
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

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

OVERVIEW

We are the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects. According to Beijing Electric Power Industry Association (北京電力行業協會), we were the largest gas-fired power provider in Beijing, in terms of our consolidated installed capacity as at December 31, 2008, 2009 and 2010 which accounted for approximately 65%, 61% and 61%, respectively, of the total gas-fired power installed capacity in Beijing. As at December 31, 2010, we had two gas-fired cogeneration plants and a gas-fired heat energy generation plant in operation, all of which were located in Beijing, with a consolidated installed capacity of 1,190.00 MW and a consolidated installed heat energy generation capacity of 1,045.00 MW. As at December 31, 2010, we also had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and a heat energy generation capacity under construction of 592.00 MW.

As at December 31, 2009 and 2010, we were the sixth and eighth largest wind power operator in the PRC, respectively, in terms of consolidated connected capacity, according to the HydroChina Report. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 1.4%, 3.1%, and 2.4%, respectively, of China's total wind power installed capacity, according to WWEA. As at December 31, 2010, we had 16 wind farms in operation with a consolidated installed capacity of 1,058.75 MW and nine wind farms under construction with a consolidated capacity under construction of 393.00 MW. As at December 31, 2010, our wind farms in operation and under construction were strategically located in Inner Mongolia, Beijing, Ningxia and Liaoning Province.

In addition, we also produce electricity through small to medium hydropower and other clean energy generation businesses with a consolidated installed capacity of 6.40 MW (excluding the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011) as at December 31, 2010.

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We operate in the following two business segments:

Gas-fired Power and Heat Energy Generation

We develop, manage and operate gas-fired cogeneration plants as well as a gas-fired heat energy generation plant, and sell the electricity generated to local grid companies and the heat energy to customers in Beijing.

Wind Power

We develop, manage and operate wind farms, and sell the electricity generated by our wind farms to local grid companies.

In addition to the above two business segments, we also develop, manage and operate small to medium hydropower plants and other clean energy generation projects and sell the electricity generated to local grid companies. In addition, through our associates or jointly controlled entities, we develop, manage and/or operate geothermal, waste-to-energy and sewage-to-energy plants, and sell the electricity, heat energy and cooling source generated by these plants to external customers.

During the Track Record Period, our business experienced significant growth in terms of consolidated installed capacity, which increased from 1,361.40 MW as at December 31, 2008 to 2,007.65 MW as at December 31, 2009, and further to 2,255.15 MW as at December 31, 2010, representing a CAGR of 28.70%. As at December 31, 2010, we also had 1,455.60 MW of consolidated capacity under construction. We expect to have a total of 2,654.55 MW and 4,684.34 MW of consolidated installed capacity by the end of 2011 and 2012, respectively.

Gas-fired Power and Heat Energy Generation Business

In 2008, 2009 and 2010, revenue generated from our gas-fired power and heat energy generation business segment were RMB1,163.7 million, RMB1,893.1 million and RMB2,553.8 million, representing 86.9%, 78.6% and 70.1% of our total reportable segment revenue, respectively.

As at December 31, 2010, our gas-fired power business had a consolidated installed capacity of 1,190.00 MW, representing 52.8% of the consolidated installed capacity of our total power portfolio. As at December 31, 2010, we also had a portfolio of pipeline gas-fired power projects suitable for future development with a consolidated estimated capacity of 1,000.00 MW. Please see the section headed “Business—Our Gas-fired Power and Heat Energy Generation Business—Our Pipeline Gas-fired Power and Heat Energy Generation Projects” for further details. These pipeline projects are all located in Beijing.

As at December 31, 2010, our total heat energy supply coverage area was 17 million m², accounting for 73.9% of the gas-fired cogeneration centralized heat energy supply in Beijing according to BDHG.

Our gas-fired cogeneration plants, namely the Taiyanggong Power Plant and the Jingfeng Power Plant, are equipped with gas-steam combined cycle cogeneration systems

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and generated electricity and heat energy during the Track Record Period. The Jingqiao Power Plant, which only generated heat energy as at the Latest Practicable Date, is expected to generate electricity in conjunction with heat energy by September 2012 upon the completion of its second phase development. The Jingqiao Power Plant Phase I is expected to temporarily cease producing heat energy in the heat supply period between late 2011 and early 2012 due to its technical adjustment in connection with the construction of Jingqiao Power Plant Phase II.

