The following discussion is based upon and should be read in conjunction with our consolidated financial statements and the related notes set out in Appendix I to this prospectus. Our consolidated financial statements set out in Appendix I to this prospectus were prepared in accordance with IFRSs. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. We caution you that our business and financial performance are subject to substantial risks and uncertainties. Our actual results could differ materially from those projected in the forward-looking statements as a result of various factors, including those set forth under the caption "Risk Factors" and elsewhere in this prospectus

OVERVIEW

We are a leading pure-play renewable energy company in the PRC with a primary focus on wind power generation. According to Garrad Hassan, we ranked third in China and eighth in the world in terms of total wind installed capacity as of December 31, 2010. Among the top ten global wind power generation companies, we had the highest CAGR of total installed capacity from 2008 to 2010, based on the year-end capacity data published by these companies. Since our inception in 2002, we have been a pioneer and innovator in the fast-growing PRC wind power sector. From 2008 to 2010, our consolidated installed capacity and revenue from sale of electricity grew rapidly, at a CAGR of 195.9% and 166.2%, respectively, while our adjusted operating profit increased from RMB122.7 million in 2008 to RMB884.5 million in 2010, representing a CAGR of 168.5%. We believe that our execution track record and sizeable pipeline will support our profitable growth in the near future.

As of December 31, 2010, we had a consolidated installed capacity of 3,522.4 MW. We also had 1,202.0 MW capacity under construction and approximately 73,463.5 MW of wind power pipeline projects reserved for future development. Our installed, under-construction and pipeline wind power projects are principally located in six geographically diversified areas and cover 19 provinces and autonomous regions in China. These areas are strategically selected to achieve optimal return based on a combination of key considerations for wind farm development, including quality wind resources, high on-grid tariffs and the conditions of local grid connections and transmission.

During the Track Record Period, our consolidated installed capacity increased from 402.3 MW as of December 31, 2008 to 3,522.4 MW as of December 31, 2010, representing a CAGR of 195.9%. We generated revenue from the sale of electricity of RMB248.1 million, RMB847.1 million and RMB1,758.6 million and realized profits of RMB95.9 million, RMB281.2 million and RMB609.4 million from our continuing operations for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 166.2% and 152.1%. As of December 31, 2010, we also had a portfolio of wind power pipeline projects with an estimated capacity of approximately 73,463.5 MW, including 633.0 MW Advanced-stage Projects, approximately 3,346.7 MW Developing-stage Projects, and approximately 69,483.8 MW Early-stage Projects. See "Business — Pipeline Projects." We target to increase our consolidated installed capacity to approximately 5,100 MW by the end of 2011.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe the most significant factors that affect our business, results of operations and financial condition include:

Installed capacity of our wind power projects

Our results of operations and financial condition are significantly affected by the consolidated installed capacity of our wind power projects. Since the local grid companies have the obligation to purchase in full amount the electricity generated by our wind power projects within their respective grid coverage, our revenue from the sale of electricity is substantially determined by the net power generation of our wind farms which in turn is materially affected by our consolidated installed capacity. The consolidated installed capacity of our wind power projects increased from 402.3 MW as of December 31, 2008 to 3,522.4 MW as of December 31, 2010, representing a CAGR of 195.9%. Our weighted average consolidated operational capacity increased from 184.3 MW in 2008 to 1,541.5 MW in 2010, representing a CAGR of 189.2%. The net power generation of our wind farms increased from 427.4 GWh in 2008 to 3,404.9 GWh in 2010. The adjusted operating profit of our wind power business increased from RMB122.7 million in 2008 to RMB884.5 million in 2010.

The table below sets forth the consolidated and attributable installed capacity and consolidated and weighted average consolidated operational capacity of our wind power projects as of the dates indicated, and the revenue from sales of electricity, EBITDA, operating profit, adjusted operating profit and adjusted operating margin of our wind power business for the periods indicated:

	As of or for the year ended December 31,		
	2008	2009	2010
Consolidated installed capacity (MW)	402.3	1,549.8	3,522.4
Attributable installed capacity (MW)	263.8	1,387.1	3,339.8
Consolidated operational capacity (MW)	303.3	1,146.3	2,239.9
Weighted average consolidated operational capacity (MW)	184.3	693.1	1,541.5
Revenue from sales of electricity (RMB in millions)	248.1	847.1	1,758.6
EBITDA (RMB in millions)(1)	239.1	836.3	1,768.0
Operating profit (RMB in millions)	158.3	539.5	1,134.3
Adjusted operating profit(2)(3) (RMB in millions)	122.7	454.2	884.5
Adjusted operating margin (%)(3)	48.7	53.3	50.0

Notes:

(1) EBITDA represents operating profit plus depreciation and amortization. The depreciation and amortization amounted to RMB80.8 million, RMB296.8 million and RMB633.7 million in 2008, 2009 and 2010, respectively. EBITDA is not a standard measure under IFRSs. EBITDA is included because it is a widely used financial indicator of a company's ability to service and incur debt. However, EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Prospective investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

(2) Adjusted operating profit is operating profit less other net income. Other net income mainly included net income from sales of CERs and VAT rebate and refund as well as our net gain on disposal of investment in a subsidiary. Other net income amounted to RMB35.6 million, RMB85.3 million and RMB249.8 million in 2008, 2009 and 2010, respectively. Our net gain on disposal of investment in a subsidiary related to the disposal of our entire 65.0% equity interest in Qidong Wind Power in 2009, which contributed a net gain in the amount of RMB18.9 million to other net income in 2009.

(3) Adjusted operating margin is calculated by dividing (i) our adjusted operating profit by (ii) our revenue (excluding service concession construction revenue) for the year. See "Financial Information — Description of Certain Income Statement Components — Operating Profit." Adjusted operating margin and adjusted operating profit are not standard measurements under IFRSs, but we present them here because our management believes that they provide useful indicators of our profitability. Prospective investors should be aware that adjusted operating profit and adjusted operating margin presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to different calculation methods.

Our consolidated installed capacity and revenue from sales of electricity have increased significantly during the Track Record Period as a result of the expansion of our wind power business. We expect to further increase our consolidated installed capacity by completing the wind power projects under construction and converting the pipeline projects into operating projects. As of December 31, 2010, we had 1,202.0 MW wind power projects under construction and approximately 73,463.5 MW wind power pipeline projects, including 633.0 MW of Advanced-stage Projects and approximately 3,346.7 MW of Developing-stage Projects. According to our current plans, we expect to increase our consolidated installed capacity to approximately 5,100 MW by the end of 2011. We also plan to start the construction of two solar power concession projects in the second half of 2011 or in 2012. The table below sets forth the total capital expenditure of our wind power projects which we expect to complete by the end of 2011, and the two aforementioned solar power concession projects.

		As of December 31, 2010		
	Location	No. of projects	Estimated installed capacity (MW)	Estimated capital expenditure (RMB in millions)
Wind Power				
Projects under construction	Northeast China	5	298.5	2,783.3
	East China	2	68.0	652.8
	West Inner Mongolia	0	0.0	0.0
	South China	1	42.0	410.9
	North China	2	99.0	891.0
	Xinjiang	0	0.0	0.0
	Other regions(1)	0	0.0	0.0
Advanced-stage projects	Northeast China	1	49.5	432.5
	East China	1	30.0	288.0
	West Inner Mongolia	0	0.0	0.0
	South China	7	346.5	3,370.9
	North China	0	0.0	0.0
	Xinjiang	0	0.0	0.0
	Other regions(1)	1	9.0	77.7
Developing-stage projects	Northeast China	1	49.5	497.4
	East China	4	188.6	1,820.3
	West Inner Mongolia	0	0.0	0.0
	South China	1	49.5	470.3
	North China	1	100.5	886.6
	Xinjiang	0	0.0	0.0
	Other regions(1)	0	0.0	0.0
Early-stage projects	Northeast China	0	0.0	0.0
	East China	0	0.0	0.0
	West Inner Mongolia	1	49.5	425.7
	South China	3	138.0	1,311.0
	North China	2	99.0	889.4
	Xinjiang	0	0.0	0.0
	Other regions(1)	0	0.0	0.0
Subtotal	Six main regions and other regions in the PRC	33	1,617.0	15,207.7
Solar Power		2	50.4	806.7
Total		35	1,667.4	16,014.5

Note:

(1) Other regions include Shaanxi Province, Gansu Province, Anhui Province and Qinghai Province.

To achieve our expansion targets, we estimate that the total capital expenditure will be RMB16.0 billion for wind power projects to be installed from January 1, 2011 to December 31, 2011 and for the two solar power concession projects. Of this sum, we have already incurred RMB1.7 billion as of February 28, 2011 and therefore the total outstanding capital expenditure is estimated to be RMB14.3 billion. The sources of funding include bank borrowings, a portion of the net proceeds from the Global Offering, contributions from minority shareholders of our non-wholly owned subsidiaries, cash at bank and on hand and operating cash flow.

On-grid tariffs

Our results of operations and financial condition are directly and significantly affected by the on-grid tariffs at which we sell the electricity generated by our wind power projects to the local grid companies.

The on-grid tariffs for wind power projects in China are determined by governmental authorities. According to the Circular Regarding the Furtherance of On-grid Pricing Policy of Wind Power (《關於完善風力發電上網電價政策的通知》) (the "On-grid Tariff Circular") issued by the NDRC in 2009, for onshore wind power projects approved on or after August 1, 2009, the on-grid tariff is determined based on the location of such wind power projects. The PRC government has categorized China's onshore wind resources into four wind resource zones and applies a universal on-grid tariff to all the wind power projects in the same wind resource zone. The benchmark on-grid tariffs (including VAT) for the four wind resource zones are RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively.

For wind power projects approved prior to August 1, 2009 but on or after January 1, 2006, the on-grid tariff was determined by referring to either a "government guided price" or a "government fixed price." For wind power projects approved on or prior to December 31, 2005, the on-grid tariff was determined by the government on a project-by-project basis after considering various factors such as the wind resources, construction conditions and the on-grid tariffs of other wind power projects in the same or neighboring areas with similar conditions.

In addition to the national benchmark on-grid tariffs, certain of our wind power projects also benefit from supplementary on-grid tariffs provided by local governments as part of the governmental incentives for wind power industry.

The table below sets forth our weighted average on-grid tariff for electricity generated by our wind power projects for the periods indicated.

	For the year ended December 31,		
	2008	**2009**	**2010**
	(RMB per kWh)		
Weighted average on-grid tariff (excluding VAT)[(1)]	0.581	0.527	0.516
Weighted average on-grid tariff (including VAT)[(2)]	0.679	0.617	0.604

Notes:

(1) Weighted average on-grid tariff (excluding VAT) is calculated by dividing our revenue from sales of electricity by our net power generation of wind power projects.

(2) Our weighted average on-grid tariffs (including VAT) in 2008 and 2009 were higher than the current highest standard on-grid tariff, primarily due to the facts that certain of our early wind power projects enjoyed relatively high on-grid tariffs prior to the establishment of the standard on-grid tariff regime on August 1, 2009 and that the standard on-grid tariffs only apply to wind power projects approved on or after August 1, 2009.

Other things being equal, a decrease or increase in weighted average on-grid tariff will lead to proportionate decrease or increase in revenue, and less than proportionate decrease or increase in profit after taxation due to the offsetting effect of lower or higher income tax. The management estimates that, for every RMB 0.01/kWh (excluding VAT) decrease or increase in weighted average on-grid tariff, operating profit would have decreased or increased by approximately RMB4.3 million, RMB16.1 million and RMB34.0 million, respectively, and profit after taxation would have decreased or increased by approximately RMB4.3 million, RMB14.9 million and RMB32.4 million for the years ended December 31, 2008, 2009 and 2010, respectively, assuming other factors remaining unchanged.

