shall modify its registration with the companies' registration authority.

(xviii) Dissolution and liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the People's Court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

- (1) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;
- (2) the shareholders in a general meeting have resolved to dissolve the company;
- (3) the company is dissolved by reason of its merger or demerger;

- (4) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or
- (5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days from the occurrence of the event of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the People's Court for its establishment. The liquidation committee shall notify the company's creditors within ten days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- notify creditors or issue public notices;
- deal with and settle any outstanding business of the company;
- pay any tax overdue;
- settle the company's financial claims and liabilities;
- handle the surplus assets of the company after its debts have been paid off; and
- represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

A company shall not engage in operating activities unrelated to the liquidation. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the People's Court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

(xix) Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign invested shares and domestic invested shares which has been approved by the Securities Commission may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from CSRC.

(xx) Loss of H share certificates

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a people's court in the event that H share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix IX).

(xxi) Suspension and Termination of Listing

The new and amended Company Law has deleted provisions governing suspension and termination of listing. The new Securities Law has been amended as follows: the trading of shares of a company on a stock exchange may be suspended if so decided by the securities administration department of the State Council (the new Securities Law has renamed this as the Securities Exchange) under one of the following circumstances:

- (1) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;
- (2) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;
- (3) the company has committed a major breach of the law;
- (4) the company has incurred losses for three (3) consecutive years; or

(5) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (1) above, or the company has refused to rectify the situation in the case described in (2) above, or the company fails to become profitable in the next subsequent year in the case described in (4) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

The Company Law provides that the securities administration department of the State Council may also terminate the listing of a company's shares in the event that the company resolves to cease operation or is so instructed by its government supervisory body, or the company is declared bankrupt. In such event, the Securities Law would regard this as "other circumstances as required by the listing rules of the relevant stock exchanges."

(xxii) Merger and demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

(d) Securities law and other relevant regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of Shares and disclosure of information by the Company. The CSRC is the supervisory and regulatory institution for securities in the PRC. It is responsible for the formulation of the policies relating to securities, the drafting of securities laws and regulations, the supervision of the securities markets, market intermediaries and participates the supervision and regulation of the domestic and overseas public offering of securities by Chinese companies, as well as the supervision and regulation of securities transactions.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares. These regulations deal with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settlement, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation and penalties and dispute settlement. According to these regulations, a company must obtain the approval of the Securities Committee to offer its shares outside the PRC. In addition, if a company proposes to issue Renminbi denominated ordinary shares as well as special Renminbi-denominated shares, it must comply with the Securities Provisional Regulations. Provisions of these regulations in relation to acquisitions of listed companies and disclosure of information expressly apply to listed companies in general without being confined to listed companies on any particular stock exchange.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies. These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information related to joint stock limited liability companies with domestically listed foreign shares.

The Securities Law took effect on July 1, 1999 and was revised for the first time as of August 28, 2004 and for the second time on October 27, 2005. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

(e) Arbitration and enforcement of arbitral awards

The Arbitration Law of the People's Republic of China (the "Arbitration Law") was passed by the Standing Committee on August 31, 1994 and became effective on September 1, 1995. It is applicable to contract disputes and other property disputes between natural person, legal person and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's Articles of Association and, in the case of the Hong Kong Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H Shares and the company; holders of H Shares and the directors, supervisors, manager or other senior officers; or holders of H Shares and holders of domestic shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award by a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement.

Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the request for enforcement is made.

It was declared by the Standing Committee simultaneously with the accession of the PRC that (1) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations. On June 18, 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Under the arrangement, awards made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China.

2. HONG KONG LAWS AND REGULATIONS

(a) Summary of material differences between Hong Kong and PRC Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and supplemented by common law and rules of equity that apply to Hong Kong. The Company, which is a joint stock limited company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of the material differences between the Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

(i) Corporate existence

Under Hong Kong company law, a company having share capital, is incorporated and will acquire an independent corporate existence after the company registrar of Hong Kong issuing a certificate of incorporation.

A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association does not contain such preemptive provisions.

Under the PRC Company Law, a company may be incorporated by promotion or public subscription.

A company must have a minimum registered capital of RMB5 million, or a higher amount as may otherwise be required by laws and regulations. Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company. Under the PRC Company Law, the monetary contributions by all the shareholders must not be less than 30% of the registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(ii) Share capital

Under Hong Kong law, the authorized share capital of a Hong Kong company is the amount of share capital which the company is authorized to issue and a company is not bound to issue the entire amount of its authorized share capital. The authorized share capital may be larger than its issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital. The registered capital of a joint stock limited company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders in a general meeting and by the relevant PRC governmental and regulatory authorities.

Under the PRC Company Law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. The monetary contribution shall not be less than 30% of a joint stock limited company's registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(iii) Restrictions on shareholding and transfer of shares

Under PRC law, the domestic shares ("domestic shares") in the share capital of a joint stock limited company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the State, PRC legal and natural persons. The overseas listed foreign shares ("foreign shares") issued by a joint stock limited company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC.

Under the PRC Company Law, shares in a joint stock limited company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a joint stock limited company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law.

(iv) Financial assistance for acquisition of shares

Although the PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Hong Kong company law.

(v) Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares.

The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix IX to this prospectus. Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of a Hong Kong company, or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions. The Company (as required by the Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic invested shares are defined in the Articles of Association as different classes, except where (i) the Company issues and allots, in any 12-month period,

pursuant to a Shareholders' special resolution, not more than 20% of each of the issued overseas listed foreign invested shares and the issued domestic invested shares existing as of the date of the Shareholders' special resolution; and (ii) the plan for the issue of domestic invested shares and listed foreign invested shares upon its establishment is implemented within 15 months following the date of approval by the CSRC. The Mandatory Provisions contain detailed provisions relating to circumstances which are deemed to constitute a variation of class rights.

(vi) Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of interests in material contracts; restrictions on interested directors being counted towards the quorum of, and voting at, a meeting of the board of directors at which a transaction in which a director is interested is being considered; restrictions on directors' authority in making major dispositions; restrictions on companies providing certain benefits, such as loans to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval. The Mandatory Provisions, however, contain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office, all of which provisions have been incorporated in the Articles of Association, a summary of which is set out in Appendix IX to this prospectus.

(vii) Board of Supervisors

Under the PRC Company Law, the board of directors and managers of a joint stock limited company is subject to the supervision and inspection of a Board of Supervisors but there is no mandatory requirement for the establishment of a Board of Supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

(viii) Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of a company against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law gives shareholders of a joint stock limited company the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by the shareholders in a general meeting, or by the board of directors, that violates any law or infringes the lawful rights and interests of the shareholders, there is no form of proceedings equal to a derivative action. The Mandatory Provisions further provide remedies to the company against directors, supervisors and officers in breach of their duties to the company. In addition, every director and supervisor of a joint stock limited company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company to comply with the company's articles of association.

This allows minority shareholders to act against the directors and supervisors in default.

(ix) Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of the Hong Kong Government may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders.

(x) Notice of shareholders' meetings

Under the PRC Company Law, notice of a shareholders' general meeting must be given not less than 20 days before the meeting, or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made at least 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are 14 days and 21 days, respectively. The notice period for an annual general meeting is 21 days.

(xi) Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum.

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

(xii) Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

(xiii) Financial disclosure

A company is required under the PRC Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, statements of changes in financial position and other relevant annexes 20 days before the annual general meeting of shareholders. In addition, a company established by way of public subscription under the PRC Company Law must publish its financial position.

The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be laid before the company in its annual general meeting, not less than 21 days before such meeting.

A company is required under the PRC law to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC standards, have its accounts prepared and audited in accordance with International Accounting Standards or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

(xiv) Information on directors and shareholders

The PRC Company Law gives the shareholders of a company the right to inspect the Articles of Association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders of a company have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

(xv) Receiving agent

Under both the PRC Company Law and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while that under the PRC law is two years. The Mandatory Provisions require the appointment of a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

(xvi) Corporate reorganization

Corporate reorganizations involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to section 237 of the Companies Ordinance or a compromise or arrangement between the company and

its creditors or between the company and its members pursuant to section 166 of the Companies Ordinance which requires the sanction of the court. Under PRC Company Law, the merger, demerger, dissolution or change to the status of a company has to be approved by shareholders at general meeting.

(xvii) Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC at the claimant's choice.

(xviii) Mandatory deductions

Under the PRC Company Law, after-tax profits of a company are subject to deductions of contributions to the statutory surplus reserve fund and the statutory public welfare fund of a company before they can be distributed to its shareholders. There are prescribed percentages under the PRC Company Law for such deductions. There are no such requirements under Hong Kong law.

(xix) Remedies of a company

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, remedies of the company similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits made by a director, supervisor or officer) have been in compliance with the Hong Kong Listing Rules.

(xx) Dividends

The articles of association of a company empower the company to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder.

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

(xxi) Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, officers, and managers owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company.

(xxii) Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company

provide, as required by the PRC Company Law, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

(b) Hong Kong Listing Rules

The Hong Kong Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited company and seeks a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to the Company.

(i) Compliance advisor

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance advisor acceptable to the Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Hong Kong Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance advisor may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance advisor is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Hong Kong Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

(ii) Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Hong Kong Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong. Such report will normally be required to conform to either Hong Kong or international accounting standards.

(iii) Process agent

The Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

(iv) Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares ("foreign shares") which are listed on the Hong Kong Stock Exchange, the Hong Kong Listing

Rules require that the aggregate amount of such foreign shares held by the public must constitute not less than 25% of the issued share capital and that such foreign shares for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalization at the time of listing of not less than HK\$50,000,000. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the Company has an expected market capitalization at the time of listing of over HK\$10,000,000,000.

(v) Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

(vi) Restrictions on purchase and subscription of its own securities

Subject to governmental approvals and the provisions of the Articles of Association, the Company may repurchase its own H shares on the Hong Kong Stock Exchange in accordance with the provisions of the Hong Kong Listing Rules. Approval by way of special resolution of the holders of domestic shares and the holders of H shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, the Company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which the directors are aware, if any.

Any general mandate given to the directors to repurchase the foreign shares must not exceed 10% of the total amount of existing issued foreign shares of the Company.

(vii) Mandatory provisions

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the Board of Supervisors of the Company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix IX to this Prospectus.

(viii) Redeemable shares

The Company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the foreign shares are adequately protected.

(ix) Pre-emptive rights

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and foreign shares (each

being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Company's articles of association, prior to (1) authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (2) any major subsidiary of the Company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic shares and foreign shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and foreign shares and which plan is implemented within 15 months from the date of approval by the CSRC.

(x) Supervisors

The Company is required to adopt rules governing dealings by its Supervisors in securities of the Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Hong Kong Listing Rules) issued by the Hong Kong Stock Exchange.

The Company is required to obtain the approval of its shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the Company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the Company or its subsidiary: (1) the term of the contract may exceed three years; or (2) the contract expressly requires the Company to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration more than one year.

The remuneration committee of the Company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders on how to vote.