During the Track Record Period, we purchased natural gas from Beijing Gas Group, which was our only natural gas supplier. Revenue derived from the sales of heat energy (excluding fees for heat energy generated during testing period and tax) to BDHG were RMB55.8 million, RMB297.7 million and RMB313.7 million, respectively, for the years ended December 31, 2008, 2009 and 2010. During the Track Record Period, the Taiyanggong Power Plant and the Jingqiao Power Plant were within the centralized heat energy supply network, and sold all the heat energy they generated to BDHG, which distributed heat energy to industrial or residential end users within the coverage of its network in Beijing. The Jingfeng Power Plant is within the area of regional heat energy supply, and entered into HESAs with two major heat energy end users adjacent to the power plant which are not covered by the supply network of BDHG.

PPAs and HESAs

The PPAs that our Taiyanggong Power Plant and Jingfeng Power Plant entered into with Beijing Electricity Power provide for a monthly payment arrangement by Beijing Electricity Power. Our scheduled electricity output shall be determined by the NDRC Beijing Branch. According to the PPAs, we are obliged to follow dispatch orders from Beijing Electricity Power and shall be compensated for power generation loss caused by transmission limitation, although the basis of calculation for the compensation was not provided in the PPAs. During the Track Record Period, we did not receive any such compensation. Pursuant to the PPAs, we shall negotiate the renewal with Beijing Electricity Power two months prior to their expiry. The PPAs could be terminated for reasons including without limitation that we fail to generate, or Beijing Electricity Power fail to purchase electricity for more than 120 days.

During the Track Record Period, our Taiyanggong Power Plant and Jingqiao Power Plant entered into HESAs with BDHG, and our Jingfeng Power Plant entered into HESAs with residential and industrial end users in Beijing. Pursuant to the Tentative Procedures on Strengthening the Management of Heat Supply to Residents (《關於加強本市民用供熱管理工作的暫行規定》) of Beijing, heat producers within Beijing's centralized heat energy supply network shall follow centralized dispatch orders from BDHG in accordance with relevant heat supply standards. As advised by our PRC legal advisor, as long as the Taiyanggong Power Plant and the Jingqiao Power Plant are within the centralized heat energy supply network, they are required to sell all heat energy generated to BDHG to satisfy the requirements for centralized dispatch of heat energy supply. According to the HESAs, we sell heat energy at prices determined by the relevant PRC authority, which is subject to further adjustment from time to time, and we receive payment for heat energy sold on a monthly basis.

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Under the HESAs with BDHG, we are obliged to follow dispatch orders from BDHG, and entitled to compensation for our actual losses caused by heat energy transmission limitations, although the basis of calculation for the compensation was not provided in the HESAs. During the Track Record Period, we did not receive any such compensation. Our HESAs with BDHG shall be automatically extended if there is no written objection nor notice of termination served no later than six months prior to their expiry, and they may be terminated should we and BDHG both believe they can no longer be performed or continuing performance will be meaningless.

Since our Jingfeng Power Plant supplies heat energy to end users directly, the HESAs generally do not provide for transmission limitation related compensation. Generally, the HESAs that our Jingfeng Power Plant entered into do not contain termination or automatic renewal clauses.

We expect our gas-fired power and heat energy generation business to have 2,228.20 MW of consolidated installed capacity by the end of 2012, representing approximately 48% of our expected consolidated installed capacity by the end of 2012.

Wind Power Business

In 2008, 2009 and 2010, revenue generated from our wind power business segment were RMB115.3 million, RMB367.8 million and RMB1,032.5 million, representing 8.6%, 15.3% and 28.3% of our total reportable segment revenue (which excludes revenue from concession construction arrangements), respectively.

Our wind power business has experienced rapid growth in terms of consolidated installed capacity, which increased from 165.00 MW as at December 31, 2008 to 811.25 MW as at December 31, 2009, and further increased to 1,058.75 MW as at December 31, 2010, representing a CAGR of 153.31%. As at December 31, 2010, the consolidated installed capacity of our wind power business represented 46.9% of the consolidated installed capacity of our total portfolio.