Consistent with the industry trend in the wind power sector of the PRC, the decrease in the weighted average on-grid tariff of our wind power projects during the Track Record Period reflected the fact that some of our early wind power projects enjoyed higher on-grid tariffs as approved by relevant governmental authorities on a project-by-project basis. Over time, our weighted average on-grid tariff decreased due to change in the PRC government's policy in relation to wind power on-grid tariff and our expansion into areas with quality wind resources but lower on-grid tariffs as compared to earlier projects.

Net power generation and utilization hours

Our revenue from sales of electricity is determined by the on-grid tariffs and our net power generation. In calculating the net power generation, we deduct from the gross power generation (i) the auxiliary electricity, which comprises electricity consumed by our wind farms during generation and lost during the transmission from the wind farms to the grid meter measuring the net power generation sold to the grid companies, and (ii) the electricity generated during the construction and testing period. Sales of electricity generated during the construction and testing period are not included in our revenue but accounted for as deduction to our construction costs. During the Track Record Period, the auxiliary electricity accounted for 2.5%, 2.0% and 2.5% of the gross power generation less the electricity generated during the construction and testing period in 2008, 2009 and 2010, respectively. The electricity generated during construction and testing period accounted for approximately 8.1%, 13.0% and 7.8%, respectively, of the gross power generation in the same periods.

The gross power generation is determined by the consolidated operational capacity and the utilization hours. We calculate our weighted average utilization hours by dividing the gross power generation less the electricity generated during the construction and testing period in a specific period by the weighted average consolidated operational capacity in the same period. The utilization hours of a specific wind power project are affected by a number of factors, including (i) climatic and wind conditions at the specific wind farm site, in particular, wind speed and density, seasonal and other fluctuations as well as wind direction, wind pattern and wake effects; (ii) repairs and maintenance; (iii) performance of wind turbines and (iv) grid constraints. In particular, our wind power business is affected by seasonality. Utilization of wind farms and in turn revenue from wind power operations depend heavily on wind conditions such as wind speed and wind power density throughout the year. Historical data suggest that our wind farms generally experience lower level of wind speed and wind power density and therefore less utilization hours and sales volume during June to September each year. The weighted average utilization hours of our wind farms are also affected by technological advancement in wind power and wind turbine sector. Attributable to our expertise in wind resource assessment, site selection and wind farm operations, the weighted average utilization hours of our wind farms reached 2,380.4, 2,365.2 and 2,265.3 in 2008, 2009 and 2010, respectively, as compared to the estimated average utilization hours of 2,046, 2,077 and 2,097 in 2008, 2009 and 2010, respectively, for wind farms with installed capacity of 6 MW or greater in the PRC, according to the China Electricity Council.

The table below sets forth certain operating statistics of our wind farms for the periods indicated:

	For the year ended December 31,		
	2008	**2009**	**2010**
Gross power generation (GWh)	477.5	1,884.5	3,788.9
Auxiliary electricity (GWh)	11.2	32.8	87.0
Electricity generated during the construction and testing period (GWh)	38.9	245.2	297.0
Net power generation (GWh)	427.4	1,606.6	3,404.9
Weighted average consolidated operational capacity (in MW)	184.3	693.1	1,541.5
Weighted average utilization hours	2,380.4	2,365.2	2,265.3

Prices of wind turbines

Approximately 50% to 60% of our construction costs of a wind power project is attributable to the purchase price of wind turbines. Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives. Therefore, the prices of wind turbines have a direct impact on our results of operations and financial condition through depreciation expenses. However, due to the rapid expansion of the wind turbine sector, the advancement of wind turbine technology, the increasing competition and the significant decrease in the cost resulting from increased economies of scale and decreasing raw material cost, wind turbine prices have declined since 2009. For example, the average selling price (excluding VAT) for the 1.5 MW wind turbines of Sinovel, one of the leading PRC wind turbine manufacturers and our largest wind turbine supplier during the Track Record Period, decreased from RMB4,970 per kW in 2009 to RMB4,814 per kW for the first six months of 2010. During the Track Record Period, our depreciation and amortization expenses amounted to RMB80.8 million, RMB296.8 million and RMB633.7 million, respectively, in 2008, 2009 and 2010.

Finance expenses

We have historically financed primarily through bank borrowings and finance leases as well as cash flows from operations and capital contributions from our shareholders and the non-controlling equity owners of our subsidiaries. In the years ended December 31, 2008, 2009 and 2010, our finance expenses were RMB72.2 million, RMB251.4 million and RMB515.1 million, respectively, representing approximately 28.6%, 29.5% and 29.1% of our revenue (excluding service concession construction revenue) for the same periods, respectively. Our total outstanding borrowings amounted to RMB18,018.9 million as of December 31, 2010. As a renewable energy developer with profitable track record and strong creditability, we are generally able to obtain bank loans at relatively low interest rates and on favorable terms. See "— Indebtedness" for more details. The management estimates that, as of December 31, 2008, 2009 and 2010, a general increase or decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased or increased our profit after tax by approximately RMB11.7 million, RMB37.3 million and RMB103.5 million, respectively, assuming that the change in interest rates had occurred at the balance sheet dates and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet dates. The interest rate fluctuation and the balance of our borrowings have and will continue to materially affect our finance expenses and consequently our profitability, results of operations and financial condition.

Sales of CERs

We began to generate income from our sales of CERs since 2007. During the Track Record Period, net income generated from sales of CERs amounted to RMB16.2 million, RMB28.7 million and RMB164.8 million in 2008, 2009 and 2010, respectively, representing 45.5%, 33.6% and 66.0% of our other net income, and 17.0%, 9.5% and 25.7% of our profit before taxation. During the Track Record Period, we sold 249,855.2, 408,826.7 and 1,639,643 tons of CERs in 2008, 2009 and 2010, respectively. As of December 31, 2010, we had successfully registered 23 CDM projects with the CDM EB. As of the Latest Practicable Date, we had 34 registered CDM projects. We expect that the sales of CERs will increasingly contribute to our other net income and net profit.

Our sale of CERs depends on the continuing effectiveness of the CDM arrangements under the Kyoto Protocol, the first commitment period of which will expire on December 31, 2012. If the Kyoto Protocol is not renewed upon its expiration, we will not be able to generate income from sale of CERs. See "Risk Factors — Risks Relating to Our Business and Industry — Our sale of CERs depends on the continuing effectiveness of CDM arrangements under the Kyoto Protocol." In addition, our income from the sale of CERs is also affected by our ability to successfully register CDM projects with the CDM EB and to procure buyers for the CERs and negotiate a favorable sales price with such buyers. As of December 31, 2010, we had secured buyers for 64 CDM projects by entering into CER sales agreements with independent international buyers, including power companies, a financial institution and a professional CDM management company.

PRC tax incentives

Enterprise income tax

Prior to January 1, 2008, PRC entities were generally subject to the statutory income tax rate of 33% on their taxable income. A number of our subsidiaries, however, were taxed at various preferential income tax rates due to their engagement in state encouraged industries located in the western regions, their status as production-type foreign investment enterprises ("FIEs") or their location in the designated coastal open areas. In addition, certain of our subsidiaries, being production-type FIEs with an operating period of 10 years or more, were entitled to a tax holiday of a two-year full exemption followed by a three-year 50% exemption commencing from their respective first profit-making year after offsetting accumulated tax losses, if any.

On January 1, 2008, the New EIT Law came into effect, which sets a unified 25% income tax rate for both foreign-invested and domestic enterprises. The New EIT Law, together with its implementation rules, provides a five-year transition period for PRC entities established prior to March 16, 2007 that enjoyed preferential tax rates of less than 25% to gradually increase the applicable income tax rates to 25%. Accordingly, certain of our subsidiaries which were taxed at a preferential income tax rates of less than 25% are now subject to the transitional rates and will eventually apply the statutory rate of 25% by the end of 2012. Meanwhile, certain of our subsidiaries which enjoyed tax holidays for fixed terms may continue to benefit from their tax holidays until they expire.

Furthermore, pursuant to the Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment ("Circular 46") (《財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》), an enterprise which is established after January 1, 2008 and is engaged in public infrastructure projects is entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from the first year it generates operating income. Because wind power projects are listed in the Catalogue of Public Infrastructure Projects Eligible for Enterprise Income Tax Preferential Treatment (2008) (《公共基礎設施項目企業所得稅優惠目錄》), each of our wind power projects which have obtained government approval on or after January 1, 2008 is entitled to such tax holiday.

We recorded income tax benefits of RMB0.5 million in 2008. In the years ended December 31, 2009 and 2010, our effective tax rate was 7.3% and 5.0%. We are advised by our PRC legal advisers that the preferential tax treatments we enjoyed were granted by appropriate competent authorities. Any discontinuation or reduction of the preferential tax treatments may adversely affect our financial condition and results of operations. See "Regulatory Environment — Taxation — Enterprise Income Tax Law."

VAT

In the PRC, the sale of electricity is subject to a 17% value added tax ("VAT"). Since 2004, the PRC government has adopted a series of reform measures upon the VAT scheme. In November 2008, the PRC government issued the Interim Regulation on Value Added Taxes (the "New VAT Rule") (《中華人民共和國增值稅暫行條例》), which came into effect on January 1, 2009. Prior to the effectiveness of the New VAT Rule, as a general VAT payer, we are not allowed to credit the input VAT in relation to the purchase of fixed assets against our output VAT, and had to record such input VAT as part of the cost of the related fixed assets. The New VAT Rule, however, allows all the general VAT payers to deduct from output VAT the input VAT relating to the purchase of fixed assets. As a result, we recorded deductible VAT in the amount of RMB979.6 million as of December 31, 2009 and RMB2,433.6 million as of December 31, 2010 as part of our other non-current assets.

Prior to January 1, 2009, certain of our FIE subsidiaries are entitled to VAT refund in relation to their purchases of domestic equipment such as wind turbines. However, such VAT refund policy was phased out over a six-month transition period starting from January 1, 2009 when the New VAT Rule came into effect. During the six-month transition period, FIEs were allowed to claim VAT refunds provided that certain conditions were satisfied. Afterwards, our FIE subsidiaries can only recover the input VAT in relation to the purchase of fixed assets by offsetting them against the output VAT at the time they sell electricity.

In addition, we are entitled to a tax rebate equivalent to 50% of the VAT payable by our wind power business. See "Regulatory Environment — Taxation — VAT Law."

In addition to the foregoing, our results of operations are also affected by other general factors, including, among others, government policies on wind power industry, wind resources and weather conditions in the regions we operate and grid connections and transmission.

Government Policies. The favorable government policies, regulations and incentives, including the on-grid tariff premium (as compared with coal-fired power plants operating in the same region), mandatory grid connection and mandatory power off-take all have a material impact on our business, results of operations and financial condition. In addition, we also recorded government grants in the amount of RMB35.5 million, RMB65.9 million and RMB248.3 million in 2008, 2009 and 2010, primarily consisting of income from sale of CERs and VAT rebate and refund from government authorities. See "Risk Factors — Risks Relating to Our Business and Industry — We depend heavily on government support and incentives for renewable energies which may be changed or abolished" and "Regulatory Environment."

Wind Resources and Weather Conditions. Our business, results of operations and financial condition are directly affected by the wind resources where our wind power projects locate. Our wind farms can only generate power when the wind speed is between 3 meters per second and 25 meters per second. Moreover, if the wind speed falls within the range but is below the rated wind speed at or above which wind turbines are able to operate at full load, the power generation of our wind power projects may also be adversely affected. See "Risk Factors — Risks Relating to Our Business and Industry — We rely on suitable climatic conditions for the generation of electricity. If there are unforeseen climatic condition changes or if we fail to make correct assessment when selecting sites for wind farms, our electricity production, revenue and results of operations may be materially and adversely affected."