(xi) Amendment to the Articles of Association

The Company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the mandatory provisions of the Hong Kong Listing Rules and the Mandatory Provisions or the PRC Company Law.

(xii) Documents for inspection

The Company is required to make available at a place in Hong Kong for inspection by the public and its shareholders free of charge, and for copying by shareholders at reasonable charges the following:

- a complete duplicate register of shareholders;

- a report showing the state of the issued share capital of the Company;
- the Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of the Company;
- reports showing the number and nominal value of securities repurchased by the Company since the end of the last certificates year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares);
- a copy of the latest annual return led with the State Administration of Industry and Commerce of the PRC; and for shareholders only, copies of minutes of meetings of shareholders.

(xiii) Receiving agents

The Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

(xiv) Statements in H share certificates

The Company is required to ensure that all of its listing documents and H share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect that the acquirer of shares:

- agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder of the Company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;
- agrees with the Company, each shareholder, Director, Supervisor, manager and officer of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer of the Company agrees with each shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;
- agrees with the Company and each shareholder of the Company that the H Shares are freely transferable by the holder thereof; and
- authorizes the Company to enter into a contract on his behalf with each Director, Supervisors, Managers and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligation to shareholders as stipulated in the Articles of Association.

(xv) Compliance with the PRC Company Law, the Special Regulations and the Articles of Association

The Company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

(xvi) Contract between the Company and its Directors, officers and Supervisors

The Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to the Company to observe and comply with the PRC Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that the Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;
- an undertaking by the Director or officer to the Company acting as agent for each shareholder to observe and comply with his obligations to shareholders as stipulated in the Articles of Association;
- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of the Company between the Company and its Directors or officers and between a holder of H Shares and a Director or officer of the Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;
- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;
- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;
- the award of the arbitral body is final and shall be binding on the parties thereto;
- the agreement to arbitrate is made by the Director or officer with the Company on its own behalf and on behalf of each shareholder; and
- any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

The Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

(xvii) Subsequent listing

The Company must not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

(xviii) English translation

All notices or other documents required under the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

(xix) General

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including the Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirements and make special conditions in respect of the Company's listing.

(c) Other legal and regulatory provisions

Upon the Company's listing, the provisions of the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to the Company.

(d) Securities Arbitration Rules

The Articles of Association provide that certain claims arising from the Articles of Association or the PRC Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

Set out below is a summary of certain provisions of the Articles of Association of the Company.

The Company was incorporated as a joint stock limited company in the PRC with limited liability on July 9, 2010 under the Companies Law of the PRC (the "Companies Law"). The Articles of Association (the "Articles") comprise its constitution.

This Appendix contains a summary of the principal provisions of the Articles of Association, which was adopted on July 12, 2010 and will become effective on the date that our H Shares are listed on the Stock Exchange. The principal objective of this Appendix is to provide potential investors with an overview of the Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. A copy of the full Chinese text of the Articles of Association is available for inspection as mentioned in the paragraph headed "Documents Delivered to the Registrar of Companies" and "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI.

1. DIRECTORS AND BOARD OF DIRECTORS

(a) Power to allot and issue shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by shareholders in general meeting by way of special resolution. Any such allotment or issue must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

(b) Power to dispose of the Company's or any of its subsidiaries' assets

The Board shall not, without the approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the value of the consideration for the proposed disposition; and where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the amount or value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last audited balance sheet placed before the shareholders in general meeting.

For the purposes of this provision, disposition includes an act involving a transfer of an interest in property other than by way of security.

(c) Compensation or payments for loss of office

The contract for emoluments entered into by the Company with a Director or Supervisor shall make provision for the right of a Director or Supervisor, in connection with the takeover of the Company, subject to the approval of the shareholders in a general meeting, to receive compensation or other payment for loss of office or for his retirement from office.

For the purpose of the preceding paragraph, a takeover of the Company means:

- (1) an offer made to all shareholders of the Company; or
- (2) an offer is made such that the offeror will become the controlling shareholder of the Company (as defined in the Articles of Association).

If the relevant Director or Supervisor does not comply with above provisions, any sum received by the Director or Supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred by the Director or Supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

(d) Loans to Directors, Supervisors and other officers

The Company is prohibited from directly or indirectly making any loan or guarantee in connection with a loan to its Directors, Supervisors, the President, or other senior officers or the Directors, Supervisors, the President, or other senior officers of its holding company. The Company is also prohibited from, providing any loan or guarantee in connection with a loan made by any connected person to such a Director, Supervisor, the President, or other senior officer.

A guarantee for a loan provided by the Company in breach of the prohibition referred to above shall be unenforceable against the Company unless:

- (1) the loan was provided to a person connected with a Director, Supervisor, the President, or other senior officer of the Company or its holding company and at the time the loan was advanced the lender did not know of the relevant circumstances, or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

The following transactions are not subject to the foregoing prohibition:

- (1) the provision of a loan or a guarantee for a loan by the Company to its subsidiaries;
- (2) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors, the President, or other senior officer to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of an employment contract approved by the shareholders' general meeting; and
- (3) the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, the President, or other senior officers or other connected persons where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

Where the Company makes a loan in breach of the foregoing provisions, the person who has received such loan shall repay it immediately irrespective of terms for the loan.

For these purposes, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

(e) Giving of financial assistance to purchase the shares of the Company or any of its subsidiaries

Neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. The said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company.

Neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

The following transactions are not prohibited:

- (1) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;
- (2) a distribution of the Company's assets by way of dividend lawfully declared;
- (3) a distribution of dividends by way of bonus shares;
- (4) a reduction of share capital, repurchase of shares of the Company or a reorganization of the share capital effected in compliance with the Articles of Association;
- (5) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits; and
- (6) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

For these purposes, "financial assistance" includes, without limitation to:

- (1) assistance given by way of gift;
- (2) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity, (other than an indemnity in respect of the Company's own default) or by way of release or waiver;
- (3) assistance given by way of a loan; or entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or entering into an agreement for the change of the loan, the contracting parties or the assignment of rights under such loan or such agreement; and

- (4) assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent.

For the purpose of the section, “incurring a liability” includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one’s own account or on the account of any other person) or by changing one’s financial position by any other means.

(f) Disclosure of interests in and voting on contracts with the Company or any of its subsidiaries

Where a Director, Supervisor, the President, or other senior officer is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company other than his contract of service, he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of Directors.

A director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the board in respect of any contract, transaction or arrangement in which he or any of his associates as defined in the applicable listing rules in effect from time to time has any material interest or any other relevant proposals.

Unless the interested Director, Supervisor, the President or other senior officer has disclosed his interest in accordance with the preceding paragraph and the contract, transaction or arrangement has been approved by the board of Directors at a meeting in which the interested Director is not counted in the quorum and has refrained from voting, the contract, transaction or arrangement in which a Director, Supervisor, the President or other officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, the President or other officer concerned.

A Director, Supervisor, the President and other officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties or associates have interest.

Where a Director, Supervisor, the President, or other senior officer of the Company gives the Board a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the relevant provisions in the Articles of Association so far as the content stated in such notice is concerned, if such notice shall have been given to the Board before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

(g) Remuneration

The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with each Director or Supervisor for emoluments in respect of their services. The said emoluments include:

- (1) emoluments in respect of their services as Director, Supervisor or senior officer of the Company;
- (2) emoluments in respect of their services as Director, Supervisor or senior officer of any subsidiary of the Company;
- (3) emoluments otherwise in connection with services for the management of the Company or any subsidiary thereof; and
- (4) payments by way of compensation for loss of office, or in connection with their retirement from office.

Except under a contract entered into in relation to the above, no proceedings shall be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

(h) Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor, the President, or other senior officers of the Company:

- (1) an individual who has no civil capability or has restricted civil capability;
- (2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;
- (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and was ordered to close down and were personally liable for such revocation, where less than three years have elapsed since the date of revocation of the business license of such company or enterprise;
- (5) persons who have failed to pay a relatively large debt when due and outstanding;
- (6) persons who have committed criminal offences and are still under investigation by law administration authorities;

- (7) persons who were not allowed to be heads of enterprises as stipulated by laws, and administrative regulations;
- (8) persons who are not natural persons;
- (9) persons who have been convicted of offences of violating provisions of the relevant securities laws and regulations or offences of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction;
- (10) persons who have been punished by the CSRC through denial of access to securities market by the CSRC, when the denial period has not expired;
- (11) other persons stipulated by the laws and regulations of the place where the Company's shares are listed.

Persons holding a post (other than Director) for the controlling shareholder and the effective controller of the Company shall not serve as a senior officer of the Company.

The company shall have a board of Directors. The board of Directors shall consist of nine Directors, among which there shall be one chairman, one vice chairman and three independent non-executive directors. The Directors shall be elected by the general meeting. The term of office of the Directors shall be three years and is renewable upon re-election.

The chairman and vice chairman of the board of Directors shall be elected or removed by more than one half of all of the Directors. The term of office of the chairman and vice chairman shall be three years and is renewable upon re-election.

The minimum length of the period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be at least seven days. The period for giving such written notice shall commence after the date the Company gives notice of the general meeting by post, and shall end not later than seven days before the date of the general meeting.

The list of candidates of Directors and Supervisors shall be proposed in the form of a motion to the shareholders' general meeting for resolution.

Where there are two or more candidates for the election of Directors at a shareholders' general meeting, each of the shares held by the shareholders (including proxy) shall have the same number of votes as the number of candidates, and the voting rights can be concentrated on electing one person, or be separated on electing several persons, but explanations have to be made on the allocations of the voting rights.

(i) Borrowing powers

On condition of compliance with the laws and administrative regulations of the State, the Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgaging or pledging of part or whole of the Company's properties and other rights permitted by the laws and administrative regulations of the State provided that such action does not damage or abrogate rights of any shareholder.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than; (a) provisions which give Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

(j) Liabilities

In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, the President, or other senior officer is in breach of his duties owed to the Company:

- (1) to claim against such a Director, Supervisor, the President or other senior officer for losses incurred by the Company as a result of his breach;
- (2) to rescind any contract or transaction entered into between the Company and the Director, Supervisor, the President or other senior officer and a third party where such third party has knowledge or should have had knowledge of the breach of duty;
- (3) to account for the profits made by the Director, Supervisor, the President or other senior officer as a result of his breach;
- (4) to recover any monies received by the Director, Supervisor, the President or other senior officer which should have been received by the Company, including but without limitation to commissions;
- (5) to demand the return of the interest earned or which may have been earned on any monies by the Director, Supervisor, the President or other senior officer which should have been received by the Company; and
- (6) to execute legal procedures judging that the interest of a Director, Supervisor, the President or other senior officer earned through his breach of duty should belong to the Company.