As at December 31, 2010, we also had a portfolio of pipeline wind power projects for future development with a consolidated estimated capacity of 3,039.50 MW, including two Tier 1 pipeline projects with a consolidated estimated capacity of 99.00 MW, 16 Tier 2 pipeline projects with a consolidated estimated capacity of 1,543.50 MW and 12 Tier 3 pipeline projects with a consolidated estimated capacity of 1,397.00 MW. Please see the section headed "Business—Our Wind Power Business—Our Pipeline Wind Power Projects" for further details. These pipeline projects are located in northern China, including Inner Mongolia, Beijing, Ningxia, Hebei Province and Liaoning Province.

We expect our wind power business to consist of a total of 25 wind farms with 1,451.75 MW of consolidated installed capacity by the end of 2011, representing approximately 55% of our expected consolidated installed capacity by the end of 2011; and a total of 36 wind farms with 2,146.75 MW of consolidated installed capacity by the end of 2012, representing approximately 46% of our expected consolidated installed capacity by the end of 2012.

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PPAs

The PPAs that our wind farms entered into with local grid companies provide for scheduled electricity output. Under the PPAs, we are obliged to follow dispatch orders from the local grid companies and must adjust our electricity output accordingly to guarantee the stability of the power grid. The local grid companies shall pay us for the electricity sold on a monthly basis. Our PPAs do not specifically provide for any compensation for power generation loss caused by transmission limitation. The PPAs generally provide that they are renewable, and we shall negotiate with local grid companies before their expiry. In addition, the PPAs may be terminated for reasons including but not limited to bankruptcy of our project company, our business license being revoked, and failure for us to produce or local grid companies to purchase electricity exceeding a prescribed period of time.

Transmission Limitations in the PRC Wind Power Industry

In recent years, primarily due to the growth of wind power installed capacity outpacing the development of local grids, the local grid companies in northern China, especially that in West Inner Mongolia, have imposed restrictions on wind power generation companies like us, especially during the winter season, to give priority to cogeneration companies and to secure the voltage stability and safety of local grids. Since electricity generated from our wind farms cannot be stored and must be transmitted or used once generated, a number of our wind farms, especially in West Inner Mongolia, temporarily shut down some of their wind turbines in 2009 and 2010. During the Track Record Period, approximately 61%, 86% and 89%, respectively, of our total wind power installed capacity were partially affected by grid congestion. In addition, we did not receive any compensation from grid companies for the loss of power generation due to grid congestion.

The Recommendations from the Chinese Communist Party Central Committee regarding the Formulation of the 12th Five-Year-Plan for National Economy and Social Development (《中共中央關於制定國民經濟和社會發展第十二個五年規劃的建議》) indicate that the PRC government will enhance power grid constructions during the 12th Five-Year-Plan period, which is from 2011 to 2015, and develop a more technically advanced power grid system in China. The State Council issued the Decision to Accelerate the Fostering and Development of Strategic New Industries (《關於加快培育和發展戰略性新興產業的決定》) which set forth the target to accelerate the development of an advanced power grid and its operation system that adapts to new energy development needs. The Inner Mongolia government issued Opinions regarding Further Accelerating Power Grid Construction in Inner Mongolia (《關於進一步加快內蒙古電網建設的意見》) which provided for a goal to expand power transmission channel and to solve the wind power transmission problems. In the meantime, the PRC government has increased capital investments in grid construction. For example, in 2009, the State Grid Corporation of China (“SGCC”) announced that it would start building three more ultra-high voltage (“UHV”) power lines, one of which would connect West Inner Mongolia with Shanghai, increasing the number of China’s UHV lines to six. SGCC also planned to invest more than RMB100 billion over the next three to four years on UHV lines and it is expected that China’s UHV capacity will reach 300 million kW by 2020. The Inner Mongolia government planned to invest over RMB20 billion in 2009 and 2010 to expand and upgrade its transmission network. By the end of 2009, the Inner Mongolia Power Corporation had completed all 33 power transmission and dispatch projects as originally planned. As a result,

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we expect that the impact of grid congestion on our wind power business will decrease as the grid construction develops during the 12th Five-Year-Plan period.