Grid Connections and Transmission. Grid connections and transmission provided by local grid companies have a direct and material impact on our business, results of operations and financial condition. In the event of grid constraints, electricity generated by our wind power projects may not be dispatched, which will result in reduced net power generation and decreased revenues and profits. See "Risk Factors — Risks Relating to Our Business and Industry — We rely on local grid companies for grid connections and electricity transmission and dispatch."

BASIS OF PREPARATION

Our Company was established in the PRC on August 5, 2010 as a joint stock company with limited liability as part of the Reorganization of our predecessor HNEIC in preparation for the listing of our shares on the Main Board of the Stock Exchange. Prior to the establishment of the Company, HNEIC, a wholly-owned subsidiary of Huaneng Group, was the holding company of the subsidiaries now comprising the Group. In substance, the Company replaced HNEIC as the holding company of HNEIC's subsidiaries.

As there was no change of controlling shareholder before and after the Reorganization, the Financial Information has been prepared as a reorganization of business under common control. Accordingly, the relevant assets and liabilities of the companies comprising the Group have been recognized at historical cost.

Our consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements as set out in section B(1), B(3) and B(4) of Appendix I to this prospectus, respectively include the results of operations of the companies comprising the Group for the Track Record Period (or where the companies were established on a date later than January 1, 2008, for the period from the date of its establishment to December 31, 2010), as if the group structure has been in existence throughout the Track Record Period. The consolidated balance sheets as of December 31, 2008, 2009 and 2010, as set out in Section B(2) of Appendix I to this prospectus, have been prepared to present the state of affairs of the companies comprising the Group as of the respective dates.

Our Directors have prepared the consolidated financial statements and the underlying financials in accordance with our accounting policies as set out in section C of Appendix I to this prospectus which are in accordance with the IFRSs. All material intra-group transactions and balances have been eliminated in our consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements in accordance with IFRSs. These significant accounting policies are important for an understanding of our financial condition and results of operation and are set forth in the Accountants' Report in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. Our management has identified below the accounting policies, estimates and judgments that are most critical to the preparation of our consolidated financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

Sale of electricity

Electricity revenue is recognized when electricity is supplied to the local grid companies. Revenue excludes VAT or other sales taxes and is after deduction of any trade discounts.

Service concession construction revenue

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed in the period in which the services are provided by us. When we provide more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair value of the services provided.

Rendering of services

Revenue from the rendering of services is recognized by reference to the stage of completion of the transaction based on the progress of work performed.

Dividends

Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

Government grants

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as revenue in profit or loss on a systematic basis during the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized initially as deferred income and consequently are recognized in profit or loss on a systematic basis over the useful life of the asset by way of reduced depreciation expense.

We sell CERs generated from the wind farms which have been registered as CDM projects with the CDM EB. Income from the sale of CERs is recognized when following conditions are met:

- the counterparties have committed to purchase the CERs;
- the selling prices of CERs have been agreed; and
- relevant electricity has been generated.

The income from sale of CERs is recorded as trade receivables to the extent the volume of CERs is verified by the independent supervisors assigned by the CDM EB. The remaining recognized income from sale of CERs is recorded as other receivables.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings and structures	8-55 years
Wind turbines	20 years
Other machinery and equipment	12-20 years
Motor vehicles	6-14 years
Furniture, fixtures and others	4-10 years

We review the estimated useful lives of the assets regularly. The useful lives are based on our historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Intangible assets

We recognize intangible assets arising from a service concession arrangement under our wind concession project when we have the right to charge a fee 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. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and impairment losses.

Other intangible assets that we acquire are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

Concession assets	25 years
Software and others	3-5 years

Both the period and method of amortization are reviewed annually.

Income tax

Income tax for the year or period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year or period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, we control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if we have the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, we intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income tax levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to our operating environment and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

We file income taxes with a number of tax authorities. Judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences may impact the current income tax and deferred income tax provisions in the periods in which the final tax outcomes became available.

Impairment losses for bad and doubtful debts

We estimate impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. We base the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of our assets which include property, plant and equipment, lease prepayments and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. We use all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

DESCRIPTION OF CERTAIN INCOME STATEMENT COMPONENTS

Revenue

Our revenue consists of sales of electricity generated by our wind farms, service concession construction revenue and others. Revenue from sales of electricity excludes VAT or other sales taxes.

The following table sets forth the amount of each major items of our revenue and each item as a percentage of our total revenue (excluding service concession construction revenue) from wind power business for the periods indicated.

	For the year ended December 31,					
	2008		2009		2010	
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)
Sales of electricity	248.1	98.4	847.1	99.4	1,758.6	99.4
Others	4.1	1.6	4.7	0.6	9.9	0.6
Total revenue (excluding service concession construction revenue)	252.2	100.0	851.8	100.0	1,768.5	100.0
Service concession construction revenue	318.1		66.6		—	
Total revenue from continuing operations	570.3		918.4		1,768.5	

We generate revenue primarily from the net power generation of our wind power projects. During the Track Record Period, revenue from sales of electricity increased from RMB248.1 million in 2008 to RMB1,758.6 million in 2010, representing a CAGR of 166.2%. We expect revenue from sales of electricity to continue to increase in the future as we continue to expand our wind power business by completing projects under construction and converting pipeline projects into operating projects.

Our other revenue is primarily derived from our provision of management services to certain wind power projects and CDM projects. During the Track Record Period, we provided management services to four wind power projects and eight CDM projects owned by other subsidiaries of Huaneng Group.

During the Track Record Period, pursuant to our service concession agreement with local government, we constructed and operated Phase I of Tongliao Baolongshan Project with an installed capacity of 49.5 MW and a concession period of 25 years. Because substantially all construction activities of our wind power concession projects are sub-contracted, the total construction costs represented the fair value of the construction services provided. As a result, the service concession revenue is equal to the service concession cost during the construction period, and thus have no net effect on our operating profit or profit for the relevant period. Under the new on-grid tariff regime effective from August 1, 2009, a universal on-grid tariff is applicable to all the wind power projects in the same wind resource zone, which makes the competitive bidding process in a concession project unnecessary. As a result, we expect that fewer onshore concession projects will be awarded by the PRC government in the future.

Other Net Income

Other net income primarily consists of government grants which mainly include income from sale of CERs and VAT rebate and refund from local governments. In addition, in 2009, we disposed our 65.0% equity interest in Qidong Wind Power and recognized a net gain in the amount of RMB18.9 million.

The following table sets forth the principal components of our other net income and their relative percentage of our total other net income for the periods indicated.

	For the year ended December 31,					
	2008		2009		2010	
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)
Government grants						
— CERs income	16.2	45.5	28.7	33.6	164.8	66.0
— VAT rebate and refund	19.3	54.2	36.9	43.3	42.5	17.0
— Others	—	—	0.3	0.3	41.0	16.4
Net gain on disposal of investment in a subsidiary	—	—	18.9	22.2	—	—
Net loss on disposal of property, plant and equipment	(0.0)	(0.0)	—	—	(0.0)	(0.0)
Others	0.1	0.3	0.5	0.6	1.5	0.6
Total other net income	35.6	100.0	85.3	100.0	249.8	100.0

Operating Expenses

The following table sets forth the principal components of our operating expenses and their respective percentages of our total operating expenses (excluding service concession construction costs) for the periods indicated.

	For the year ended December 31,					
	2008		2009		2010	
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)
Depreciation and amortization	80.8	62.4	296.8	74.6	633.7	71.7
Personnel costs	25.7	19.8	45.2	11.4	79.2	8.9
Repairs and maintenance	3.8	2.9	15.2	3.8	27.7	3.1
Administration expenses	11.2	8.7	20.0	5.0	96.0	10.9
Other operating expenses	8.0	6.2	20.4	5.2	47.4	5.4
Total operating expenses (excluding service concession construction costs)	129.5	100.0	397.6	100.0	884.0	100.0
Service concession construction costs	318.1		66.6		—	
Total operating expenses	447.6		464.2		884.0	

Service concession construction costs. Service concession construction costs are recorded in respect of the construction work of our wind power concession projects, based on the stage of completion of the construction work. However, service concession construction costs do not affect our operating profit or profit because the same amount of service concession construction revenue is recognized given the fact that we sub-contracted substantially all construction activities to third parties. We also exclude service concession construction revenue from the calculation of our adjusted operating margin. See "— Operating Profit."

Depreciation and amortization. Depreciation relates primarily to our property, plant and equipment and is calculated on a straight-line basis. Amortization relates primarily to the concession rights granted to us under concession agreements of our wind power concession projects, as well as other intangible assets.

Personnel costs. Personnel costs primarily include salaries, benefits and contributions to the statutory employee retirement fund for our employees.

Repairs and maintenance. Repairs and maintenance include repairs and maintenance costs of our wind farms.

Administration expenses. Administration expenses primarily include office expenses, conference expenses, travel expenses, various tax and fee expenses (such as stamp duties, property taxes, vehicle and vessel usage tax) and entertainment expenses.

Other operating expenses. Other operating expenses include miscellaneous expenses related to our operation, such as insurance premiums, transportation fees and utilities expenses.

Operating Profit

Our operating profit includes revenue and other net income after deducting operating expenses. During the Track Record Period, our operating profit amounted to RMB158.3 million, RMB539.5 million and RMB1,134.3 million in 2008, 2009 and 2010, respectively.

The adjusted operating margin is calculated by dividing (i) our adjusted operating profit by (ii) our revenue (excluding service concession construction revenue) for the year. Adjusted operating profit is calculated by the operating profit less other net income. Adjusted operating margin and adjusted operating profit are not standard measurements under IFRSs, but we present them here because our management believes that they provide useful indicators of our profitability. Prospective investors should be aware that adjusted operating profit and adjusted operating margin presented in this prospectus may not be comparable to similarly titled measures reported by other companies, due to different calculation methods. In the years ended December 31, 2008, 2009 and 2010, our adjusted operating profit amounted to RMB122.7 million, RMB454.2 million and RMB884.5 million, respectively, and our adjusted operating margins were 48.7%, 53.3% and 50.0%.

Finance Income

Our finance income primarily consists of interest income on bank deposits and other financial assets, and dividend income derived from our equity interest in Huaneng Finance. In addition, because certain amount of borrowings were denominated in foreign currencies, we recognized foreign exchange gains during the Track Record Period attributable to the appreciation of Renminbi.

Finance Expenses

Finance expenses primarily consist of interest expenses on bank borrowings and other loans recognized in profit or loss, impairment losses on trade and other receivables, foreign exchange losses, bank charges and others. For detailed information, see "— Indebtedness."

Share of Profit of a Jointly Controlled Entity

Share of profit of a jointly controlled entity is derived from our 73.4% equity interest in Yunhe County Shitang Hydro-Power Plant ("Shitang Hydro-Power"). In November 2009, we transferred such investment at no consideration to a subsidiary of Huaneng Group, our Controlling Shareholder, and such transfer was accounted for as a distribution to Huaneng Group.

Income Tax

Our income tax consists of current tax and deferred tax. Our Company and our subsidiaries were incorporated in the PRC and are subject to PRC enterprise income tax. Our income tax in the PRC primarily includes provisions made for the PRC enterprise income tax.