Each Director, Supervisor, the President, and other senior officer of the Company should abide by his fiduciary principles in performing his obligations, and not to place himself in a position where his duty and his own interests may conflict. Such principles include (but are not limited to) the performance of the following:

- (1) to act honestly in what he considers to be in the best interest of the Company;
- (2) to exercise his powers within the scope specified and not to act ultra vires;
- (3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another;
- (4) unless and to the extent permitted by law or by the shareholders having been informed of the relevant facts at a general meeting, Director, Supervisor, the President, and other senior officer shall not delegate the exercise of his discretion;

- (5) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (6) except in accordance with the Articles of Association or with the informed consent of shareholders in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (7) not to use the Company's assets for his personal benefit in any manner without the approval of the shareholders, having been informed of the relevant facts at a general meeting;
- (8) not to use his position to accept bribes or other illegal income and not to misappropriate the Company's fund or expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;
- (9) not without the informed consent of shareholders in general meeting, to accept commissions in connection with the Company's transactions;
- (10) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;
- (11) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting, and not to harm the interests of the Company by way of connected transaction;
- (12) not to misappropriate the Company's funds or lend to others the Company's funds, not to open any bank account in his own name or other name for the deposit of the Company's assets, and not to use the Company's assets to provide security for debts of shareholders of the Company or any other individuals; and
- (13) without the informed consent of shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where
 - (i) the disclosure is made under compulsion of law;
 - (ii) there is a duty to the public to disclose; or
 - (iii) the personal interests of the Director, Supervisor, the President or other senior officer require disclosure.

A Director, Supervisor, the President, or other senior officer of the Company shall not direct persons connected to him to do what he is not permitted to do. A person is connected to a Director, Supervisor, the President, or other senior officer if he is:

- (1) the spouse or minor child of such a Director, Supervisor, the President, or other senior officer;

- (2) a trustee for such a Director, Supervisor, the President, or other senior officer or any person referred to in (1) above;
- (3) a partner of such a Director, Supervisor, the President, or other senior officer or of any person referred to in (1) and (2);
- (4) a company in which a Director, Supervisor, the President, or other senior officer, alone or jointly with one or more persons referred to in above (1), (2) and (3) or with any of other Directors, Supervisors, the President, or other senior officers of the Company, have de facto control; or
- (5) a Director, Supervisor, the President, or other senior officer of a company referred to in (4) above.

The fiduciary duties of a Director, Supervisor, the President, and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

Except in circumstances referred to in the Articles of Association, liabilities of a Director, Supervisor, the President, or other senior officer arising from the violation of a specified duty may be released by informed shareholders in general meeting.

In addition to obligations imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, Directors, Supervisors, the President, and other senior officers in the exercise of their powers and the discharge of their duties shall owe the following obligations to the shareholders:

- not to cause the Company to go beyond the business scope specified by its business license;
- to act honestly in what they consider to be the best interest of the Company;
- not to deprive in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company;
- not to deprive shareholders of their personal rights and interests, including (but not limited to) rights to distributions and to vote, except in a Company reorganization submitted in accordance with the provisions of the Articles of Association and adopted at a shareholders' general meetings.

Each of the Directors, Supervisors, the President, and other senior officers of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

Where the Company incurs losses as a result of a Director or senior officer having violated any provision of law, administrative regulation or the Articles of Association in the course of performing their duties with the Company, shareholders alone or in aggregate holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall be entitled to request in writing the Board of Supervisors to initiate proceedings in a court; where the Company incurs losses as a result of the Board of Supervisors having violated any provision of law, administrative regulation or the Articles of Association in the course of performing its duties with the Company, shareholders may request the Board in writing to initiate proceedings in a court.

If the Board of Supervisors or the Board refuses to initiate proceedings upon receipt of the written request of shareholders set forth in the preceding paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings will immediately result in irreparable damages to the Company's interests, shareholders described in the preceding paragraph shall have the right to initiate proceedings in a court directly in their own name in the interests of the Company.

Shareholders may initiate proceedings in a court in accordance with the Articles of Association in the event that the lawful interests of the Company is infringed upon by a third party and that the Company suffers from losses accordingly.

2. ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

The amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the company approval authorities of the State Council and the securities regulatory authority of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

3. VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

The Company may not vary or abrogate rights attached to any class of shares ("Class Rights") unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the provisions of the Articles of Association. The following circumstances shall be deemed to be a variation or abrogation of the Class Rights of a class:

- (1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;
- (2) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

- (4) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
- (5) to add, remove or reduce conversion, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;
- (6) to remove or reduce rights of such class of shares to receive payments from the Company in any particular currency;
- (7) to create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or to increase any such restrictions;
- (9) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) to increase the rights or privileges of another class;
- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such restructuring; and
- (12) to vary or abrogate the provisions in these Articles of Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but Interested Shareholder(s) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall require the approval of shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions.

Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class shareholders' meeting.

Notice of class shareholders' meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in as a similar way as to the general meetings of shareholders. The provisions of the Articles of Association relating to the conduct of the general meeting shall apply to class shareholders' meeting.

In addition to holders of other class shares, holders of Domestic Shares and Foreign Shares are deemed to be shareholders of different classes. Voting by holders of different classes of Shares is not required in the following situations:

- (1) where the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued Domestic Shares or Foreign Shares;
- (2) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue Domestic Shares and Foreign Shares; or
- (3) where shares of our Company registered on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council.

For the purposes of the class rights provisions of the Articles of Association, an "Interested Shareholder" is:

- (1) in the case of a repurchase of shares by offers to all shareholders or public dealing on a stock exchange, a controlling shareholder within the meaning of the Articles of Association;
- (2) in the case of a repurchase of shares by an off-market contract under the Articles of Association, a shareholder to whom the proposed contract is related;
- (3) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.

4. SPECIAL RESOLUTIONS – MAJORITY REQUIRED

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half votes represented by shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than the two thirds votes represented by the shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of the resolution.

5. VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

Shareholders (including proxies) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, whether by a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional vote.

6. REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

A shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Shareholders' general meetings shall be convened by the board of Directors. Annual general meetings are held once every year within six months after the end of last financial year.

7. ACCOUNTS AND AUDIT**(a) Financial and accounting system**

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory authority of the State Council.

The board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by shareholders 20 days before the annual general meeting. Every shareholder of the Company is entitled to a copy of the financial reports.

A copy of the above financial report together with the balance sheet (including each document to be appended to the balance sheet as required by applicable regulations) and the income statement or the statement of income and expenditure or summary financial report, shall at least 21 days before the date of the general meeting, be delivered or sent by pre-paid post to the registered address of every holders of Foreign Shares.

The interim results or financial information that the Company announces or discloses shall be compiled according to both PRC accounting standards and regulations, and international accounting standards or accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any other books of accounts other than those provided by law. The Company's assets shall not be deposited in the account opened in the name of any individual.

(b) Appointment and removal of accountants

The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

The first accountants firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the inaugural meeting does not exercise the power provided for in the preceding paragraph, the board of Directors shall exercise such power.

The accountants firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholder until the conclusion of the next annual general meeting of shareholders.

The shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accountants firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting. The remuneration of an accountants firm engaged by the board of Directors shall be determined by the board of Directors.

The Company's appointment of, removal of and non-reappointment of an accountants firm shall be resolved upon by the shareholders in general meeting and filed with the securities regulatory authority of the State Council.

Prior to the removal or the non-renewal of the appointment of the accountants firm, an advance notice of such removal or non-renewal shall be given to the accountants firm and such firm shall have the right to attend and to make representation to the shareholders' general meeting.

Where the accountants firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

- (1) The accountants firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
 - (aa) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
 - (bb) a statement of any such circumstances.
- (2) Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under circumstance (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder entitled to receive financial position report of the Company at the address registered in the register of shareholders.
- (3) Where the accountants firm's notice of resignation contains a statement referred to in the above (bb), it may require the board of Directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

8. NOTICE OF MEETING AND BUSINESS TO BE CONDUCTED THEREAT

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

The Company shall not enter into any contract with any person other than a Director, Supervisor, the President, or other senior officer whereby such person is entrusted with the management of the whole or a material part of any business of the Company without the prior approval of shareholders in general meeting.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of Directors. The annual general meeting shall be convened once every year within six months after the financial year end.

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) when the number of Directors is less than the number of Directors required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- (2) when the unaccounted losses of the Company amount to one third of its share capital;
- (3) when shareholders individually or collectively holding 10% or more of the Company's issued and outstanding shares carrying voting rights requests in writing the convening of an extraordinary general meeting;

- (4) when the board of Directors considers necessary or upon the request of the Board of Supervisors; or
- (5) when one half or more independent non-executive Directors so request.

To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who will attend the meeting shall return the written replies of attendance to the Company to be received by the Company 20 days before the date of the meeting.

In calculating the time period for notice, the date of meeting and the sending date of the notice shall be excluded.

For the purpose of this provision, the sending date of a notice is the date on which the Company or the share registry appointed by the Company delivers the notice to the post office to post it.

When the Company is to convene an annual general meeting, shareholders individually or collectively holding 3 percent or more of shares in the Company shall have the right to put forward extraordinary proposals in writing to the Company. The Company shall include matters in the extraordinary proposal falling within the scope of the functions and powers of the general meeting in the agenda of the meeting.

An extraordinary proposal forwarded by shareholders shall meet the following conditions:

- (1) Its content shall not violate laws and regulations and fall within the scope of functions and powers of the general meeting;
- (2) It shall contain explicit subjects for discussion and specific matters for resolution; and
- (3) It shall be submitted or delivered to the board of Directors in writing ten days prior to the date on which the general meeting is convened.

The Company shall calculate, according to the written replies received 20 days before the date of the meeting, the number of shares carry voting rights that the shareholders attending the meeting represent. The Company can convene a shareholders' general meeting if the number of shares carrying voting rights represented by shareholders intending to attend attains more of the one half of total number of shares carrying voting rights. If not, the Company shall make an announcement, within 5 days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the general meeting.

An extraordinary general meeting may not decide on matters not specified in the notice.

A notice of meeting of shareholders shall:

- be in writing;
- specify the time, place, the date of the meeting;
- state the matters and proposals to be discussed at the meeting;
- specify the date of the share register listing the shareholders that have the right to attend and vote at the shareholders' meeting;
- provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be properly explained;
- contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, the President, or other senior officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- contain the text of any special resolution proposed to be passed at the meeting;
- contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- specify the time and place for lodging proxy forms for the relevant meeting; and
- specify the name and contact number of the contact person for the meeting.

Notices of shareholders' general meetings shall be served on the shareholders (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of shareholders. For holders of Domestic Shares, notice of Shareholder's general meeting may be made by way of public announcement.

Public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council during 45 days to 50 days prior to the date of the meeting. Upon the publication of announcement, all holders of Domestic Shares shall be deemed to have received notice of the relevant shareholders' meeting. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Shareholders or the Board of Supervisors requisitioning an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

- The Board of Supervisors or two or more shareholders individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of Directors to convene an extraordinary general meeting or a class shareholders' meeting. The board of Directors shall as soon as possible after receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as of the date of the delivery of the written requisition(s).
- Where the board of Directors fails to issue notice of convening meeting within thirty days upon receipt of the above written request, shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Board of Supervisors to convene the extraordinary general meeting or class shareholders' meeting. The Board of Supervisors may convene the meeting on their own accord within four months upon the board of Directors having received such request. Where the Board of Supervisors fails to convene and hold the meeting, shareholder(s) individually or collectively holding ten percent or more shares carrying voting rights on such proposed meeting for over ninety consecutive days may convene meeting on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the board of Directors.