Concession Projects

While we developed most of our existing and pipeline wind power projects pursuant to investment and development agreements entered into with local governments, as at December 31, 2010, we had also been awarded and developed four concession projects. The consolidated installed capacity of our concession projects accounted for 7%, 25% and 22% of the consolidated installed capacity of our total portfolio as at December 31, 2008, 2009 and 2010, respectively, and revenue from sales of electricity from these wind farms was RMB82.1 million, RMB183.7 million and RMB485.6 million, accounting for 4%, 4% and 13% of our total revenue, for the years ended December 31, 2008, 2009 and 2010, respectively. Pursuant to the concession agreements, the on-grid tariff for our concession projects, Wulanyiligeng Wind Farm, Jixianghuaya Wind Farm Phase I, Zheligentu Wind Farm Phase I and Huitengxile Wind Farm Phase I is RMB0.4680 per kWh (VAT inclusive), RMB0.5790 per kWh (VAT inclusive), RMB0.5100 per kWh (VAT inclusive) and RMB0.3820 per kWh (VAT exclusive), respectively⁽¹⁾, during the first 30,000 hours of power generation at full load, after which the average prevailing market price shall apply. Our operating costs for these concession projects was RMB42.4 million, RMB87.6 million and RMB229.5 million for the years ended December 31, 2008, 2009 and 2010, respectively.

We entered into service concession arrangements with the provincial DRC of Inner Mongolia for all of our concession projects through a competitive tender process. According to the service concession agreements, we are granted by the provincial DRC of Inner Mongolia the exclusive right to develop and operate these wind farms and enjoy all economic benefits from the operation during the concession period of 25 years. Consequently, the concession rights related to our concession projects, namely Wulanyiligeng Wind Farm, Jixianghuaya Wind Farm Phase I, Zheligentu Wind Farm Phase I and Huitengxile Wind Farm Phase I, are expected to expire in 2034, 2034, 2034 and 2032, respectively, unless we successfully negotiate and obtain renewal from the provincial DRC of Inner Mongolia before such concession rights expire. Meanwhile, we are responsible for the design, construction, commissioning, operation and maintenance of the concession projects during the concession period. At the end of the concession period, we need to dismantle the wind farms or negotiate with the provincial DRC of Inner Mongolia for an extension of the concession period. We have invested approximately RMB4.0 billion in the development of these projects and expect to recover the investment costs between 10 to 13 years. In addition, the concession agreements may be terminated for reasons including but not limited to abandoning the wind farm construction or operation, bankruptcy of our project companies, and material breach by either party. As a result, should we fail to negotiate and obtain renewal from the provincial DRC of Inner Mongolia when the concession periods for our related projects expire, we may lose our right to operate these wind farms and our results of operations may be adversely affected. For risks related to the non-renewal of our concession arrangements, please see the section

Note:

- (1) The on-grid tariffs provided in the concession agreements for our Wulanyiligeng Wind Farm, Jixianghuaya Wind Farm Phase I and Zheligentu Wind Farm Phase I are not the actual on-grid tariffs applicable to these concession projects. The actual applicable on-grid tariffs include a premium provided by the local grid company to refund our expenditures in funding the construction of power grid that connects to these wind farms.

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headed “Risk Factors—Risks Relating to Our Wind Power Business—The wind farms that we operate under service concession arrangements are for a period of 25 years and may not be renewed upon expiry”.

In addition to revenue from sales of electricity generated by our concession projects, we also record service concession construction revenue and service concession construction costs in connection with the construction of our concession projects. According to International Financial Reporting Interpretation Committee—IFRIC-12 Service Concession Arrangement, revenue from providing construction services under concession arrangements are recognized by reference to the stage of completion of the concession arrangements at the end of each reporting period, as measured by contract cost incurred for work performed to date bear to the estimated total contract cost. Operation or service revenue is recognized in the period in which the services are provided. Also, an intangible asset arises from the concession arrangement when the operator in the concession arrangement has a right to charge for the usage of the concession infrastructure. Intangible assets received as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition if the financial assets cannot be recognized according to the definition in IAS 39—Financial Instruments: Recognition and Measurement. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses. We recognize service concession construction revenue at fair value and relevant intangible assets in respect of the construction work completed for concession projects pursuant to the relevant concession agreements between us and the relevant local government authorities. As we subcontract substantially all construction activities of our concession projects to third parties, we recognize total construction costs as the fair value of construction services. As a result, the service concession construction revenue is equal to the service concession construction cost recorded during the relevant period, and thus has no effect on our operating profit or net profit for the relevant period. The carrying value of concession projects as at December 31, 2008, 2009 and 2010 were RMB1,566.1 million, RMB3,866.9 million and RMB3,668.7 million, respectively. The duration of the relevant concession arrangements is normally 25 years (including the construction period) and the useful lives of the wind farms and the concession rights are limited to such period. We had four concession arrangements with the provincial DRC of Inner Mongolia during the Track Record Period and all construction work were completed by the end of 2009. For more details, see the sections headed “Financial Information—Description of key statement of comprehensive income line items” and “Financial Information—Results of Operations” and “Appendix I—Accountants’ Report”.