In accordance with the relevant income tax laws and regulations, a number of our subsidiaries were and are entitled to preferential tax treatments. For details about the PRC tax incentives enjoyed by our PRC subsidiaries and the effect of the New EIT Law, see "— Factors Affecting Our Results of Operations — PRC tax incentives" and "Risk Factors — Risks Relating to our Business and Industry — Discontinuance of preferential tax treatments may have an adverse impact on our results of operations and financial condition."

Profit from Discontinued Operation (Net of Income Tax)

Profit from discontinued operation is derived from our hydropower business. Through a subsidiary in which we held a 60.0% equity interest, we used to construct and operate a hydropower project and derived profit from sale of electricity generated by the hydropower plant. In January 2009, we sold our interest in such subsidiary to a fellow subsidiary controlled by Huaneng Group. See Note 10 in Section C to the Accountants' Report included in Appendix I to this prospectus for details of the discontinued operation.

Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests represent the portion of the operating results of our subsidiaries attributable to interests not owned by us.

Accumulated Loss/Retained Earnings

We recorded accumulated loss in the amount of RMB30.2 million as of January 1, 2008, primarily reflecting the facts that (i) we only had four operating wind power projects at that time and (ii) the operating expenses, including the administrative expenses, exceeded the revenue generated by the then operating projects. Due to the profit attributable to equity owner of the Company of RMB53.2 million, we recorded retained earnings in the amount of RMB23.0 million as of January 1, 2009. Our retained earnings increased to RMB287.1 million as of January 1, 2010 due to the profit attributable to equity owner of the Company in the amount of RMB264.4 million in 2009.

RESULTS OF OPERATIONS

The following table sets forth selected items in our consolidated statements of comprehensive income and each of these items as a percentage of our total revenue for the periods indicated. This information should be read together with our audited consolidated financial statements and related notes included in the Accountants' Report set out in Appendix I to this prospectus. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,					
	2008		2009		2010	
	(RMB in millions)	(%)	(RMB in millions)	(%)	(RMB in millions)	(%)
Continuing operations						
Revenue	570.3	100.0	918.4	100.0	1,768.5	100.0
Other net income	35.6	6.2	85.3	9.3	249.8	14.1
Operating expenses	(447.6)	(78.4)	(464.2)	(50.5)	(884.0)	(50.0)
Operating profit	158.3	27.8	539.5	58.8	1,134.3	64.1
Finance income	9.2	1.6	12.2	1.3	22.2	1.3
Finance expenses	(72.2)	(12.7)	(251.4)	(27.4)	(515.1)	(29.1)
Share of profit of a jointly controlled entity	0.1	0.0	3.1	0.3	—	—
Profit before taxation	95.4	16.7	303.4	33.0	641.4	36.3
Income tax	0.5	0.1	(22.2)	(2.4)	(32.0)	(1.8)
Profit from continuing operations	95.9	16.8	281.2	30.6	609.4	34.5
Discontinued operation						
Profit from discontinued operation (net of income tax)	11.1	1.9	39.4	4.3	—	—
Profit for the year	107.0	18.7	320.6	34.9	609.4	34.5
Profit attributable to:						
Equity owner/shareholders of the Company	53.2	9.3	264.4	28.8	528.3	29.9
Non-controlling interests	53.8	9.4	56.2	6.1	81.1	4.6

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenue

Our revenue increased by 92.6% from RMB918.4 million in 2009 to RMB1,768.5 million in 2010, primarily attributable to a significant increase in sales of electricity from RMB847.1 million in 2009 to RMB1,758.6 million in 2010.

The significant increase in sales of electricity was primarily due to an increase of 111.9% in net power generation as a result of the increased weighted average consolidated operational capacity of our wind power projects, even though the weighted average on-grid tariff (excluding VAT) decreased by 2.1% and the weighted average utilization hours decreased by 4.2%. See "— Factors Affecting Our Results of Operations — On-grid tariffs." Such increase was partially offset by a decrease in service concession construction revenue from RMB66.6 million in 2009 to nil in 2010, due to the fact that no service concession project was constructed in 2010. Revenue from other business increased by 110.6% from RMB4.7 million to RMB9.9 million during the same period, primarily due to the additional management services provided by us to two subsidiaries of Huaneng Group for their CDM projects in 2010.

Other Net Income

Other net income increased by 192.8% from RMB85.3 million in 2009 to RMB249.8 million in 2010, primarily due to an increase of 474.2% in our CERs income from RMB28.7 million in 2009 to RMB164.8

million in 2010 as a result of the increase in the amount of CER credits sold from 408,826.7 tons in 2009 to 1,633,019.0 tons in 2010.

Operating Expenses

Our operating expenses increased by 90.4% from RMB464.2 million in 2009 to RMB884.0 million in 2010, primarily due to the expansion of our wind power business, while partially offset by a decrease in the service concession construction costs.

Depreciation and amortization expenses increased by RMB336.9 million, or 113.5%, from RMB296.8 million in 2009 to RMB633.7 million in 2010, primarily due to the increase in property, plant and equipment in line with the expansion of our wind power business.

Repairs and maintenance expenses increased by RMB12.5 million, or 82.2%, from RMB15.2 million in 2009 to RMB27.7 million in 2010, primarily due to (i) the increase in the number of wind turbines in line with the expansion of our wind power business and (ii) the expense incurred for the maintenance of infrastructure for one of our projects in 2010.

Personnel costs increased by RMB34.0 million, or 75.2%, from RMB45.2 million in 2009 to RMB79.2 million in 2010, primarily due to the increase in the number of employees in line with our expanded wind power business. Administration expenses and other operating expenses also increased by RMB76.0 million, or 380.0%, and RMB27.0 million, or 132.4%, during the same period primarily as a result of the expansion of our wind power business.

The above increases in the operating expenses were partially offset by a decrease in the service concession construction costs from RMB66.6 million in 2009 to nil in 2010 as we did not construct any service concession projects in 2010.

Operating Profit

Our total operating profit increased by 110.3% from RMB539.5 million in 2009 to RMB1,134.3 million in 2010. Our adjusted operating profit increased by 94.7% from RMB454.2 million in 2009 to RMB884.5 million in 2010, while our adjusted operating margin decreased slightly from 53.3% in 2009 to 50.0% in 2010. The significant increase in the operating profit was primarily attributable to the increased scale of our wind power operations. The decrease in the adjusted operating margin was primarily due to the decreases by 4.2% in the weighted average utilization hours and the decrease by 2.1% in the weighted average on-grid tariff.

Finance Income

Finance income increased by 82.0% from RMB12.2 million in 2009 to RMB22.2 million in 2010, primarily due to the increase in interest income on bank deposits and foreign exchange gains arising from the CER receivables denominated in Euros.

Finance Expenses

Finance expenses increased by 104.9% from RMB251.4 million in 2009 to RMB515.1 million in 2010, primarily due to (i) an increase of RMB237.3 million, or 64.5%, in interest on other loans which were not wholly repayable within five years as a result of an increase in the amount of long-term borrowings and (ii) an increase of RMB68.3 million, or 56.6%, in interest on bank and other borrowings wholly repayable within five years as a result of an increase in the amount of short-term borrowings. The increase in finance expenses was partially offset by an increase of RMB42.7 million in interest expenses capitalized into property, plant and equipment and intangible assets.

Share of Profit of a Jointly Controlled Entity

Share of profit of a jointly controlled entity decreased from RMB3.1 million in 2009 to nil in 2010 because we transferred our entire equity interests in Shitang Hydro-Power to a wholly-owned subsidiary of Huaneng Group in November 2009.

Profit before Taxation

Profit before taxation increased significantly from RMB303.4 million in 2009 to RMB641.4 million in 2010, primarily as a result of the significant increase in operating profit while partially offset by the increase in finance expenses as discussed above.

Income Tax

Income tax increased from RMB22.2 million in 2009 to RMB32.0 million in 2010, primarily due to the significant increase in our operating profit. Our effective tax rate decreased from 7.3% in 2009 to 5.0% in 2010. The decrease in the effective tax rate was primarily attributable to the fact that our wind power projects with an aggregate operational capacity of 1,093.6 MW started to enjoy tax exemption after commencing commercial operation in 2010. See "— Factors Affecting Our Results of Operations — PRC tax incentives — Enterprise income tax."

Profit from Continuing Operations

Profit from continuing operations increased by 116.7% from RMB281.2 million in 2009 to RMB609.4 million in 2010, primarily attributable to the significant increase in the operating profit from our wind power business. As a percentage of our total revenue (excluding service concession construction revenue), profit from continuing operations increased from 33.0% in 2009 to 34.5% in 2010. The increase was primarily attributable to our increased economies of scale.

Profit from Discontinued Operation (Net of Income Tax)

Profit from discontinued operation (net of income tax) decreased from RMB39.4 million in 2009 to nil in 2010 because we transferred our entire equity interests in the subsidiary which operated the hydropower business to another subsidiary of Huaneng Group in January 2009.

Profit for the Year

As a result of the foregoing, our profit for the period increased by 90.1% from RMB320.6 million in 2009 to RMB609.4 million in 2010.

Profit Attributable to Equity Owner/Shareholders of the Company and Non-controlling Interests

Profit attributable to equity owner/shareholders of the Company increased by 99.8% from RMB264.4 million in 2009 to RMB528.3 million in 2010, primarily due to the increased profit contribution from our wind power projects, all of which are wholly owned or controlled by us. Profit attributable to non-controlling interests increased by 44.3% from RMB56.2 million in 2009 to RMB81.1 million in 2010.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Revenue

Our revenue increased by 61.0% to RMB918.4 million in 2009 from RMB570.3 million in 2008. The increase was primarily due to a significant increase in the sales of electricity while partially offset by a decrease in the service concession construction revenue.

Revenue from sales of electricity generated by wind power projects increased by 241.4% from RMB248.1 million in 2008 to RMB847.1 million in 2009. This increase was primarily attributable to a 275.9% increase in our net power generation from 427.4 GWh in 2008 to 1,606.6 GWh in 2009, even though our weighted average on-grid tariff (excluding VAT) decreased from RMB0.581 per kWh in 2008 to RMB0.527 per kWh in 2009. See "— Factors affecting our results of operations — On-grid tariffs." The increase in our net power generation was primarily attributable to a 276.1% increase in the weighted average consolidated operational capacity from 184.3 MW in 2008 to 693.1 MW in 2009. Sales of electricity as a percentage of our total revenue (excluding service concession construction revenue) increased from 98.4% in 2008 to 99.4% in 2009.

Service concession construction revenue decreased by 79.1% from RMB318.1 million in 2008 to RMB66.6 million in 2009. The decrease in service concession construction revenue was due to the fact that most of the construction work was completed in 2008.

Revenue from other business increased by 14.6% from RMB4.1 million in 2008 to RMB4.7 million in 2009.

Other Net Income

Other net income increased by 139.6% from RMB35.6 million in 2008 to RMB85.3 million in 2009. This increase was primarily due to (i) an increase of RMB17.6 million, or 91.2%, in VAT rebate and refund and (ii) a significant increase in our CERs income, which grew from RMB16.2 million in 2008 to RMB28.7 million in 2009. The increase in CERs income was due to the increase in the amount of CER credits sold from 249,855.2 tons in 2008 to 408,826.7 tons in 2009.

Operating Expenses

Our operating expenses increased by 3.7% from RMB447.6 million in 2008 to RMB464.2 million in 2009, primarily due to the expansion of our wind power business while partially offset by a significant decrease in the service concession construction costs. Excluding the service concession construction costs, our operating expenses increased by 207.0% from RMB129.5 million to RMB397.6 million.

Depreciation and amortization expenses increased by RMB216.0 million, or 267.3%, from RMB80.8 million in 2008 to RMB296.8 million in 2009, primarily due to the increase in property, plant and equipment in line with the expansion of our wind power business.