Where the shareholders or the board of Supervisors call and convene the meeting on their own accord because the board of Directors fails to convene the meeting in accordance with the foregoing requirements, expenses reasonably incurred by the shareholders or the board of Supervisors shall be borne by the Company and deducted from payments due from the Company to the Director in default.

The matters which require the sanction of an ordinary resolution at a shareholders' general meeting shall include:

- (1) work reports of the Board and the Board of Supervisors;
- (2) plans for the distribution of profits and for making up losses proposed by the Board;
- (3) the election and removal of the members of the Board and Supervisors representing Shareholders, their remuneration and method of payment;
- (4) the annual budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company; and
- (5) save as required by laws and regulations or the listing rules of stock exchange where the shares in the Company are listed or by these Articles of Association, all other matters except those required to be adopted by special resolution.

The matters which require the sanction of a special resolution at a shareholders' general meeting include:

- the increase in or reduction of registered share capital, share repurchase and issue of any class of shares, warrants and other similar securities of the Company;
- the issue of debentures;
- the demerger, merger, dissolution, liquidation or change of the form of the Company;
- amendments to the Articles of Association; and
- other important matters which were adopted by passing ordinary resolutions at shareholders' general meeting that are required to be adopted by special resolutions.

Where any shareholder is, under laws and regulations and the listing rules of stock exchange where the shares in the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

If a resolution of a shareholders' general meeting or the Board of the Company is in breach of any law and administrative regulation, the shareholders shall have the right to petition to a court to render the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or the Board are in breach of any law, administrative regulation or Articles of Association, or the content of a resolution is in breach of the Articles of Association, shareholders may petition to a court to rescind such resolutions within sixty (60) days from the date on which such resolution is passed.

9. TRANSFER OF SHARES

Subject to the approval of the securities regulatory authority of the State Council, holders of our Domestic Shares may transfer their Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange. The listing or trading of transferred shares on an overseas stock exchange is not subject to the resolution of the class meeting.

Shares of the Company held by the promoter are not transferable within one (1) year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

The Directors, Supervisors and senior officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a Director, Supervisor or senior officer may transfer every year during his term of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company. Such transfer restriction involving H shares is subject to the approval of Hong Kong Stock Exchange.

Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior officer or shareholders holding 5% or more of the shares in the Company within six (6) months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six (6) months after the sale thereof, shall be vested in by the Company. The Board of the Company shall forfeit such gains from the abovementioned parties. The transfer restriction involving H shares is subject to the approval of Hong Kong Stock Exchange. However, where the securities company, as the sole underwriter, purchases all the unsold stocks and therefore holds 5% or more of the shares in the Company, sale of such stocks is exempted from the six-month restriction.

If the Board of the Company fails to comply with the provision set forth in the preceding paragraph, a shareholder shall have the right to require the Board to effect the same within thirty (30) days. If the Board fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a court directly in his own name in the interest of the Company.

If the Board of the Company fails to comply with the provision set forth in the first paragraph, the responsible Director(s) shall be jointly and severally liable therefor in accordance with the law.

All the fully paid-up overseas listed foreign shares listed in Hong Kong can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

- (1) a fee (for each instrument of transfer) of HK\$2.50 or any maximum fee as stipulated from time to time by the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of the shares;
- (2) the instrument of transfer only involves Overseas Listed Foreign Shares listed in Hong Kong;
- (3) the stamp duty chargeable on the instrument of transfer has been paid;
- (4) the relevant share certificate and any evidence in relation to the right of the transferor to transfer the shares reasonably requested by the Board has been submitted;
- (5) if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four;

- (6) the Company does not have any lien on the relevant shares; and
- (7) no transfer shall be made to minors or persons of unsound mind or under other legal disability.

If the Company refuses to register the share transfer, the Company shall, within two months from the date on which the transfer application is officially filed, send a notice of its refusal to register the share transfer to the transferor and the transferee.

No changes in the shareholders' register due to the transfer of shares may be made within thirty (30) days before the date of a general meeting or within five (5) days before the record date for the Company's distribution of dividends. Such provision is not applicable to change in the shareholder's register due to the issuance of new share capital in accordance with the Articles of Association.

10. POWER OF THE COMPANY TO REPURCHASE ITS OWN SHARES

The Company may, with the approval in accordance with the procedures provided in the Articles of Association and subject to the approval of the relevant governing authorities of the State, repurchase its outstanding shares in accordance with legal procedures under the following circumstances:

- (1) cancellation of its shares for the purpose of reducing its share capital;
- (2) merging with another company which holds its Shares;
- (3) granting shares as incentive compensation to the staff of the Company;
- (4) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company; and
- (5) other circumstances permitted by laws and administrative regulations.

After purchasing shares as stipulated in the above item (1), (2) and (4), the Company shall cancel such shares within the period prescribed by laws and administrative regulations. The Company shall cancel shares purchased under item (1) within ten days of the purchase and transfer or cancel shares purchased under item (2) and (4) within six months, and shall make an application to its original registration authority to modify the registration on its registered capital and have a relevant announcement published. If the Company repurchases its own shares in accordance with item (3), the shares so repurchased shall not exceed five percent of total shares issued by the Company, and shall be transferred to the employees within one year. And the fund for repurchase shall be paid out of the after-tax profit of the Company.

Where the Company cancels such shares due to repurchase of shares, it shall make an application to its original registration authority to modify the registration on its registered capital. The total of par value of cancelled shares shall be deducted from the registered capital of the Company.

The Company may, upon the approval of the relevant state governing authorities, repurchase its shares in one of the following ways:

- (1) making a pro rata general offer of repurchase to all its shareholders;
- (2) repurchasing Shares through public dealing on a stock exchange;
- (3) repurchasing by an off-market agreement outside a stock exchange; or
- (4) other ways as approved by the relevant regulatory authority.

The Company may, with the prior approval of shareholders obtained at a shareholder's meeting in accordance with the Articles of Association, repurchase its shares by an off-market agreement outside a stock exchange. The Company may rescind or vary the contract or waive any or part of its rights under the contract so entered into by the Company with the prior approval of shareholders obtained at a shareholder's meeting in the same manner. A contract to repurchase Shares as mentioned above includes but is not limited to an agreement to become obliged to repurchase and acquire rights to repurchase Shares.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder. Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to repurchase of its issued shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;
- (2) where the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:
 - (a) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
 - (b) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;

- (3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
 - (a) acquisition of rights to repurchase Shares;
 - (b) variation of any contract to repurchase Shares;
 - (c) release of any of the Company's obligations under a contract to repurchase Shares.
- (4) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account or capital reserve fund account.

11. POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY

The Articles of Association contains no restrictions preventing any subsidiary of the Company from holding Shares.

12. DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by either (or both) of the following ways:

- (1) cash;
- (2) bonus shares.

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

The Company shall appoint receiving agents on behalf of holders of Foreign Shares. The receiving agent shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong. The receiving agent shall on behalf of holders of Foreign Shares, receive dividends and other monies payable by the Company in respect of their Shares.

Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within three months following the announcement of profit distribution. Dividends and other payments payable to holders of Foreign Shares shall be denominated and declared in Renminbi and payable in foreign currency within three months following the announcement of profit distribution. The conversion rate shall be the average closing price of relevant foreign currency against Renminbi announced by PBC in the five working days prior to the declaration of dividends or other distributions, and the Company shall arrange the foreign currency for payment to holders of Foreign Shares in accordance with foreign exchange management related regulations of the State. The general meeting shall, by ordinary resolution, authorize the Board to implement the distribution of dividends of the Company.

13. PROXIES

Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization of that shareholder:

- (1) the shareholder's right to speak at the meeting;
- (2) the right to demand, whether on his own or together with others, a poll; and
- (3) unless otherwise provided for in applicable securities listing rules or other securities laws and regulations, exercise the right to vote by show of hand or on a poll; however, if one shareholder is represented by more than one proxy, the proxy must vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal person either under seal or under the hand of a Director or attorney duly authorized. Such instrument shall indicate the number of shares represented by the proxy and in case of more than one proxy, the number of shares represented by each proxy. The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for the passing of the resolution. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointer is a legal person, its legal representative or any person authorized by resolutions of its board of Directors or other governing body shall attend the shareholders' meeting as the appointer's representative.

Any form issued to a shareholder by the Board for the purpose of appointing a proxy shall be such as to enable the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointer, the proxy may vote in his will.

A vote given in accordance with the terms of an instrument by proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

14. CALLS ON SHARES AND FORFEITURE OF SHARES

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant shareholder to participate in respect thereof in a dividend subsequently declared.

Subject to compliance with the relevant laws and regulations of the PRC and rules of Stock Exchange, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiry of the relevant time frame. There are no provisions in the Articles of Association relating to the making of calls on shares or for the forfeiture of shares.

15. INSPECTION OF REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company shall keep a register of shareholders.

The Company may, in accordance with the understanding or agreements between the securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain the register of shareholders of Foreign Shares overseas and appoint overseas agent(s) to manage such share register. The original register of Overseas-listed Foreign-Invested Shares listed in Hong Kong shall be maintained at Hong Kong.

Duplicates of the share register for holders of Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register.

If there is any inconsistency between the original and the duplicate of share register for holders of Foreign Shares, the original shall prevail. The Company shall keep a complete register of shareholders.

The register of shareholders shall comprise of the following parts:

- (1) register(s) of shareholders other than those specified in items (2) and (3) below be kept at the domicile of the Company;
- (2) register(s) of holders of the Company's overseas-listed foreign-investment shares kept in the place of the stock exchange(s) where those foreign-investment shares are traded; and
- (3) register(s) of shareholders kept at other places as the board of Directors thinks necessary for the purpose of listing.

Different parts of the register of shareholders shall not overlap. No transfer of Shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

The alteration or rectification of any part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

No changes which are required by reason of a transfer of Shares may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends. This provision is not applicable to change in the shareholder's register due to the issuance of new share capital in accordance with the Articles of Association.

When the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholdings, the board of Directors shall fix a record date for the purpose of determining the shareholding. A person who is registered in the register as shareholders of the Company at the end of the record date shall be a shareholder of the Company.

Any person who objects to what is contained in the register of shareholders and wishes to register his name on, or delete his name from, the register may apply to the court with jurisdiction to amend the register.

The right of the Shareholders to information includes, without limitation, the following:

- (1) the right to obtain a copy of the Articles of Association after payment of costs;
- (2) the right to inspect and copy, subject to payment of a reasonable fee:
 - a. all parts of the register of members;
 - b. personal particulars of each of the Company's Directors, Supervisors, the President, and other senior officers, including:
 - (a) current and former name and byname;
 - (b) main address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time jobs and offices;
 - (e) Identity certificate and its number.
- (3) status of the Company's share capital;
- (4) the latest audited financial statements, and report of Directors, report of auditors and report of Board of Supervisors;
- (5) special resolutions of the Company;
- (6) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
- (7) copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC; and

- (8) minutes of shareholders' general meetings.