Our PRC legal advisor has advised that we have the right to subcontract to third parties for the construction of our wind farms under the concession agreements. However, we may still be liable for the construction of these wind farms subcontracted to third parties pursuant to the concession agreements.

Small to Medium Hydropower and Other Clean Energy Generation Businesses

In addition to our gas-fired power and heat energy generation business and wind power business, we are also engaged in other clean energy businesses, as a supplement to our two business segments, which enables us to take advantage of the favorable regulatory environment encouraging the development of clean energy business, including mandatory off-

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take of power generated using renewable energy, top dispatch priority, and hydropower and solar power being one of key renewable energy development sectors from 2010 to 2020.

In 2008, 2009 and 2010, revenue generated from our hydropower and other businesses were RMB59.5 million, RMB148.9 million and RMB56.6 million, representing 4.4%, 6.2% and 1.6% of our total reportable segment revenue, respectively.

Revenue from our hydropower and other business increased by 150.2% from RMB59.5 million in 2008 to RMB148.9 million in 2009, primarily due to the full-year operation of two additional power plants in 2009, compared to the partial year operation of those power plants in 2008. Our bio-mass power plant (Shandong Jingneng Straw-fired Biomass Power Plant) commenced operations in September 2008 and our hydropower plant (Heishui Sanlian—Zhawo Grade I Hydropower Plant) commenced operations in July 2008. However, revenue from our hydropower and other business decreased to RMB56.6 million in 2010 primarily due to the divestiture of four subsidiaries that do not conduct clean or renewable energy generation business, namely Beijing Yuanshen Energy-saving Technology Co., Ltd., Beijing Boer Energy-saving Equipment Technology Development Co., Ltd., Beijing Huayangaojie Energy Supplying Technology Co., Ltd. and Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd. In January 2011, we transferred our entire interest in Shandong Jingneng Straw-fired Biomass Power Plant to BEIH. See the section headed “Our History, Reorganization and Corporate Structure—Acquisitions and Transfers”.

Reportable segment profit from our hydropower and other business was RMB21.3 million in 2008 and reportable segment loss was RMB1.2 million in 2009 and RMB51.9 million in 2010. The reportable segment loss in 2009 of RMB1.2 million reflected: (a) an operating loss from our corporate administrative activities relating to this segment of RMB8.2 million, (b) an operating loss at Shandong Jingneng Straw-fired Biomass Power Plant of RMB1.8 million, partially offset by (c) an operating profit at our Heishui Sanlian—Zhawo Grade I Hydropower Plant of RMB1.8 million, (d) an operating profit of RMB4.3 million from the four subsidiaries that were divested and are not in clean or renewable energy generation business as mentioned above and (e) other operating profit of RMB2.7 million.

The reportable segment loss in 2010 increased to RMB51.9 million. This increase mainly reflected the loss of revenues and profits from the divestiture of the four subsidiaries mentioned above and the increase in operating losses at Shandong Jingneng Straw-fired Biomass Power Plant to RMB37.2 million in 2010 due to higher raw material prices from a shortage of raw materials.

As at December 31, 2010, we had one small to medium hydropower project in operation in Sichuan Province, with a consolidated installed capacity of 6.40 MW, and four small to medium hydropower projects under construction in Sichuan province and Yunnan province, with a consolidated capacity under construction of 224.40 MW.

As at December 31, 2010, we also had two pipeline small to medium hydropower projects in Yunnan Province with a consolidated estimated capacity of 34.00 MW. Please see the section headed “Business—Our Small to Medium Hydropower and Other Clean Energy Generation Businesses—Our Pipeline Small to Medium Hydropower and Other Clean Energy Power Projects” for further details.