Repairs and maintenance expenses increased by RMB11.4 million, or 300.0%, from RMB3.8 million in 2008 to RMB15.2 million in 2009, primarily due to the increase in the number of wind turbines as a result of the expansion of our wind power business. In addition, the warranty period of three of our wind power projects expired in 2008 (one expired in May and the other two in December). The maintenance of these three wind power projects used to be carried out by our suppliers during the warranty period.

Personnel costs increased by RMB19.5 million, or 75.9%, from RMB25.7 million in 2008 to RMB45.2 million in 2009, primarily due to the increase in the number of employees from 372 in 2008 to 475 in 2009, resulting from the expansion of our wind power business. Administration expenses and other operating expenses also increased by RMB8.8 million, or 78.6%, and RMB12.4 million, or 155.0%, respectively, from 2008 to 2009 in line with the expansion of our wind power business.

The increase in the operating expenses was partially offset by a significant decrease of RMB251.5 million, or 79.1%, in the service concession construction costs, primarily due to the decrease in the construction costs for the service concession construction projects as most of the construction work was completed in 2008.

Operating Profit

Our operating profit increased by RMB381.2 million, or 240.8% from RMB158.3 million in 2008 to RMB539.5 million in 2009. Our adjusted operating profit increased by 270.2% from RMB122.7 million in 2008 to RMB454.2 million in 2009 and our adjusted operating margin increased from 48.7% to 53.3%, primarily due to the increased economies of scale and enhanced operating efficiency as evidenced by the significant decrease in the personnel and administrative expenses as a percentage of our total revenue. We enhanced our cost efficiency by implementing centralized systems for wind turbine procurement, spare parts management and workforce coordination.

Finance Income

Finance income increased by 32.6% from RMB9.2 million in 2008 to RMB12.2 million in 2009. This increase was primarily due to a combined effect of (i) an increase of RMB3.0 million, or 63.2%, in interest income on financial assets mainly related to the interest income on bank deposits and (ii) an increase of RMB2.1 million, or 86.6%, in dividend income related to our equity investment in Huaneng Finance. The increase was partially offset by a decrease of RMB2.0 million, or 98.9%, in foreign exchange gains.

Finance Expenses

Finance expenses increased by 248.2% from RMB72.2 million in 2008 to RMB251.4 million in 2009 in line with the expansion of our wind power business. This increase was primarily due to an increase of RMB3,650.6 million, or 82.3%, in long-term bank borrowings and an increase of RMB600.0 million, or 75%, in loans from fellow subsidiaries controlled by Huaneng Group. The increase in finance expenses was partially offset by an increase of RMB116.3 million in interest expenses capitalized into property, plant and equipment and intangible assets which is deducted from the total interest expenses.

Share of Profit of a Jointly Controlled Entity

Share of profit of a jointly controlled entity increased significantly from RMB0.1 million in 2008 to RMB3.1 million in 2009, primarily due to the increase in the profit of Shitang Hydro-Power in 2009 before we transferred our equity interest to another subsidiary of Huaneng Group.

Profit before Taxation

Profit before taxation increased significantly by RMB208.0 million, or 218.0%, from RMB95.4 million in 2008 to RMB303.4 million in 2009. This increase was primarily due to the significant increase in operating profit while partially offset by the increase in finance expenses discussed above.

Income Tax

Our income tax expense in 2009 amounted to RMB22.2 million, as compared to an income tax benefit of RMB0.5 million in 2008. Our effective tax rate in 2009 was 7.3%. The increase in our income tax was primarily attributable to (i) a significant increase of RMB208.0 million in profit before taxation and (ii) the expiry of or change to certain preferential tax treatments which our wind power project companies previously enjoyed.

Profit from Continuing Operations

Profit from continuing operations increased by RMB185.3 million, or 193.2%, from RMB95.9 million in 2008 to RMB281.2 million in 2009. The increase was primarily attributable to the significant increase in the operating profit from our wind power business. As a percentage of our total revenue (excluding service concession construction revenue), profit from continuing operations decreased from 38.0% in 2008 to 33.0% in 2009, primarily due to the increase of income tax expenses.

Profit from Discontinued Operation (Net of Income Tax)

Profit from discontinued operation (net of income tax) increased by RMB28.3 million, or 255.0%, from RMB11.1 million in 2008 to RMB39.4 million in 2009. Profit from discontinued operation consists of profit from hydropower business which was transferred to another subsidiary of Huaneng Group in January 2009 and our gains derived from such transfer.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 199.6% to RMB320.6 million in 2009 from RMB107.0 million in 2008.

Profit Attributable to Equity Owner of the Company and Non-controlling Interests

Profit attributable to equity owner of the Company increased by 397.0% from RMB53.2 million in 2008 to RMB264.4 million in 2009. This increase was primarily due to the increase in profit contribution attributable to our wind power business.

Profit attributable to non-controlling interests increased by 4.5% from RMB53.8 million in 2008 to RMB56.2 million in 2009.

CERTAIN BALANCE SHEET ITEMS

Net Current Liabilities

The following table sets forth our current assets, current liabilities and net current assets or liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2008	2009	2010	2011
	(RMB in millions)			(unaudited)
Current assets				
Inventories	1.8	0.2	0.8	0.8
Trade debtors and bills receivable	116.8	390.9	959.7	1,205.4
Prepayments and other current assets	120.9	596.7	207.7	319.0
Tax recoverable	0.0	6.9	0.5	0.0
Restricted deposits	28.7	15.8	0.8	7.5
Cash at bank and on hand	1,643.8	819.2	1,309.5	2,882.5
	1,912.0	1,829.7	2,479.0	4,415.2
Current liabilities				
Borrowings	2,396.2	2,798.5	4,817.6	5,112.8
Obligations under finance leases	—	119.2	232.2	238.8
Other payables	1,573.5	2,081.6	6,255.2	6,417.5
Tax payable	4.5	12.6	6.3	11.8
	3,974.2	5,011.9	11,311.3	11,780.9
Net current liabilities	(2,062.2)	(3,182.2)	(8,832.3)	(7,365.7)

We recorded net current liabilities of RMB2,062.2 million, RMB3,182.2 million and RMB8,832.3 million as of December 31, 2008 and 2009 and 2010, respectively. As of March 31, 2011, which is the latest practicable date such information is available to us, our net current liabilities were RMB7,365.7 million. Our net current liabilities position during the Track Record Period mainly reflected the high levels of (i) our short-term bank borrowings to meet part of the increased demands for prepayments in the purchases of wind turbines and to finance our long-term capital requirement through short-term borrowings with a view to taking advantage of the lower financing costs in the PRC of short-term borrowings compared to the financing costs of long-term borrowings; and (ii) payables for acquisition of property, plant and equipment and intangible assets in connection with the rapid growth of our wind power business. In addition, similar to other wind power generation companies, we have relatively small amount of current assets due to (i) our nominal amount of inventories, and (ii) the prepayments of 10% to 20% of the total purchase prices of wind turbines are recorded as non-current assets. See "— Indebtedness — Short term borrowings" and "Risk Factors — Risks Relating to Our Business and Industry — Our significant net current liabilities and borrowing levels may limit our ability to obtain additional funding for our operations." for more details.

Our net current liabilities increased from RMB3,182.2 million as of December 31, 2009 to RMB8,832.3 million as of December 31, 2010, primarily reflecting a RMB4,173.6 million increase in other payables and a RMB2,019.1 million increase in short-term borrowings. The increases in other payables and in short-term borrowings were primarily attributable to the continuous expansion of our operations and were in line with the increases in our installed capacity as well as capacity under construction. The increase in other payables was primarily due to the increase in payables for acquisition of property, plant and equipment and intangible assets as well as increased retention payable as a result of the construction and expansion of our wind farms. The increase in short-term borrowings was primarily used to meet part of the increased demands for prepayments in the purchases of wind turbines and to finance our long-term capital requirement through short-term borrowings with a view to taking advantage of the lower-financing costs in the PRC of short-term borrowings as compared to the financing costs of long-term borrowings. Our consolidated installed capacity increased from 1,549.8 MW as of December 31, 2009 to 3,522.4 MW as of December 31, 2010. As of December 31, 2010, we also had 1,202.0 MW capacity under construction. Projects under construction incur costs relating to purchase of wind turbines, construction and installation services and others, while they do not generate power. As a result, capacity under construction, as compared to installed capacity, generally contributed more to current liabilities than to current assets, which further increased our net current liabilities.

We expect that we may continue to record net current liabilities in the future for the expansion of our wind power business. We intend to finance our future capital expenditure requirements mainly with borrowings, proceeds from this Global Offering, cash from operating activities and other existing cash resources. As of December 31, 2010, we had unutilized banking facilities in the amount of RMB7.4 billion. Due to our strong track record and creditability, we have never experienced any difficulty in obtaining financings or repaying the short-term borrowings. As of March 31, 2011, being the latest practicable date such information is available to us, we had unutilized banking facilities and credit lines in the amount of RMB8.8 billion and RMB20 billion, respectively.

Our Directors plan to further improve our financial position by adopting the following measures: (i) increasing cash from operations when more wind power projects start to generate revenue; (ii) continuing to strengthen our business relationships with suppliers of wind turbines and other equipments to reduce the prepayments; and (iii) continuing to improve the finance management.

Given our strong track record and established credit history and long-term cooperation relationships with the PRC banks, our Directors are of the view that we will be able to obtain financings at competitive terms to finance our business growth.

Inventories

As of December 31, 2008, 2009 and 2010, our inventories were RMB1.8 million, RMB0.2 million and RMB0.8 million, respectively. Our inventories as of December 31, 2008 were mainly related to our hydropower business, and they decreased significantly after we disposed of the hydropower business in January 2009. Currently, our inventories mainly consist of spare parts for our wind power projects.

Trade Debtors and Bills Receivable

The table below sets forth a summary of our trade debtors and bills receivable as of the dates indicated:

	As of December 31,		
	2008	2009	2010
	(RMB in millions)		
Amounts due from third parties	116.5	386.1	949.6
Amounts due from fellow subsidiaries	0.3	4.8	10.1
	116.8	390.9	959.7
Less: allowance for doubtful accounts	—	—	—
	116.8	390.9	959.7

The continuous increase in our trade debtors and bills receivable during the Track Record Period was primarily due to the increases in amounts due from local grid companies as a result of the increased sales of electricity generated by our wind power projects and to a lesser extent, to the increase in our turnover days. The amounts due from fellow subsidiaries were primarily derived from our provision of management services to the wind power projects owned by another subsidiary of Huaneng Group.

The trade debtors and bills receivable include receivables that were past due with a carrying amount of approximately RMB7.8 million as of December 31, 2010. These past due receivables represented management service receivable due from another subsidiary controlled by Huaneng Group which has been settled in March 2011. During the Track Record Period, we did not make any allowance for doubtful trade debtors and bills receivable. 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 December 31, 2010, receivables from grid companies accounted for a substantial majority of the total balance of trade receivables due from third parties. 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.

The following table sets forth an aging analysis of trade debtors and bills receivable as of the dates indicated:

	As of December 31,		
	2008	2009	2010
	(RMB in millions)		
Current	116.8	387.3	951.9
Past due within 1 year	—	3.6	4.8
Past due between 1 to 2 years	—	—	3.0
	116.8	390.9	959.7
Less: allowance for doubtful accounts	—	—	—
	116.8	390.9	959.7

The following table shows our trade debtors and bills receivable turnover days during the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
Trade debtors and bills receivable turnover days[(1)]	103	109	139

Note:

(1) Turnover days of trade debtors and bills receivable are calculated by dividing the average of the opening and closing balances of trade debtors and bills receivable for the relevant year by revenue (excluding service concession construction revenue) and then multiplying this figure by the number of days in the relevant year.