The Company shall, in accordance with the listing rules, keep the documents referred in the above (1) to (7) and any other applicable documents at the Company's Hong Kong address for inspection by the public and holders of Overseas-Listed Foreign Shares free of charge.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

16. QUORUM FOR SHAREHOLDERS' MEETINGS

The Company can convene a shareholders' meeting if the number of Shares carrying voting rights represented by shareholders intending to attend comprises at least half of the total number of Shares carrying voting rights.

The Company can convene a class shareholders' meeting, if the number of Shares of the class carrying voting rights represented by shareholders intending to attend comprises at least half of the total number of such Shares of the class.

17. RIGHTS OF MINORITY SHAREHOLDERS

In addition to the obligations imposed by laws and administrative regulations or the Listing Rules on which Shares are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his voting rights to make a decision which is prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company in respect of the following matters:

- (1) to relieve a Director or Supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company; or
- (3) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights, but not including a restructuring of the Company submitted to and approved by shareholders' general meeting in accordance with the Articles of Association.

18. PROCEDURE ON DISSOLUTION AND LIQUIDATION

The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

- (1) its term of operation expires;
- (2) a resolution for dissolution is passed by a shareholders' general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;

- (4) the Company is legally declared insolvent due to its failure to repay debts due;
- (5) the Company is cancelled business license, ordered to close down or deregistered;
- (6) where the Company's operation encounters serious difficulty, continuing operation will cause substantial loss to shareholders and such difficulty cannot be solved some other way, shareholders holding more than ten percent of the voting rights of all shareholders may make requisition to the People's Court to liquidate the Company;
- (7) other circumstances in which the Company is required to dissolve according to laws and regulations.

Where the Company is dissolved by virtue of the reasons set out in items (1) and (2) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at shareholders' general meeting in the form of ordinary resolution. Where the Company is dissolved by virtue of the reasons set out in items (4) and (6) in the preceding Article, the People's Court shall in accordance with the requirements under the relevant laws, organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company. Where the Company is dissolved by virtue of the reasons set out in items (5) in the preceding Article, the relevant authorities shall organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company. Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the group's receipts and payments, the business of the Company and the progress of the liquidation, and to present a final report to the shareholders general meeting on completion of the liquidation.

The liquidation committee shall within ten days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The liquidation committee shall carry out registration of such claims in accordance with law. During the claim reporting period, the liquidation committee shall not repay creditors.

During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify all creditors by notice or public announcements;
- (3) to dispose of and liquidate any relevant unfinished business matters of the Company;
- (4) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (5) to settle claims and debts;
- (6) to deal with assets remaining after the Company's debts having been paid in full;
- (7) to represent the Company in any civil proceedings.

The liquidation committee shall thoroughly examine the assets of the Company, and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit the same to the shareholders' meeting or relevant governing authority for confirmation.

The liquidation is made due to dissolution of Company. If the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and assets list, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency. After the People's Court has declared the Company insolvent, the company's liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation and a statement of the receipts and payments and financial books and records during the period of liquidation, which shall be audited by the PRC certified public accountants and submitted to the shareholders' general meeting or the relevant governing authority for confirmation. The liquidation committee shall also within 30 days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

19. OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

(a) General provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other companies, unless otherwise stipulated by the law, the Company making such investment shall not bear joint and several liability for the debts of the enterprise in which the company invests.

The Articles of Association are binding on the Company and its shareholders, Directors, Supervisors, the President and other senior officers. The foregoing personnel can lodge claims related to affairs of the Company in accordance with the Articles of Association.

Subject to relevant regulations of the Articles of Association, a shareholder may bring actions against the Company in accordance with the Articles of Association, the Company may bring actions against shareholders, Directors, Supervisors, the President and other senior officers in accordance with the Articles of Association, a shareholder may bring actions against other shareholders in accordance with the Articles of Association and shareholders may bring actions against Directors, Supervisors, the President and other senior officers of the Company.

For the purposes of the Articles of Association, actions include court proceedings and arbitration proceedings.

Other senior officers mentioned in the preceding paragraph include the vice President, chief accountant, the Secretary of the Board and other persons engaged by the Board.

(b) Shares and transfers

Foreign investors mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company; domestic investors mean those investors within the territory of the PRC (excluding investors of the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

As required by its operation and development, the Company may approve increase in its capital in accordance with the Articles of Association.

The Company may increase its capital in the following ways:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) issue of new shares to specially-designated investors and/or existing shareholders;
- (3) distributing new shares to its existing shareholders;
- (4) conversion of capital reserve; and
- (5) any other ways permitted by laws and administrative regulations and approved by securities authority of the State Council.

The Company's increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

After the increase in its capital, the Company shall complete procedures for modifying registration with the original Industry and Commerce administration and make an announcement.

The Company may reduce its registered capital in accordance with the procedures stipulated by the Company Law (《公司法》) and other regulations and the provisions of the Articles of Association.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify creditors of its resolution on reduction in registered capital within 10 days after it adopts such resolution, and announce the same on a newspaper acceptable to the stock exchange on which shares in the Company are listed within 30 days. A creditor is entitled to request the Company to repay debts or provide relevant guarantee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Subject to the approval of the securities authority of the State Council, holders of our Domestic Shares may transfer their Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange. The listing or trading of transferred shares on an overseas stock exchange is not subject to the resolution of the class meeting.

(c) Shareholders

A shareholder of the Company is a person who lawfully holds Shares and has his name recorded on the register of shareholders.

A shareholder enjoys rights, and is subject to obligations, according to the class and number of Shares he holds. Holders of the same class of Shares enjoy the same rights and subject to the same obligations. Each class of shareholders of the Company is equally entitled to dividends or other distributions.

The ordinary shareholder of the Company shall enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of Shares held by him;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- (3) the right to supervise the Company's business operations, and the right to present proposals and inquiries;
- (4) the right to transfer Shares in accordance with the laws, administrative regulations and the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 - 1 the right to obtain a copy of the Articles of Association after payment of costs;
 - 2 the right to inspect and copy, subject to payment of a reasonable fee:
 - a. all parts of the register of members;

- b. personal particulars of each of the Company's Directors, Supervisors, the President, and other senior officers, including:
 - (a) current and former name and byname;
 - (b) main address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time jobs and titles;
 - (e) identity certificate and its number.
- 3 status of the Company's share capital;
- 4 the latest audited financial statements, and report of Directors, report of auditors and report of Board of Supervisors;
- 5 special resolutions of the Company;
- 6 reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
- 7 copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC; and
- 8 minutes of shareholders' general meetings.

The Company shall, in accordance with the listing rules, keep the documents referred in the above (1) to (7) and any other applicable documents at the Company's Hong Kong address for inspection by the public and shareholders of Overseas-Listed Foreign Shares free of charge.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of Shares held by him; and
- (7) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not freeze or otherwise impair any of the rights attaching to any share by reason only that the person who is interested directly or indirectly therein has failed to disclose his interests to the Company.

A shareholder is not liable to make any further contribution to the share capital other than the terms agreed.

Share certificates of the Company shall be in registered form.

Share certificates of the Company shall be signed by the Chairman of the Company. Where the stock exchanges on which Shares are listed require the share certificates to be signed by senior officers of the Company, the share certificates shall also be signed by such senior officers. The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal of the Company provided that such seal shall only be affixed with the authority of the Board of Directors. The signatures of the Chairman or other senior officers of the Company on the Share certificates may be printed in mechanical form.

Any person who is a registered shareholder or who requests to have his name (title) entered into the register of shareholders may, if his share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a replacement new share certificate in respect of such shares (the "Relevant Shares").

If a holder of Domestic Shares loses his share certificate and applies for a replacement of new share certificate, it shall be dealt with in accordance with relevant provisions of the Company Law (《公司法》). If a holder of Foreign Shares loses his share certificate and applies for a replacement of new share certificate, it shall be dealt with in accordance with laws, stock exchange rules or other regulations of the place where the original shareholder register for Foreign Shares is kept. If a shareholder of Foreign Shares listed in Hong Kong loses his share certificate and applies for a replacement of new share certificate, the issue of such certificate shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of the original certificate and declaring that no other person is entitled to be registered as a shareholder in respect of the Relevant Shares.
- (2) before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that he shall be registered as a shareholder in respect of the Relevant Shares has been received.
- (3) the Company shall, if it decides to issue a replacement new share certificate to the applicant, make an announcement of its decision at least once every 30 days for a period of 90 days in such newspapers as may be designated by the Board.
- (4) the Company shall have, prior to publication of its decision to issue a replacement new share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited in the premises of the stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

In the case of an application to issue a replacement new certificate being made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by post to such registered shareholder a copy of the announcement to be published.

- (5) if, by the expiration of the 90-day period referred to in above (3) and (4), the Company shall not have received from any person notice of any disagreement to such application, the Company may issue a replacement new share certificate to the applicant accordingly.
- (6) where the Company issues a replacement new share certificate under the Articles of Association, it shall forthwith cancel the original share certificate and enter the cancellation and replacement issue in the register of shareholders accordingly.
- (7) all expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant for such expenses.

(d) Untraceable members

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company is entitled to sell the foreign shares of shareholders in a manner as the Board who is untraceable deems appropriate, provided that:

- (1) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (2) on expiry of the 12 years the Company, gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers of the place where the Company is listed and notifies the Stock Exchange of such intention.

(e) The board of Directors

The board of Directors shall be accountable to the general meeting of the shareholders, and shall exercise the following functions and powers:

- (1) to convene general meetings and report on its work to the shareholders;
- (2) to implement the resolutions of general meetings;
- (3) to decide on the Company's business plans, investment plans, detailed annual business objectives, and financing plans other than by ways of issue of corporate bonds or other securities and of listing;
- (4) to formulate the Company's proposed annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution plan and plan for making up for losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;
- (7) to prepare plans for material acquisition, purchase of the Company's shares, or merger, demerger, dissolution or change of the form of the Company;

- (8) to decide on the establishment of the Company's internal management structure, and to decide on the establishment and cancellation of the Company's branches and other sub-branches;
- (9) to elect the Company's chairman and vice chairman; to nominate, appoint or dismiss the Company's President;
- (10) pursuant to the nominations of the Board chairman to appoint or dismiss the Secretary of the Board of the Company, to appoint or dismiss chairmen of all special committees under the Board;
- (11) pursuant to the President's nominations to appoint or dismiss vice President and chief accountant of the Company and to decide on their remuneration and benefits;
- (12) to formulate the Company's basic management system;
- (13) to propose plans for the amendment to these Articles of Association;
- (14) to formulate the Company's share incentive scheme;
- (15) to deal with disclosures of information on our Company;
- (16) to decide on the establishment of special committees;
- (17) to decide on and to monitor the implementation of our Company's risk management system, including risk assessments, financial control, internal audit, legal risk control;
- (18) to propose to the shareholders' general meetings the appointment or replacement of the auditor of our Company;
- (19) to receive regular or irregular work reports submitted by the Company's President or senior officers appointed by the President, and to approve the work reports of the President;
- (20) to approve corporate guarantees, which does not require the approval of shareholders at a shareholders' general meeting in accordance with the Articles of Association;
- (21) within the scope of authorization by the general meeting, decide on acquisition and disposal of assets, mortgage of assets, wealth management by third party, connected transactions and other issues of the Company;
- (22) to exercise other functions and powers conferred by laws and regulations, the listing rules of the stock exchange on which the shares of the Company are listed, the shareholders' general meetings and these Articles of Association.