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We expect our small to medium hydropower business to have 12.80 MW and 264.80 MW of consolidated installed capacity by the end of 2011 and 2012, respectively.

As at December 31, 2010, our small to medium hydropower and other clean energy generation businesses had 6.40 MW of consolidated installed capacity (excluding the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011), representing 0.3% of the consolidated installed capacity of our total power portfolio. We also had pipeline projects for other clean energy businesses such as solar power. We expect to have 12.80 MW and 309.39 MW of consolidated installed capacity for our small to medium hydropower and other clean energy generation businesses by the end of 2011 and 2012, respectively.

Our Power Plants

The table below illustrates all of our power (including heat energy generation) plants in operation as at December 31, 2010:

<u>Gas-fired Power and Heat Energy Generation Business</u>	<u>Location</u>	<u>Installed Capacity (MW)</u>	<u>Ownership</u>
Taiyanggong Power Plant (cogeneration) (太陽宮燃氣熱電廠)	Beijing	780.00 ⁽¹⁾	74%
Jingfeng Power Plant (cogeneration) (京豐燃氣熱電廠)	Beijing	410.00 ⁽¹⁾	100%
Jingqiao Power Plant (heat energy generation) (京橋燃氣熱電廠)	Beijing	— ⁽¹⁾⁽²⁾	80.03%
Subtotal		<u>1,190.00</u>	

Notes:

(1) As at December 31, 2010, the installed heat energy generation capacity for the Taiyanggong Power Plant, the Jingfeng Power Plant and the Jingqiao Power Plant were 465.00 MW, 116.00 MW and 464.00 MW, respectively.

(2) As at December 31, 2010, our Jingqiao Power Plant was a heat energy generation plant, and did not generate any electricity.

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<u>Wind Power Business</u>	<u>Location</u>	<u>Installed Capacity</u> <i>(MW)</i>	<u>Ownership</u>	<u>Warranty Period</u> <i>(months)</i>
Wulanyiligeng Wind Farm ⁽¹⁾ (烏蘭伊力更風電場)	Inner Mongolia	300.00	100%	24
Huitengxile Wind Farm Phase I ⁽¹⁾ (輝騰錫勒風電場一期)	Inner Mongolia	100.50	100%	24
Chayouzhong Wind Farm Phase II (察右中風電場二期)	Inner Mongolia	50.00	100%	24
Lumingshan Guanting Wind Farm Phase I (鹿鳴山官廳風電場一期)	Beijing	49.50	100%	48
Lumingshan Guanting Wind Farm Phase II (鹿鳴山官廳風電場二期)	Beijing	49.50	100%	24
Chayouzhong Wind Farm Phase I (察右中風電場一期)	Inner Mongolia	49.50	100%	24
Jixianghuaya Wind Farm Phase I ⁽¹⁾ (吉相華亞風電場一期)	Inner Mongolia	49.50	100%	24
Jixianghuaya Wind Farm Phase II (吉相華亞風電場二期)	Inner Mongolia	49.50	100%	24
Shangdu Wind Farm Phase I (商都風電場一期)	Inner Mongolia	49.50	100%	24
Saihan Wind Farm Phase I (賽汗風電場一期)	Inner Mongolia	49.50	100%	24
Saihan Wind Farm Phase II (賽汗風電場二期)	Inner Mongolia	49.50	100%	24
Zheligentu Wind Farm Phase II (哲里根圖風電場二期)	Inner Mongolia	49.50	100%	24
Huolinhe Wind Farm Phase I (霍林河風電場一期)	Inner Mongolia	49.50	100%	24
Changtu Taiyangshan Wind Farm (昌圖太陽山風電場)	Liaoning province	49.50	100%	24
Zheligentu Wind Farm Phase I ⁽¹⁾ (哲里根圖風電場一期)	Inner Mongolia	48.75	100%	24
Yanqing Wind Farm (延慶風電場)	Beijing	15.00	100%	48
Subtotal		<u>1,058.75</u>		
Small to Medium Hydropower and Other Businesses⁽²⁾	<u>Location</u>	<u>Installed Capacity</u> <i>(MW)</i>	<u>Ownership</u>	
Heishui Sanlian—Zhawo Grade I Hydropower Plant (黑水三聯—紫窩一級水電站)	Sichuan province	6.40	100%	
Subtotal		<u>6.40</u>		
TOTAL		<u>2,255.15</u>		

Notes:

(1) This project is a concession project.