Sale of electricity is recognized when electricity is supplied to the local grid companies, and we normally bill the local grid companies in the following month. After receiving the bills, the local grid companies typically pay in two installments. The first installment, representing 40% to 70% of total electricity sales, is generally settled within 15 to 30 days from the date of billing, and the remaining amount is normally settled in 2 to 12 months from the date of recognition of sales because such payment is subject to the allocation of additional funds by the relevant governmental authorities to local grid companies from the tariff surcharge payable by end-users. However, in Guangdong Province, the local grid company pay in one installment normally within 5 to 30 days from the date of billing.

Our trade debtors and bills receivable turnover days increased from 103 days in 2008 to 109 days in 2009 and further to 139 days in 2010, primarily due to our expansion in areas with relatively longer settlement period of the second installment payment. For example, in Inner Mongolia and Shandong Province, the local grid companies usually settle the second installment payment within 2 to 8 months and 5 to 12 months, respectively.

Our aggregated installed capacity in Inner Mongolia and Shandong Province, as a percentage of our consolidated operational capacity, increased from approximately 51.4% as of December 31, 2009 to approximately 63.4% as of December 31, 2010. As of December 31, 2010, our trade debtors and bills receivable amounted to RMB959.7 million, among which approximately RMB191.2 million had been collected as of February 28, 2011.

Prepayments and Other Current Assets

The table below sets forth the components of our prepayments and other current assets as of the dates indicated:

	As of December 31,		
	2008	2009	2010
	(RMB in millions)		
CERs receivable	18.0	6.5	167.3
Staff advance	1.7	4.0	4.0
Deposits	2.1	4.0	8.5
Amounts due from fellow subsidiaries	3.3	563.5	—
VAT refund receivables	93.6	12.1	0.5
Prepayments	0.2	0.1	1.1
Other debtors	2.8	7.3	27.1
	121.7	597.5	208.5
Less: allowance for doubtful debts	(0.8)	(0.8)	(0.8)
	120.9	596.7	207.7

The amounts due from fellow subsidiaries represented our advances to and payments for expenditures on behalf of other subsidiaries of Huaneng Group. As of December 31, 2009, we recorded amounts due from fellow subsidiaries of RMB563.5 million, which mainly consisted of (i) our advance of approximately RMB343.0 million to Qidong Wind Power which was one of our subsidiaries but sold to HPI in August 2009 and (ii) payment of approximately RMB220.5 million on behalf of HPI for its projects. All the amounts due from fellow subsidiaries had been settled in 2010.

VAT refund receivables are granted by the PRC government for the purchases of domestic-brand wind turbines and other equipment by FIEs. We recognize the VAT refund receivables after we fulfill certain requirements and receive the approval from the PRC government confirming such grant. In anticipation of the change to the VAT refund policy effective on January 1, 2009, we filed a large number of applications for such VAT refunds in 2008, and in turn recorded a large amount of VAT refund receivables in 2008 after the applications were approved by the government and before we actually receive the funds. The VAT refund receivables in the amount of RMB12.1 million as of December 31, 2009 and RMB0.5 million as of December 31, 2010 mainly represent the outstanding balances of the VAT refund granted by the government in 2008.

Our prepayments and other current assets decreased significantly from RMB596.7 million as of December 31, 2009 to RMB207.7 million as of December 31, 2010, primarily due to the repayment of amounts due from fellow subsidiaries in the amount of RMB563.5 million, while partially offset by an increase of RMB160.8 million in CERs receivable. CERs receivable represents receivable from the sale of CERs which have not been verified by the DOE. Our prepayments and other current assets increased by RMB475.8 million, or 393.5%, from December 31, 2008 to December 31, 2009, primarily attributable to a significant increase of RMB560.2 million in amounts due from fellow subsidiaries while partially offset by a decrease of RMB81.5 million in VAT refund receivables.

Allowance for doubtful accounts in respect of our prepayments and other current assets amounted to RMB0.8 million, RMB0.8 million and RMB0.8 million as of December 31, 2008, 2009 and 2010, respectively.

We conducted aging analysis and evaluation of collectability on an individual basis in determining the allowance for impairment losses. The allowance for doubtful accounts was mainly relating to the receivables due from counterparties that were in financial difficulties. Our management assessed that the receivables are not expected to be recovered and recognized the allowance accordingly. We do not hold any collateral over these balances. Other than these impaired receivables, our management is of the opinion that the rest of prepayments and other current assets are all fully recoverable.

Restricted Deposits

Restricted deposits mainly represent cash pledged as tender bonds for our wind power projects. Restricted deposits amounted to RMB28.7 million, RMB15.8 million and RMB0.8 million as of December 31, 2008, 2009 and 2010, respectively. The decrease in restricted deposits was primarily due to the completion of relevant projects and the expiry of the tender bonds.

Obligations under Finance Leases

Obligations under finance leases mainly relate to (i) the sales and leaseback transactions of certain properties and equipment with an aggregate net book value of RMB1,183.0 million as of December 31, 2010 and (ii) a finance lease transaction of certain wind turbines in the amount of RMB814.8 million for our wind power projects. Certain finance lease transactions were pledged by the future electricity revenue of relevant projects. At inception, the lease periods of the finance lease obligation is approximately 7 to 10 years. The principal obligations and interest expenses are to be paid at least annually within the lease period. We commenced our finance lease transactions in 2009. As of December 31, 2009 and 2010, the current portion of our obligations under finance leases were RMB119.2 million and RMB232.2 million.

Other Payables

The table below sets forth the components of our other payables as of the dates indicated:

	As of December 31,		
	2008	2009	2010
	(RMB in millions)		
Payables for acquisition of property, plant and equipment and intangible assets	1,327.3	1,472.9	5,083.4
Retention payable	177.0	524.3	1,045.7
Dividends payable	0.6	5.4	—
Payables for staff related costs	15.9	24.1	36.6
Amounts due to related parties	19.9	21.5	18.1
Payables for other taxes	11.3	14.5	28.7
Interest payable	3.9	8.8	19.7
Payables for repairs and maintenance	—	2.8	—
Other accruals and payables	17.6	7.3	23.0
	1,573.5	2,081.6	6,255.2

Our other payables increased by RMB4,681.7 million from RMB1,573.5 million as of December 31, 2008 to RMB6,255.2 million as of December 31, 2010, primarily due to the increase in payables for acquisition of property, plant and equipment and intangible assets as well as increased retention payable as a result of the construction and expansion of our wind farms. During the Track Record Period, our consolidated installed capacity increased from 402.3 MW as of December 31, 2008 to 1,549.8 MW as of December 31, 2009 and further to 3,522.4 MW as of December 31, 2010. All of the other payables are expected to be settled within one year or are repayable on demand.

Amounts due to related parties included in other payables mainly represent advances from or amounts collected on behalf of the wind power projects to which we provided management services.

INDEBTEDNESS

Borrowings

The majority of our borrowings are denominated in RMB. The table below sets forth our loans and borrowings as of the dates indicated.

	As of December 31,			As of March 31
	2008	2009	2010	2011
	(RMB in millions)			(unaudited)
Short-term borrowings				
Bank and other financial institution loans				
— Secured	15.0	—	—	—
— Unsecured	1,517.0	736.7	3,969.8	4,209.8
Loans from fellow subsidiaries (unsecured)	800.0	1,400.0	—	—
Current portion of long-term borrowings				
— Bank and other loans	64.2	661.8	847.8	903.0
	2,396.2	2,798.5	4,817.6	5,112.8
Long-term borrowings				
Bank and other loans				
— Secured	397.0	285.1	2,355.6	2,346.3
— Unsecured	4,103.8	8,463.9	11,693.5	14,116.7
	4,500.8	8,749.0	14,049.1	16,463.0
Less: Current portion of long-term borrowings				
— Bank and other loans	(64.2)	(661.8)	(847.8)	(903.0)
	4,436.6	8,087.2	13,201.3	15,560.0

During the Track Record Period, we have relied in part on both long-term and short-term bank borrowings as well as short-term loans from fellow subsidiaries to fund the expansion of our business. Our long-term and short-term borrowings increased from RMB6,832.8 million as of December 31, 2008 to RMB18,018.9 million as of December 31, 2010. As a result, our gearing ratio (which is calculated by dividing (i) the long-term and short-term borrowings and finance lease minus cash and cash equivalents (the "Net Debt") by (ii) Net Debt plus total equity (including non-controlling interests)) increased from 69.5% as of December 31, 2008 to 75.4% as of December 31, 2010, primarily due to the increase in borrowings outpacing the increase in equity.

The increase in our short-term borrowings was primarily due to temporary demands for prepayments in the purchases of wind turbines. The increase in our long-term borrowings was primarily due to the increased capital requirements for the expansion of our wind power business.

Loans from fellow subsidiaries represent short-term loans borrowed from Huaneng Finance and Huaneng Guicheng Trust Limited, subsidiaries of Huaneng Group.

As of March 31, 2011, being the latest practicable date for determining our indebtedness, our total long-term and short-term borrowings were RMB20,672.8 million. As of March 31, 2011, being the latest practicable date such information is available to us, we had unutilized banking facilities and credit lines in the amount of RMB8.8 billion and RMB20 billion, respectively. We expect to continue to rely on bank loans to fund a portion of our capital requirements in relation to the expansion of wind power business in the future. As a result, we expect to increase our bank borrowings accordingly. During the period from March 31, 2011 to the Latest Practicable Date, there was no material increase in our total borrowings as confirmed by our management.

Short-term borrowings

Our short-term borrowings totaled RMB2,396.2 million, RMB2,798.5 million and RMB4,817.6 million as of December 31, 2008, 2009 and 2010, respectively. The significant increase in short-term borrowings during the Track Record Period was primarily used to meet part of the increased demands for prepayments in the purchases of wind turbines and to finance our long-term capital requirement through short-term borrowings with a view to taking advantage of the lower-financing costs in the PRC of short-term borrowings as compared to the financing costs of long-term borrowings.

A portion of our short-term borrowings were loans from Huaneng Finance and Huaneng Guicheng Trust Limited, two subsidiaries of Huaneng Group. As of December 31, 2008 and 2009, our loans from fellow subsidiaries amounted to RMB800.0 million and RMB1,400.0 million, respectively. These loans have been fully repaid as of December 31, 2010.

Long-term borrowings

Our long-term borrowings totaled RMB4,436.6 million, RMB8,087.2 million and RMB13,201.3 million as of December 31, 2008, 2009 and 2010, respectively. The increase in long-term borrowings was primarily due to the increased capital needs in relation to the wind power business expansion.

The table below sets forth the maturity analysis of our long term borrowings as of the dates indicated:

	As of December 31,			As of March 31,
	2008	**2009**	**2010**	**2011**
	(RMB in millions)			(unaudited)
Within 1 year or on demand	64.2	661.8	847.8	903.0
More than 1 year, but within 2 years	548.6	708.5	1,654.3	2,117.6
More than 2 years, but within 5 years	1,173.1	2,813.7	4,407.9	5,176.8
More than 5 years	2,714.9	4,565.0	7,139.1	8,265.6
	4,500.8	8,749.0	14,049.1	16,463.0

Save as disclosed in sections headed "Summary," "Risk Factors," and "Financial Information" of this prospectus, as of March 31, 2011, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities. As of the Latest Practicable Date, there were no restrictive covenants under our indebtedness. In the contract of our finance lease with CCB Financial Leasing Corporation Limited, a subsidiary of China Construction Bank Corporation, or CCBC, in the amount of RMB270 million, there is a provision of cross default which states that any default under any of our loans from CCBC shall cause cross default under such finance lease. As of December 31, 2010, our loans from CCBC (including the finance lease) in aggregate amounted to approximately RMB636.4 million, representing approximately 3.2% of our total indebtedness as of that date. During the Track Record Period, we have never experienced any default in repaying bank borrowings or received request for early repayment of bank borrowings.