Resolutions relating to the above, with the exception of items (6), (7) and (13) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the attended Directors. The Board shall carry out its duties in accordance with laws and administrative regulations of the State, these Articles of Association and resolutions of the shareholders.

The Board of the Company shall make explanation to the general meeting in respect of non-standard Auditors' Report issued by CPA on financial report of the Company.

Meetings of the Board shall be held regularly at least four times each year and shall be convened by the Chairman of the board of Directors. A quorum will be formed by more than half of the Directors attending in person or appointing another Director as his attorney.

The director shall attend the board meeting in person, otherwise, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the attorney's name, matters of authorization, the scope of authorization and the validity term, and shall be signed or stamped by the appointer.

A non-independent Director shall be deemed to be unable to carry out his duties if he fails to attend two consecutive Board meetings in person and fails to appoint another Director to attend Board meetings on his behalf. The Board shall propose at the shareholders' general meeting for the removal of such Director.

Directors attending Board meetings shall exercise their powers as Directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have relinquished his rights to vote at that meeting.

Each Director shall have one vote. Unless otherwise specified for connected transactions in the Articles of Association, resolutions of the board of Directors must be passed by more than half of all the Directors.

Where the number of votes cast for and against a resolution is equal, the Chairman shall have the right to cast an additional vote.

In the event that a Director is connected to companies (it means that the Director acts as a Director or senior manager of the counter party, or can exercise direct or indirect control over a legal person entity of the counter party, or acts as a Director or senior management in a legal person entity under direct or indirect control of the counter party) associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with a majority of the independent Directors. Resolutions shall be approved by a majority of independent Directors at the Board meeting. When there are less than three independent Directors present at the Board meeting, such matters shall be submitted to the shareholders' general meeting for consideration.

(f) Secretary of the board of Directors

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board.

(g) Board of Supervisors

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be composed of three members. The term of office of Supervisors shall be three years, renewable upon re-election.

The board of Supervisors shall have a chairman. The election or removal of the chairman of the Board of Supervisors shall be approved by two-third or more of the Supervisors by voting.

The Directors, the President and other senior officers of the Company shall not act concurrently as Supervisors. The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

- (1) to examine financial affairs of the Company;
- (2) to supervise the Directors and senior officers in their performance of duties and to propose the removal of Directors and senior officers who have contravened any law, administrative regulations, Articles of Association or shareholders' resolutions;
- (3) to demand any Director, the President and other senior officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- (4) to inspect financial information such as financial reports, business reports and profit distribution plans and, in case of doubt, professionals such as certified accountants and certified auditors may be hired to provide assistance in the name of the Company;
- (5) to propose to convene a shareholders' extraordinary general meeting, and to convene and preside over shareholders' general meetings when the Board fails to perform the duty of convening and presiding over the general meeting;
- (6) to forward proposals to a shareholders' general meeting;
- (7) to negotiate with or bring suit against Directors and senior officers on behalf of the Company;
- (8) to propose to convene an extraordinary meeting of the board of Directors;
- (9) to elect the chairman of Board of Supervisors;
- (10) other functions and powers conferred by the Articles of Association.

Supervisors shall be present at meetings of the Board.

(h) The President

The Company shall have one President and some vice Presidents to assist the President in his/her work, and shall have one chief accountant. The Presidents and vice Presidents and the chief accountant shall be appointed and dismissed by the Board.

The term of office of the President and other senior officers is three years, renewable upon re-election.

The President shall be accountable to the Board and exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and report to the Board;
- (2) to organize the implementation of the resolutions of the Board;
- (3) to organize the implementation of the Company's annual business plan, investment and funding plan;
- (4) to draft plans for the establishment of the Company's internal management structure;
- (5) to propose plans for the establishment of the Company's branches and sub-branches;
- (6) to propose the Company's basic management system;
- (7) to formulate detailed rules and regulations of the Company;
- (8) to propose the appointment or dismissal of the Company's vice President and chief financial officer, and propose suggestions on remuneration;
- (9) to appoint or dismiss senior officers other than those who shall be appointed or dismissed by the Board of Directors, and decide on their assessment, remuneration, incentive and punishment;
- (10) other functions and powers conferred by these Articles of Association and the Board.

(i) Common Reserve Fund

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the company.

No profits shall be distributed in respect of the shares held by the Company.

(j) Settlement of Disputes

The Company shall settle disputes according to the following principles:

- (1) For any disputes or claims related to matters of the Company (1) between the Company and its Directors or senior officers; and (2) between shareholders of overseas listed foreign shares and the Company; between shareholders of overseas listed foreign shares and the Directors, Supervisors, the President or other senior managers of the Company; between shareholders of overseas listed foreign shares and shareholders of domestic invested shares, that arise based on the rights and obligations stipulated in these Articles of Association, the Company Law (《公司法》) and other relevant laws and administrative regulations, any such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim involves the above parties, the entire claim or dispute must be referred to arbitration and all persons (being the Company or shareholders, Directors, Supervisors, the President or other senior officers of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration.

Disputes regarding definition of shareholders and shareholder register may be resolved other than by way of arbitration.

- (2) The claimant may refer the arbitration to either China International Economic Centre in accordance with its arbitration rules, or may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) Unless otherwise provided in the laws and administrative regulations, any disputes or claims arising out of item (1) above shall be resolved in accordance with the laws of the PRC.
- (4) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.

1. FURTHER INFORMATION ABOUT OUR COMPANY**A. Establishment**

The Company was established as a joint stock limited company under the PRC Company Law on July 9, 2010. Our Company has established a place of business at Room 149, Building 1, No. 3 Xijing Road, Badachu Hi-tech Zone, Shijingshan District, Beijing, PRC. In addition, our Company has established a place of business at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Hong Kong Companies Ordinance on November 10, 2010. Ms. Gloria Sau-Kuen Ma of KCS Hong Kong Limited has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix IX. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VIII.

B. Changes in capital

Our predecessor was established on September 23, 2004 with a registered capital of RMB5,000,000, which has been fully paid up. The registered capital of our predecessor was subsequently increased to RMB399,910,115.87, all of which has been fully paid up. At the time of our establishment as the joint stock limited liability company, our initial registered share capital was RMB5,000,000,000 divided into 5,000,000,000 Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up. Upon completion of the Global Offering, but without taking into account any H Shares which may be issued by our Company pursuant to the Over-allotment Option, our registered share capital will increase to RMB7,142,610,000, made up of 4,785,739,000 Domestic Shares and 2,356,871,000 H Shares fully paid up or credited as fully paid up, representing approximately 67.0% and 33.0% of the registered share capital, respectively (assuming the Over-allotment Option is not exercised). Save as aforesaid, there has been no alteration in our share capital since our establishment.

C. The Company's extraordinary general meeting held on July 12, 2010

The resolutions approved by the extraordinary general meeting of our Company held on July 12, 2010 included, but not limited to the following:

- (a) the issue by the Company of the H Shares of nominal value of RMB1.00 and such H Shares be listed on the Stock Exchange;
- (b) approved the Proposal regarding the Adoption of the Article of Association (Amended Draft) of China Datang Corporation Renewable Power Co., Limited upon the Public Offering and Listing of Overseas Shares. The Shareholders approved the amendment to the Articles of Association pursuant to the PRC Company Law, PRC Securities Law, Guidelines on Articles of Association of Listed Companies, Mandatory Provisions and the Listing Rules. The amended Articles of Association shall become effective upon the approval of the relevant government authority and the Global Offering, prior to which, the original Articles of Association shall prevail;

- (c) subject to the completion of the listing of H shares, a general mandate to our Board (1) to allot and issue H Shares at any time, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, provided that, the number of H Shares to be issued shall not exceed 20% of the number of each of our H Shares in issue as of the Listing Date, and (2) and to make necessary amendments to the Articles of Association in accordance with relevant laws and regulations.

D. Our Reorganization

We underwent our Reorganization, details of which are set out in the section headed “History, Reorganization and Corporate Structure” of this prospectus. As confirmed by Zhong Lun Law Firm, our PRC legal advisor, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

- (a) On May 18, 2010, the SASAC issued an approval document (Guo Zi Gai Ge [2010] 369) to approve the proposal relating to the Reorganization;
- (b) Zhonghe Appraisal Co., Ltd. appraised the relevant assets and equity interests and issued an appraisal report on June 10, 2010;
- (c) The appraisal report was filed with SASAC on June 18, 2010;
- (d) On June 22, 2010, the SASAC issued an approval (Guo Zi Chan Quan [2010] 475) approving the state-assets management scheme of the Company;
- (e) On June 29, 2010, the SASAC issued an approval (Guo Zi Gai Ge [2010] 481) approving the Reorganization of our Company as a joint stock limited company;
- (f) On July 1, 2010, Datang convened an inaugural meeting of the Company for the establishment of the Company as a joint stock limited company; and
- (g) On July 9, 2010, a new business license was issued by the State Administration for Industry and Commerce, whereupon we were formally established as a joint stock limited company.