Financial Ratios

The following table sets forth our current ratios and gearing ratios as of the dates indicated.

	As of December 31,		
	2008	2009	2010
Current ratio[(1)]	0.48	0.37	0.22
Gearing ratio[(2)]	69.5%	77.0%	75.4%

Notes:

(1) Current ratio is the ratio of total current assets to total current liabilities.

(2) Gearing ratio is calculated by dividing (i) the long-term and short-term borrowings and obligations under finance leases minus cash and cash equivalents (the "Net Debt") by (ii) Net Debt plus total equity (including non-controlling interests).

Our current ratio decreased from 0.48 as of December 31, 2008 to 0.37 as of December 31, 2009 and further to 0.22 as of December 31, 2010, primarily because that the rapid expansion of our wind installed capacity had resulted in large increases in short term borrowings and payables during the Track Record Period, while at the same time, our inventory was nominal. We use short term borrowings as temporary sources of funding for the preparatory work of new wind power projects before we begin construction. In line with industry practice, we typically pay our equipment suppliers in installments upon the achievement of certain milestones such as delivery and the completion of installation and testing, and as a result, we record sizeable short term payables to these suppliers. Our low level of inventory is in line with industry norm as wind power generation does not require fuel or other raw materials.

Our gearing ratio increased from 69.5% as of December 31, 2008 to 77.0% as of December 31, 2009, primarily due to large increases in our total borrowings as a result of the rapid expansion of our wind installed capacity, which requires large amounts of capital expenditures. We typically fund 70% to 80% of the capital expenditure of a wind power project with bank loans and other borrowings. Our gearing ratio decreased to 75.4% as of December 31, 2010, primarily due to a capital injection of RMB2,172.4 million from our Controlling Shareholder in 2010, while partially offset by the increase in the total borrowings in connection with the expansion of our wind installed capacity.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Working Capital

We have historically met our working capital needs primarily by cash generated from operations, bank loans and capital contributions from our shareholders and the non-controlling equity owners of our subsidiaries. As of December 31, 2010, we had RMB1,297.8 million in cash and cash equivalents, compared to RMB789.2 million as of December 31, 2009. The increase in our cash and cash equivalents from December 31, 2009 to December 31, 2010 was primarily due to (i) proceeds from borrowings in the amount of RMB11,805.2 million; (ii) capital contributions from our shareholders in the amount of RMB2,172.4 million; and (iii) cash generated from operations in the amount of RMB1,260.0 million, while partially offset by payments for acquisition of property, plant and equipment, lease prepayments and intangible assets in the amount of RMB10,418.5 million and repayment of borrowings in the amount of RMB4,671.1 million.

The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,		
	2008	2009	2010
	(RMB in millions)		
Net cash from operating activities	196.8	674.3	1,260.0
Net cash used in investing activities	(4,883.1)	(7,156.3)	(9,719.5)
Net cash from financing activities	5,734.7	5,627.4	8,968.2
Net increase/(decrease) in cash and cash equivalents	1,048.4	(854.6)	508.7
Effect of foreign exchange rate changes	(0.1)	0.0	(0.1)
Cash and cash equivalents at beginning of year	595.5	1,643.8	789.2
Cash and cash equivalents at end of year	1,643.8	789.2	1,297.8

We have adopted internal policies to ensure that our working capital is sufficient for our operations. Our policies in managing our working capital mainly include: (i) monitoring current assets and current liabilities, (ii) ensuring repayments of indebtedness due and (iii) controlling finance expenses and minimizing unutilized capital.

Operating Activities

Our cash inflow from operating activities is mainly from the receipt of payments for our sale of electricity. Our cash outflow from operating activities is used primarily for personnel costs, purchase of small-size consumptive spare parts and other materials used in daily operation of wind farms and other operating and administration expenses.

Net cash provided by operating activities in 2010 was RMB1,260.0 million, primarily as a result of profit for the period of RMB609.4 million, as adjusted mainly by depreciation of RMB614.3 million, interest expenses on financial liabilities of RMB514.0 million and the effects of changes in working capital. Changes in working capital mainly included (i) an increase of RMB585.4 million in trade debtors and bills receivable; (ii) an increase of RMB276.8 million in other payables; and (iii) an increase of RMB176.1 million in prepayments and other current assets. The increase in trade debtors and bills receivable was primarily due to the increase in receivables from grid companies as a result of the increased electricity sales of our wind farms. The increase in other payables was primarily due to the increase in output VAT arising from increasing sales of electricity. The increase in prepayments and other current assets was primarily due to the increase in receivables as a result of our increase of CER sales.

Net cash provided by operating activities in 2009 was RMB674.3 million, primarily as a result of profit for the year of RMB320.6 million, as adjusted mainly by depreciation of RMB282.6 million, interest expenses on financial liabilities of RMB251.1 million and the effects of changes in working capital. Changes in working capital mainly included an increase of RMB219.2 million in trade debtors and bills receivable and an increase of RMB111.4 million in other payables. The increase in trade debtors and bills receivable was primarily due to the combination of (i) the increase in receivables from grid companies as a result of the increased electricity sales of our wind farms and (ii) the increase in receivables as a result of our increased CER sales. The increase in other payables was primarily due to the increase in VAT payables.

Net cash provided by operating activities in 2008 was RMB196.8 million, primarily as a result of profit for the year of RMB107.0 million, as adjusted mainly by depreciation of RMB101.3 million, interest expenses on financial liabilities of RMB95.1 million and the effects of changes in working capital. Changes in working capital mainly included an increase of RMB86.6 million in trade debtors and bills receivable which was primarily attributable to the increased electricity sales of our wind power business.

Investing Activities

Our cash inflow from investing activities primarily consists of government grants received, disposal of discontinued operation, disposal of subsidiary, proceeds from repayments of advances, dividends received and interests received. Our cash outflow from investing activities primarily consists of payments for acquisition of property, plant and equipment, lease prepayments (primarily payments for land use rights) and construction costs for service concession projects and payments for acquisition of financial assets.

Net cash used in investing activities in 2010 was RMB9,719.5 million, primarily as a result of (i) payments for acquisition of property, plant and equipment, lease prepayments and intangible assets in the amount of RMB10,418.5 million, mainly related to the construction and expansion of our wind farms; and (ii) payments for acquisition of financial assets in the amount of RMB32.7 million, mainly related to the unquoted investments in non-listed companies which were recorded at cost. These were partially offset by proceeds from repayments of advances in the amount of RMB563.5 million.

Net cash used in investing activities in 2009 was RMB7,156.3 million, primarily as a result of (i) payments for acquisition of property, plant and equipment, lease prepayments and intangible assets in the amount of RMB7,164.1 million, mainly related to the construction and expansion of our wind farms, and (ii) payments for acquisition of financial assets in the amount of RMB357.0 million, mainly related to the advances we provided to or payments made on behalf of fellow subsidiaries controlled by Huaneng Group and unquoted investments in non-listed companies which are recorded at cost. These were partially offset by (i) the receipt of a government grant of RMB120.7 million which primarily related to the VAT refund in connection with purchases of domestic equipment by our foreign invested wind power project companies, (ii) the proceeds from disposal of discontinued operation (net of cash disposed of) of RMB137.5 million which related to our disposal of the hydropower business in January 2009, and (iii) the proceeds from disposal of subsidiary (net of cash disposed of) of RMB71.3 million which related to the transfer of our equity interests in Qidong Wind Power to a fellow subsidiary controlled by Huaneng Group.

Net cash used in investing activities in 2008 was RMB4,883.1 million, primarily as a result of payments for acquisition of property, plant and equipment, lease prepayments and intangible assets of RMB4,988.0 million, which was partially offset by the receipt of a government grant of RMB76.9 million.

Financing Activities

Our cash inflow from financing activities primarily consists of proceeds from borrowings and capital contributions from the equity owner/shareholders and the non-controlling equity owners of our subsidiaries. Our cash outflow from financing activities primarily consists of repayment of borrowings, payment of interests and payment of dividends to non-controlling equity owners.

Net cash from financing activities in 2010 was RMB8,968.2 million, primarily as a result of (i) proceeds from borrowings in the amount of RMB11,805.2 million; (ii) capital contributions from the equity owner/shareholders in the amount of RMB2,172.4 million; and (iii) capital contributions from the non-controlling equity owners of our subsidiaries in the amount of RMB86.5 million. These were partially offset by (i) repayment of borrowings of RMB4,671.1 million; (ii) interest paid of RMB704.7 million; and (iii) payment of finance lease obligations of RMB209.8 million.

Net cash from financing activities in 2009 was RMB5,627.4 million, primarily as a result of proceeds from borrowings of RMB8,187.4 million, capital contributions from our parent company of RMB700.0 million, capital contributions from our non-controlling equity owners of RMB206.9 million and proceeds of RMB658.3 million from sales and leaseback transaction classified as finance lease. These were partially offset by (i) the repayment of borrowings of RMB3,572.5 million; (ii) the interest paid of RMB484.3 million; and (iii) the payment of finance lease obligations of RMB53.8 million.

Net cash from financing activities in 2008 was RMB5,734.7 million, primarily as a result of proceeds from borrowings of RMB5,914.2 million and capital contributions from our parent company of RMB780.0 million and capital contributions from our non-controlling interests of RMB223.1 million, which were partially offset by the repayment of borrowings of RMB961.1 million and the interest paid of RMB212.5 million.

CAPITAL EXPENDITURE

Our capital expenditures amounted to RMB6,526.1 million, RMB7,469.3 million and RMB14,135.3 million in 2008, 2009 and 2010, respectively. Historically, our capital expenditures consisted principally of expenditures for the construction of wind power projects and purchase of related property, plant and equipment such as wind turbines. We expect our capital expenditures in 2011 to consist principally of similar types of items.

We financed our capital expenditure requirements mainly through a combination of bank borrowings, cash from operations and capital contributions from our shareholders and the non-controlling equity owners of our subsidiaries. In the future, we expect to finance our projects with the proceeds from the Global Offering and bank borrowings, supplemented by equity financings and other existing financing resources.

We have adopted internal policies to manage our capital expenditure, including (i) utilizing short-term financings for short-term purposes and long-term financings for long-term purposes, and (ii) funding at least 20% of project investments with capital and the remaining with borrowings.

CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations as of the dates indicated:

	As of December 31,		
	2008	2009	2010
	(RMB in millions)		
Capital commitments			
Contracted for	7,736.6	10,251.2	8,066.4
Authorized but not contracted for	4,189.5	8,811.3	18,322.5
	11,926.1	19,062.5	26,388.9
Operating lease commitments			
Within 1 year	0.3	0.8	5.3
After 1 year but within 5 years	0.4	0.6	4.9
	0.7	1.4	10.2

Our capital commitments are primarily in connection with our purchase of wind turbines and engagement of third party contractors for the construction of our wind power projects. Our operating lease obligations primarily consist of leases for properties. The significant increases in our capital commitments from 2008 to 2010 reflected the rapid expansion of wind installed capacity during those periods. As of December 31, 2010, we had capital commitments of approximately RMB26.4 billion, of which RMB12.8 billion was expected to be paid within the year of 2011 and RMB9.4 billion within the year of 2012. We expect to fund these payments with our internal funds generated from operations, bank borrowings and proceeds from this Global Offering.

CONTINGENT LIABILITIES

As of December 31, 2010, no rules or regulations have been issued on whether the revenue from sales of CERs is subject to any VAT or business tax in the PRC. Based on discussions with local tax authorities, our Directors are of the view that no such taxes will be applicable to the revenue from our sales of CERs. Therefore, we have not made any provision for such contingent tax liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements as of December 31, 2010.

PROPERTY INTEREST AND PROPERTY VALUATION

Details relating to the Group's property interests are set out in Appendix IV to this prospectus. Jones Lang LaSalle Sallmanns Limited has valued the property interests of the Group as of February 28, 2011. A summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV to this prospectus.

The table below sets forth the reconciliation of aggregate amounts of buildings and structures from the Group's audited combined financial statements as of December 31, 2010 to the unaudited net book value of the Group's property interests as of February 28, 2011:

	RMB in millions
Net book value of buildings and structures of the Group as of December 31, 2010	1,133.6
Additions	159.3
Depreciation Disposals	(10.0)
Reclassification[(1)]	(704.4)
Net book value as of February 28, 2011	578.5
Valuation surplus as of February 28, 2011	8.7
Valuation on land use rights and buildings and structures under construction as of February 28, 2011 per "Appendix IV — Property Valuation Report"[(2)]	302.0
Valuation as of February 28, 2011 per "Appendix IV — Property Valuation Report"	889.2

Notes:

(1) Reclassification mainly represents the net book value of the foundations on which wind turbines are installed and is classified as part of the relevant buildings and structures when compiling the Financial Information. However, the foundations do not fall into the scope of property valuation in accordance with normal valuation practices.

(2) RMB302.0 million comprises the valuation of granted land use rights and buildings and structures under construction, which comes from the relevant portions of the values of properties of Groups I & II in "Appendix IV — Property Valuation Report."

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to credit, liquidity, interest rate and currency risks in the ordinary course of business. Set forth below is a description of our exposure to these risks and the financial risk management policies and practices used by us to manage these risks.

Credit Risk

Our credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable, prepayments and other current assets, and other financial assets. Substantially all of our cash and cash equivalents are deposited in the stated owned/controlled PRC banks and Huaneng Finance whose credit risk is assessed to be insignificant by our Directors.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. We have no significant credit risk with any of these power grid companies given our long-term and stable business relationships with them. The receivables from the provincial power grid companies accounted for 98.3%, 94.1% and 97.8% of total trade debtors as at December 31, 2008, 2009 and 2010, respectively. For other trade and other receivables, we perform an ongoing individual credit evaluation of our customers' and counterparties' financial conditions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. We do not provide any guarantees which would expose us to credit risk.

Liquidity Risk

In managing our liquidity risks, our objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that our outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. Our policy is to regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, we negotiate banking facilities and utilize operating cash inflows from our subsidiaries.

We manage the proportion of our current liabilities with respect to the total liabilities to mitigate the liquidity risk. We had net current liabilities of RMB2,062.2 million, RMB3,182.2 million and RMB8,832.3 million as of December 31, 2008, 2009 and 2010 respectively. We expect to finance our future capital expenditure requirements mainly with bank borrowings, proceeds from this Global Offering, cash from operating activities and other existing cash resources. As of December 31, 2010, we had unutilized banking facilities in the amount of RMB7.4 billion.

Interest Rate Risk

Our interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose us to cash flow interest rate risk. As of December 31, 2008, 2009 and 2010, it was estimated that a general increase or decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased or increased our profit after tax and retained profits by approximately RMB11.7 million, RMB37.3 million, and RMB103.5 million, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet date.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for the entire Track Record Period.

Our management regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage our interest rate risks. During the Track Record Period, however, our management did not consider it necessary to use interest rate swaps to hedge our exposure to interest rate risks.

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, other than RMB. The currencies giving rise to this risk are primarily Euros and United States dollars. A 5% strengthening/weakening of Renminbi against the Euros and U.S. dollar as at December 31, 2008, 2009 and 2010 would have increased/(decreased) the net profit and retained profit by RMB0.2 million, RMB(0.03) million and RMB(9.4) million, respectively.

Our currency risk arises primarily from sales of CERs which are denominated in foreign currencies and certain borrowings that are denominated in United States dollars. Given the small portion of income from the sale of CER with respect to our total revenue and the insignificant amount of the borrowings denominated in United States dollars, our management considers our exposure to foreign currency risk to be insignificant. On the other hand, however, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent us from satisfying sufficient foreign currency demands and we may not be able to pay dividends in foreign currencies to our shareholders.

RECENT ACCOUNTING PRONOUNCEMENTS

As of the date of this prospectus, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended December 31, 2010 and which have not been adopted in preparing the Financial Information. These amendments, new standards and interpretations include (i) amendment to IAS 32, Financial instruments: Presentation — Classification of rights issues; (ii) amendment to IFRS 1, First-time adoption of International Financial Reporting Standards — limited exemption from comparative IFRS 7 disclosures for first-time adopters; (iii) IFRIC 19, extinguishing financial liabilities with equity instruments; (iv) improvements to IFRSs 2010; (v) amendment to IFRIC 14, prepayments of a minimum funding requirement; (vi) IAS 24 (revised), related party disclosures, (vii) amendment to IFRS 7, Financial instruments: Disclosure—Transfer of financial assets; (viii) amendment to IAS 12, income taxes and (ix) IFRS 9, financial instruments; (x) IFRS 10, consolidated financial statements; (xi) IFRS 11, joint arrangements; (xii) IFRS 12, disclosure of interests in other entities; (xiii) IFRS 13, fair value measurement; (xiv) IAS 27, separate financial statements (2011); and (xv) IAS 28, investments in associates and joint ventures (2011).

Our Directors are in the process of making an assessment of what impact these amendments, new standards and interpretations might have on our results of operations and financial condition once they become applicable. As of the date of this prospectus, our Directors are of the view that the adoption of these amendments, new standards and interpretations is unlikely to have a significant impact on our results of operations and financial condition.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Global Offering on our net tangible assets as of December 31, 2010 as if it had taken place on December 31, 2010.

The unaudited pro forma statement of adjusted net tangible assets have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of December 31, 2010 or any future date following the Global Offering. It is prepared based on our consolidated net assets as of December 31, 2010 as derived from our consolidated financial statements set forth in the accountants' report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the accountants' report as set forth in Appendix I to this prospectus.

	Adjusted consolidated net tangible assets attributable to equity holders of the Company as at December 31, 2010(1)	Add: Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)(5)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$(4)
Based on an offer price of HK$2.28 per Share	4,889.4	4,509.8	9,399.2	1.13	1.36
Based on an offer price of HK$2.98 per Share	4,889.4	5,920.6	10,810.0	1.30	1.56

Notes:

(1) The adjusted consolidated net tangible assets attributable to equity holders of the Company as of December 31, 2010 have been calculated based on the audited consolidated net assets attributable to the shareholders of the Company of RMB5,283.9 million after deducting intangible assets of RMB394.8 million and adjusting the share of intangible assets attributable to non-controlling interests of RMB0.3 million. Intangible assets of the Group mainly represented concession assets for wind power service concession projects, amounting to RMB393.6 million as of December 31, 2010.

(2) The estimated net proceeds from the Global Offering are based on indicative offer prices of HK$2.28 and HK$2.98 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 8,285,710,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2010 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8359 to HK$1.00, the PBOC rate prevailing on May 20, 2011. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) The Group's property interests as at February 28, 2011 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in "Appendix IV — Property Valuation Report". The above unaudited pro forma statement of adjusted consolidated net tangible assets do not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to approximately RMB8.7 million. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending December 31, 2011. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB0.4 million would be charged against the profit for the year ending December 31, 2011.

WORKING CAPITAL CONFIRMATION

Taking into account our current cash and cash equivalents available on hand, our anticipated cash flows from operating and financing activities, present available banking facilities and the estimated net proceeds from the Global Offering, the Directors confirm that we have sufficient working capital for the present requirements and anticipated capital expenditures for the next 12 months from the date of this prospectus.

PROFIT FORECAST

Our Directors forecast that, in the absence of unforeseeable circumstances and on the bases and assumptions set out in Appendix III to this prospectus, the forecast of our consolidated profit attributable to our equity holders for the year ending December 31, 2011 will not be less than RMB1,070.1 million (approximately HK$1,280.2 million). The profit forecast is mainly based on our estimate on capacity growth, utilization hours, approved on-grid tariff, unit cost, CDM registration schedule and interest rate. See "Appendix III — Profit Forecast."

DIVIDEND POLICY

We may declare and pay dividends by way of cash or shares in the future. Distribution of dividends shall be formulated by our Board of Directors and subject to shareholders' approval. The amount of any dividends to be declared or paid in the future will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on our articles of association, the laws of the PRC, other applicable laws and regulations and other relevant factors. In particular, under applicable PRC laws and our Articles of Association, we can only distribute dividends out of our after-tax profit after the following allocations have been made: (i) recovery of accumulated losses, if any; (ii) mandatory allocations to the statutory common reserve fund equivalent to 10% of our after-tax profit, unless the common reserve fund reaches 50% of our registered capital or above; and (iii) allocations to discretionary common reserve fund, subject to our shareholders' approval at shareholders meeting.

In the future, we expect to distribute no less than 15% of our annual distributable earnings as dividends. We cannot assure you, however, that we will be able to distribute dividends in any amount each year or in any year. In addition, the declaration and payment of dividends may be limited by legal restrictions or financial instruments that we may enter into in the future. Under the current PRC tax laws and regulations, dividends paid by us to a non-PRC resident enterprise shareholder are subject to a 10% withholding tax. The dividends paid to an individual holder of H Shares outside the PRC are currently exempted from the PRC income tax.

SPECIAL DISTRIBUTION

We have agreed to declare a special distribution to Huaneng Group in an amount of RMB316.2 million, which is equal to our audited consolidated net profits attributable to equity owner/shareholders of the Company for the year ended December 31, 2010, prorated according to the number of days from January 1, 2010, the date immediately after the date on which our assets were valued for the establishment of our Company as a joint stock limited company, to August 5, 2010, the date of our establishment (the "Special Distribution"). We expect to pay such Special Distribution to Huaneng Group within six months commencing from the Listing Date with cash generated from operating activities. After taking into account our current cash balance and our anticipated cash flows from operating activities, we believe we will have sufficient working capital to pay the Special Distribution at that time.

RESERVES AND DISTRIBUTABLE RESERVES

As of December 31, 2008 and 2009, our Group recorded, on a consolidated basis, reserves of RMB1,222.8 million and RMB2,131.7 million, respectively. As of December 31, 2010, our Group recorded, on a consolidated basis, negative reserves of RMB516.1 million. The negative reserves as of December 31, 2010 was primarily attributable to the difference between (i) the appraised value of all the assets and liabilities of HNEIC which were contributed to us during Reorganization as part of our share capital and (ii) the historical cost of such assets and liabilities that was recognized in our financial statements. See "Financial Information — Basis of Preparation" for details.

As of December 31, 2010, the Company had distributable reserves of RMB25.5 million.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions as set out in Note 29 of the Accountants' Report attached as Appendix I to this prospectus, the Directors confirm that these transactions were conducted on normal commercial terms and/or on terms that are not less favorable than terms available from Independent Third Parties which are considered fair and reasonable and in the interest of our Shareholders.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since December 31, 2010. Our Directors confirm that they had performed sufficient due diligence on us to ensure that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2010 and there is no event since December 31, 2010 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.