2. OUR SUBSIDIARIES

Our principal subsidiaries (for the purpose of the Listing Rules) as of June 30, 2010 are set out under the financial information in the Accountants’ Report as included in Appendix I to this prospectus. The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this prospectus:

- (a) on October 9, 2010, the registered capital of Datang Wuzhong Renewable Power Co., Ltd. was increased from RMB5 million to RMB15 million;

- (b) on July 2, 2010, the registered capital of Datang Baotou Yaneng Power Co., Ltd. was increased from RMB19.6 million to RMB57.92 million, and was further increased to RMB86.88 million on September 15, 2010;
- (c) on May 21, 2010, the registered capital of Chifeng Tangneng Renewable Power Co., Ltd. was increased from RMB60 million to RMB250.72 million, and was reduced to RMB218.72 million in November 2010;
- (d) on May 27, 2010, the registered capital of Datang Renewable Shuozhou Wind Power Generation Co., Ltd. was increased from RMB5 million to RMB15 million;
- (e) on March 8, 2010, the registered capital of Datang Xing'anmeng Renewable Power Co., Ltd. was increased from RMB5 million to RMB10 million; and was further increased to RMB20 million on April 28, 2010, to RMB40 million on May 21, 2010, to RMB50 million on August 17, 2010, to RMB52 million on September 30, 2010 and to RMB57 million on November 8, 2010;
- (f) on January 20, 2010, the registered capital of Datang Wendeng Wind Power Generation Co., Ltd. was increased from RMB1 million to RMB12.2775 million and was subsequently increased to RMB50 million on September 17, 2010;
- (g) on January 12, 2010, the registered capital of Shanghai Dong Hai Wind Power Generation Co., Ltd. was increased from RMB460 million to RMB473 million;
- (h) July 10, 2009, the registered capital of Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. was increased from RMB54 million to RMB79 million, and was further increased to RMB149 million on August 20, 2009 and to RMB334 million on May 29, 2010;
- (i) on December 31, 2008, the registered capital of Datang Xilin Gol Wind Power Generation Co., Ltd. was increased from RMB163,561,744.33 to RMB399.8 million;
- (j) on December 31, 2008, the registered capital of Datang Laizhou Wind Power Generation Co., Ltd. was increased from RMB10 million to RMB150,685,081.58;
- (k) on December 24, 2008, the registered capital of Datang Shandong Renewable Power Co., Ltd. was increased from RMB50 million to RMB200.6851 million;
- (l) on February 20, 2009, the registered capital of Datang (Chifeng) Renewable Power Co., Ltd. was increased from USD137.175 million to USD180.55 million; and was further increased to USD184.9377 million, USD199.09 million and USD347.67 million on August 28, 2009, September 15, 2009 and October 26, 2010, respectively; and
- (m) on September 5, 2008, the registered capital of Datang Zhongdian (Jilin) Renewable Power Company Limited was increased from RMB164.116 million to RMB340.4795 million; and was subsequently decreased to RMB305.2731 million on February 2, 2010.

3. SINO-FOREIGN JOINT VENTURES

Our principal subsidiaries are listed in the Accountants' Report set out in Appendix I to this Prospectus.

Information regarding the Sino-foreign equity joint ventures in which we are interested are set out below:

(a) Datang (Chifeng) Renewable Power Co., Ltd. (大唐(赤峰)新能源有限公司)

Parties and equity interest:	The Company	60%
	KEPCO Neimenggu International Ltd.	40%
Term of joint venture:	April 28, 2006 to April 27, 2027	
Date of establishment:	April 28, 2006	
Scope of business:	Wind power generation, supply and sales of electricity	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB7,102,540,000	
Registered share capital:	US\$347,670,100	

(b) Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd. (大唐中日(赤峰)新能源有限公司)

Parties and equity interest:	The Company	51%
	Kyuden International Corporation	29%
	Sumitomo Corporation	16%
	Sumitomo Corporation (China) Holdings Ltd.	4%
Term of joint venture:	July 30, 2008 to July 29, 2033	
Date of establishment:	July 30, 2008	
Scope of business:	Wind power generation	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB497,760,000	
Registered share capital:	RMB165,920,000	

(c) Datang (Chaoyang) Renewable Power Co., Ltd. (大唐(朝陽)新能源有限公司)

Parties and equity interest:	The Company	60%
	KEPCO Neimenggu International Ltd.	40%
Term of joint venture:	December 11, 2009 to December 10, 2030	
Date of establishment:	December 11, 2009	
Scope of business:	Wind power generation, supply and sales of electricity	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB298,400,000	
Registered share capital:	RMB99,670,000	

(d) Datang China Power (Jilin) Renewable Power Generation Co., Ltd. (大唐中電（吉林）新能源發電有限公司)

Parties and equity interest:	The Company	51%
	CLP Wind Power China (North) Limited	49%
Term of joint venture:	November 9, 2005 to November 8, 2030	
Date of establishment:	November 9, 2005	
Scope of business:	Development of wind power and other new energy and renewable energy, provision of consultancy and management services, supply and sales of electricity, development and application of new energy and renewable power generation technology, provision of technical services relating to the relevant devices and spare parts.	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB891,909,623	
Registered share capital:	RMB305,273,106	

(e) Datang China Power (Jilin) Power Generation Co., Ltd (大唐中電（吉林）發電有限公司)

Parties and equity interest:	The Company	51%
	CLP Wind Power China (North) Limited	49%
Term of joint venture:	March 28, 2007 to March 27, 2032	
Date of establishment:	March 28, 2007	
Scope of business:	Development of wind power and other new energy and renewable energy, provision of consultancy and management services, supply and sales of electricity, development and application of new energy and renewable power generation technology, provision of technical services relating to the relevant devices and spare parts, development and implementation of CDM with respect to the wind farm project operated by itself	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB495,681,600	
Registered share capital:	RMB165,260,000	

(f) Gansu Datang Yumen Wind Power Co., Ltd (甘肅大唐玉門風電有限公司)

Parties and equity interest:	The Company	60%
	KEPCO Gansu International Ltd.	40%
Term of joint venture:	November 9, 2005 to November 8, 2026	
Date of establishment:	November 9, 2005	
Scope of business:	Wind power generation, supply and sales of electricity, and, subject to CDM framework, sales of CERs	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB895,612,441	
Registered share capital:	RMB298,387,480	

(g) Linxi Aolujia Renewable Power Development Co., Ltd. (林西奧陸嘉新能源開發有限公司)

Parties and equity interest:	The Company	51%
	Aolujia Development Co., Ltd	49%
Term of joint venture:	December 2, 2008 to December 1, 2038	
Date of establishment:	December 2, 2008	
Scope of business:	Wind power generation, renewable power projects and related business	
Nature:	Sino-foreign equity joint venture	
Total investment amount:	RMB550,000,000	
Registered share capital:	RMB183,370,000	

All transfers of registered share capital in the above joint ventures are subject to pre-emptive rights of the joint venture partners set out in the joint venture contract and the articles of association. The entitlements of joint venture partners to profits, dividends and other distributions of the above joint ventures are proportionate to their capital contribution ratios. The number of representative of each joint venture partner at the board of relevant joint venture is determined through negotiation between the joint venture partners of that joint venture with reference to their respective capital contribution.

Upon expiry of the joint venture, the joint venture partners shall be entitled to the distributable assets proportionate to their capital contribution ratios.

4. FURTHER INFORMATION ABOUT OUR BUSINESS**A. Summary of our material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this Prospectus which are or may be material:

- (a) Reorganization Agreement dated June 18, 2010 entered into between Datang, Datang Jilin and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司) in respect of the Reorganization;
- (b) Trademark license agreement dated November 15, 2010 entered into between Datang as licensor and the Company as licensee in respect of the licensing of certain trademarks of Datang;

- (c) Master agreement on mutual provision of products and services agreement dated November 15, 2010 entered into between Datang and the Company;
- (d) Non-Competition Agreement dated July 30, 2010 and the Supplemental Non-Competition Agreement dated November 15, 2010 entered into between Datang and the Company regarding the non-competition undertakings as more particularly set out in the section headed "Relationship with Datang Group" in this prospectus;
- (e) an equity interest transfer agreement dated June 15, 2009 between Datang and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang transferred to China Datang Corporation Renewable Power Co., Ltd. 60% of the equity interest in Datang (Chifeng) Renewable Power Co., Ltd. (大唐(赤峰)新能源有限公司) at nil consideration;
- (f) an equity interest transfer agreement dated June 15, 2009 between Datang and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang transferred to China Datang Corporation Renewable Power Co., Ltd. 51% of the equity interest in Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd. (大唐(中日)赤峰新能源有限公司) at nil consideration;
- (g) an equity interest transfer agreement dated June 15, 2009 between Datang and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. (大唐(通遼)霍林河新能源有限公司) at nil consideration;
- (h) an equity interest transfer agreement dated June 15, 2009 between Datang and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang transferred to China Datang Corporation Renewable Power Co., Ltd. 30% of the equity interest in Xiangdian Wind Power (Fujian) Company Limited (湘電風能(福建)有限公司) at nil consideration;
- (i) an equity interest transfer agreement dated December 10, 2009 between Beijing Aolujia Renewable Energy Development Company Limited (北京奧陸嘉新能源開發有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which we acquired 51% equity interest in Linxi Aolujia Renewable Power Development Co., Ltd. (林西奧陸嘉新能源開發有限公司) by assuming its total capital contribution commitment amounting to RMB93.52 million;
- (j) equity interest transfer agreements as part of our Reorganization:
 - aa. an equity interest transfer agreement dated March 29, 2010 between Datang Heilongjiang Power Generation Co., Ltd (大唐黑龍江發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Heilongjiang Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 70% of the equity interest in Datang Huanan Wind Power Generation Co., Ltd (大唐樺南風力發電有限公司) at nil consideration;

- bb. an equity interest transfer agreement dated March 29, 2010 between Datang Heilongjiang Power Generation Co., Ltd (大唐黑龍江發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Heilongjiang Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd 51% of the equity interest in Datang Yilan Wind Power Generation Co., Ltd (大唐依蘭風力發電有限公司) at nil consideration;
- cc. an equity interest transfer agreement dated March 29, 2010 between Datang Heilongjiang Power Generation Co., Ltd (大唐黑龍江發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Heilongjiang Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Huachuan Wind Power Generation Co., Ltd. (大唐樺川風力發電有限公司) at nil consideration;
- dd. an equity interest transfer agreement dated March 29, 2010 between Datang Heilongjiang Power Generation Co., Ltd (大唐黑龍江發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Heilongjiang Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 49% of the equity interest in Datang Hailin Wind Power Co., Ltd. (大唐海林風力發電有限公司) at nil consideration;
- ee. an equity interest transfer agreement dated March 29, 2010 between Datang Heilongjiang Power Generation Co., Ltd (大唐黑龍江發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Heilongjiang Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Jixian Wind Power Co., Ltd. (大唐集賢風力發電有限公司) at nil consideration;
- ff. an equity interest transfer agreement dated March 29, 2010 between Datang Heilongjiang Power Generation Co., Ltd (大唐黑龍江發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Heilongjiang Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Qiqiha'er Wind Power Generation Company Limited (大唐齊齊哈爾風力發電有限公司) at nil consideration;
- gg. an equity interest transfer agreement dated March 29, 2010 between Datang Hebei Power Generation Co., Ltd (大唐河北發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Hebei Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Xilin Gol Wind Power Generation Co., Ltd. (大唐錫林郭勒風力發電有限責任公司) at nil consideration;

- hh. an equity interest transfer agreement dated March 29, 2010 between Datang Hebei Power Generation Co., Ltd (大唐河北發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Hebei Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Bayannur Wind Power Generation Co., Ltd. (大唐巴彥淖爾風力發電有限責任公司) at nil consideration;
- ii. an equity interest transfer agreement dated March 29, 2010 between Datang Hebei Power Generation Co., Ltd (大唐河北發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Hebei Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Zhangbei Wind Power Generation Co., Ltd. (大唐張北風力發電有限責任公司) at nil consideration;
- jj. an equity interest transfer agreement dated March 29, 2010 between Datang Shandong Power Generation Co., Ltd (大唐山東發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Shandong Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Shandong Renewable Power Co., Ltd. (大唐山東新能源有限公司) at nil consideration;
- kk. an equity interest transfer agreement dated March 29, 2010 between Datang Gansu Power Generation Co., Ltd (大唐甘肅發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Gansu Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 60% of the equity interest in Gansu Datang Yumen Wind Power Co., Ltd. (甘肅大唐玉門風電有限公司) at nil consideration;
- ll. an equity interest transfer agreement dated March 29, 2010 between Datang Gansu Power Generation Co., Ltd (大唐甘肅發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Gansu Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Yumen Changma Wind Power Generation Co., Ltd. (大唐玉門昌馬風電有限公司) at nil consideration;
- mm. an equity interest transfer agreement dated March 29, 2010 between Datang Gansu Power Generation Co., Ltd (大唐甘肅發電有限公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which Datang Gansu Power Generation Co., Ltd transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Jingtai Wind Power Co., Ltd. (大唐景泰風電有限責任公司) at nil consideration;

- nn. an equity interest transfer agreement dated March 29, 2010 between China Datang Corporation (中國大唐集團公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which China Datang Corporation transferred to China Datang Corporation Renewable Power Co., Ltd. 90% of the equity interest in Datang Sanmenxia Wind Power Generation Co., Ltd. (大唐三門峽風力發電有限公司) at nil consideration;
- oo. an equity interest transfer agreement dated March 29, 2010 between China Datang Corporation (中國大唐集團公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which China Datang Corporation transferred to China Datang Corporation Renewable Power Co., Ltd. 100% of the equity interest in Datang Eryuan Wind Power Co., Ltd. (大唐洱源風電有限責任公司) at nil consideration;
- pp. an equity interest transfer agreement dated March 29, 2010 between China Datang Corporation (中國大唐集團公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which China Datang Corporation transferred to China Datang Corporation Renewable Power Co., Ltd. 28% of the equity interest in Shanghai Donghai Wind Power Co., Ltd. (上海東海風力發電有限公司) at nil consideration;
- qq. an equity interest transfer agreement dated March 29, 2010 between China Datang Corporation (中國大唐集團公司) and our predecessor, China Datang Corporation Renewable Power Co., Ltd. (中國大唐集團新能源有限責任公司), pursuant to which China Datang Corporation transferred to China Datang Corporation Renewable Power Co., Ltd. 87.24% of the equity interest in Chifeng Tangneng Renewable Power Co., Ltd. (赤峰唐能新能源有限公司) at nil consideration;
- (k) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, Aluminum Corporation of China Overseas Holdings Limited, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which Aluminum Corporation of China Overseas Holdings Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$50 million at the Offer Price;
- (l) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, Angang Group Hong Kong Co., Limited, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which Angang Group Hong Kong Co., Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$50 million at the Offer Price;

- (m) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, China Yangtze International (Hongkong) Co., Limited, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which China Yangtze International (Hongkong) Co., Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$50 million at the Offer Price;
- (n) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, Hero Asia Investment Limited, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which Hero Asia Investment Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$30 million at the Offer Price;
- (o) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, High Action Limited, Mr. Lau Luen Hung, Thomas, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which High Action Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$20 million at the Offer Price;
- (p) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, State Grid International Development Limited, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which State Grid International Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$50 million at the Offer Price;
- (q) a cornerstone investment agreement dated 3 December 2010 entered into by and among the Company, China Power International Holding Limited, UBS AG, Hong Kong Branch, China Everbright Securities (HK) Limited, Cinda International Capital Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited and Macquarie Capital Securities Limited pursuant to which China Power International Holding Limited agreed to subscribe for the maximum number of H Shares that may be purchased with US\$10 million at the Offer Price; and
- (r) Hong Kong Underwriting Agreement.

B. Our intellectual property rights*Trademarks*

As of the Latest Practicable Date, the Group is licensed to the following registered trademarks in the PRC:

No.	Applicant	Trademark	Registration Number	Class	Duration
1 . .	China Datang Corporation	大唐	3899862	1	August 28, 2006 to August 27, 2016
2 . .	China Datang Corporation		3899872	36	July 7, 2006 to July 6, 2016

As of the Latest Practicable Date, Datang have applied for the following trademarks in Hong Kong, to which we will be licensed if they are duly registered:

No.	Applicant	Trademark	Class	Date of Application
1 . .	China Datang Corporation	大唐	1, 4, 6, 7, 39, 40	August 31, 2010
2 . .	China Datang Corporation	Datang	1, 4, 6, 7, 39, 40	August 31, 2010
3 . .	China Datang Corporation		1, 4, 6, 7, 39, 40	August 31, 2010

5. DISCLOSURE OF INTERESTS**A. Substantial shareholders**

So far as the Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the following persons will have an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Number of Shares held after the Global Offering ⁽¹⁾	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering ⁽²⁾
Datang ⁽³⁾	4,785,739,000 Domestic Shares	Beneficial interest and interest of controlled corporation	100.0%	67.0%

Shareholder	Number of Shares held after the Global Offering ⁽¹⁾	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering ⁽²⁾
Datang Jilin	601,020,822 Domestic Shares	Beneficial interest	12.56%	8.41%
Aluminum Corporation of China Overseas Holdings Limited . .	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
Aluminum Corporation of China ⁽⁴⁾	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%
Angang Group Hong Kong Co., Limited .	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
Angang Group International Trade Corporation ⁽⁵⁾ . . .	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%
China Yangtze International (Hongkong) Co., Limited	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
China Yangtze Power Co., Ltd. ⁽⁶⁾ .	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%
State Grid International Development Limited	140,577,000 H Shares	Beneficial interest	6.56%	1.97%
State Grid Corporation of China ⁽⁷⁾	140,577,000 H Shares	Interest of controlled corporation	6.56%	1.97%

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (excluding 214,261,000 H Shares to be converted from Domestic Shares and held by NSSF) (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 7,142,610,000 Shares in issue after the Global Offering.

(3) Datang is beneficially interested in 4,184,718,178 Domestic Shares, representing approximately 58.59% of the total share capital of the Company. Datang Jilin is a wholly-owned subsidiary of Datang and is interested in 601,020,822 Domestic Shares, representing approximately 8.41% of the total share capital of the Company. Datang is therefore deemed to be interested in the Domestic Shares held by Datang Jilin.

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

(5) Angang Group Hong Kong Co., Limited is a wholly-owned subsidiary of Angang Group International Trade Corporation. Angang Group International Trade Corporation is deemed to be interested in all the H Shares held by Angang Group Hong Kong Co., Limited.

(6) China Yangtze International (Hongkong) Co., Limited is a wholly-owned subsidiary of China Yangtze Power Co., Ltd.. China Yangtze Power Co., Ltd. is deemed to be interested in all the H Shares held by China Yangtze International (Hongkong) Co., Limited.

(7) State Grid International Development Limited is a wholly-owned subsidiary of State Grid Corporation of China. State Grid Corporation of China is deemed to be interested in all the H Shares held by State Grid International Development Limited.

B. Disclosure of the Directors' and Supervisors' interests in the registered capital of associated corporations of the Company

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

C. Particulars of service contracts

Each of the executive Directors and non-executive Directors, has entered into a service contract with our Company on August 2, 2010. The principal particulars of these service agreement are (a) for a term of 3 years commencing from July 1, 2010 and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable Rules.

Each of the Supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with our Company on November 15, 2010.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

D. Directors' and Supervisors' remuneration

The aggregate amounts of remuneration paid and benefits-in-kind granted to the Directors and the Supervisors in respect of each of the three years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 were approximately RMB0.5 million, RMB0.6 million, RMB0.8 million and RMB0.7 million respectively. Save as disclosed under Note 14 to the financial information in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010.

Under the current arrangements, the Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2010 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB11.1 million in aggregate.

Under the current arrangements, the Supervisors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2010 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB0.4 million in aggregate.

E. Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

F. Agency fees or commissions paid or payable

Save as disclosed in the section headed "Underwriting" in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this prospectus.

G. Related party transactions

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in Note 33 to the financial information in the Accountants' Report set out in Appendix I to this prospectus.

H. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors, Supervisors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;
- (b) in connection with the Underwriting Agreements, none of the Directors or Supervisors nor any of the parties listed in the paragraph headed "Qualification of experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
- (c) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange; save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of the Directors or Supervisors nor any of the parties listed in paragraph headed "Qualification of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "Qualification of experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

- (e) none of the Directors or Supervisors or their respective associates or any shareholders of our Company (who to the knowledge of the Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers as defined under the Listing Rules or our five largest customers.

6. OTHER INFORMATION

A. Estate duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

B. Litigation

Save as disclosed in “Business – Legal Proceedings”, as of the Latest Practicable Date, our Company is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

C. Sponsors

The Joint Sponsors have declared their independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made applications on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

D. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$242 million. All preliminary expenses and all expenses relating to the Global Offering will be borne by the Company.

E. Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualifications
UBS AG, Hong Kong Branch	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
China Everbright Capital Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	Independent Property valuer
SgurrEnergy Ltd.	Independent Technical Consultant
Zhong Lun Law Firm.	PRC legal advisor

F. No material adverse change

The Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2010.

G. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

H. Bilingual prospectus

The English language and Chinese language version of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

I. Miscellaneous

- (a) save as disclosed in this prospectus, within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) the Company has no outstanding convertible debt securities or debentures;
- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of the Company;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (i) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

J. Consents

Each of the experts as referred to in the paragraph headed “Qualification of experts” in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A and 44E of the Hong Kong Companies Ordinance so far as applicable.

K. Promoters

The promoters of our Company are Datang and Datang Jilin.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given to the promoters named above in connection with the Hong Kong Public Offering or the related transactions described in this prospectus.

APPENDIX XI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** application forms, the written consents referred to in the section entitled “Other Information – Consents” in Appendix X to this prospectus and copies of the material contracts referred to in the section entitled “Further Information about Our Business-Summary of our material contracts” in Appendix X to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Clifford Chance at 28th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the accountants’ report issued by PricewaterhouseCoopers as set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information, the text of which is set out in Appendix II;
- (d) the letters relating to the profit forecast as set out in Appendix III to this prospectus;
- (e) the letter and valuation certificates relating to the property interests of the Company prepared by Jones Lang LaSalle Sallmanns Limited as set out in Appendix IV to this prospectus and the full valuation report (in Chinese language only) of Jones Lang LaSalle Sallmanns Limited referred to in Appendix IV to this prospectus;
- (f) a summary technical report prepared by SgurrEnergy Ltd. as set out in Appendix VI to this prospectus;
- (g) the material contracts referred to in the section entitled “Further Information about Our Business – Summary of our material contracts” in Appendix X to this prospectus;
- (h) the written consents referred to in the section entitled “Other Information – Consents” in Appendix X to this prospectus;
- (i) the service agreements referred to in the section entitled “Disclosure of Interests – Particulars of service contracts” in Appendix X to this prospectus;
- (j) the PRC legal opinion issued by Zhong Lun Law Firm, the legal advisor to the Company on the PRC law dated December 7, 2010, confirming that in its opinion, the summary of relevant PRC laws and principal regulatory provisions set out in Appendix VIII is a correct summary of the relevant PRC laws and regulatory provisions; and
- (k) the Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial translation.



Dongshan Wind Farm



Saihanba Wind Farm



Donghai Bridge Offshore Wind Power Project