(2) These figures do not include the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011.

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Projects Under Construction

The table below illustrates our projects under construction as at December 31, 2010:

<u>Gas-fired Power and Heat Energy Generation Business</u>	<u>Location</u>	<u>Capacity Under Construction</u> <i>(MW)</i>	<u>Ownership</u> <i>(%)</i>
Jingqiao Power Plant Phase II (京橋燃氣熱電廠二期)	Beijing	838.20	80.03
Subtotal		838.20	
<u>Wind Power Business</u>	<u>Location</u>	<u>Capacity Under Construction</u> <i>(MW)</i>	<u>Ownership</u> <i>(%)</i>
Chifengqigan Wind Farm Phase I (赤峰旗杆風電場一期)	Inner Mongolia	49.50	100.00
Xinganmeng Keyouzhongqi Wind Farm Phase I (興安盟科右中旗風電場一期)	Inner Mongolia	49.50	100.00
Ningxia Taiyangshan Wind Farm Phase I (寧夏太陽山風電場一期)	Ningxia	49.50	100.00
Ningxia Taiyangshan Wind Farm Phase II (寧夏太陽山風電場二期)	Ningxia	49.50	100.00
Balinyou Wind Farm Phase I (巴林右風電場一期)	Inner Mongolia	49.50	100.00
Shangdu Wind Farm Phase II (商都風電場二期)	Inner Mongolia	49.50	100.00
Lumingshan Guanting Wind Farm Phase II (Density Increased) (鹿鳴山官廳風電場二期加密)	Beijing	36.00	100.00
Huitengxile Wind Farm Phase II (輝騰錫勒風電場二期)	Inner Mongolia	30.00	100.00
Huolinhe Wind Farm Phase II (霍林河風電場二期)	Inner Mongolia	30.00	100.00
Subtotal		393.00	
<u>Small to Medium Hydropower and Other Businesses</u>	<u>Location</u>	<u>Capacity Under Construction</u> <i>(MW)</i>	<u>Ownership</u> <i>(%)</i>
Na Bang Hydropower Plant (那邦水電站)	Yunnan province	180.00	100.00
Heishui Sanlian—Deng Peng Grade I Hydropower Plant (黑水三聯一登棚一級水電站)	Sichuan province	20.00	100.00
Heishui Sanlian—Deng Peng Grade II Hydropower Plant (黑水三聯一登棚二級水電站)	Sichuan province	18.00	100.00
Heishui Sanlian—Zhawo Grade II Hydropower Plant (黑水三聯一柰窩二級水電站)	Sichuan province	6.40	100.00
Subtotal		224.40	

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Pipeline Projects

The table below illustrates our pipeline projects as at December 31, 2010:

	Location	Number of Projects	Consolidated Estimated Installed Capacity (MW)	Estimated Capital Expenditure (RMB in millions)
Gas-fired Power and Heat Energy Generation Business				
	Beijing	2	1,000.00	4,490.0
Total		2	1,000.00	4,490.0
Wind Power Business				
Tier 1⁽¹⁾ Pipeline Wind Power Projects				
	Inner Mongolia	1	49.50	396.0
	Liaoning Province	1	49.50	396.0
Subtotal		2	99.00	792.0
Tier 2⁽¹⁾ Pipeline Wind Power Projects				
	Inner Mongolia	8	1,147.50	9,180.0
	Ningxia	7	346.50	2,772.0
	Beijing	1	49.50	396.0
Subtotal		16	1,543.50	12,348.0
Tier 3⁽¹⁾ Pipeline Wind Power Projects				
	Inner Mongolia	8	1,098.00	8,784.0
	Beijing	3	199.00	1,592.0
	Hebei Province	1	100.00	800.0
Subtotal		12	1,397.00	11,176.0
Total		30	3,039.50	24,316.0
Small to Medium Hydropower and Other Businesses				
	Beijing	2	34.59	806.4
	Yunnan Province	2	34.00	201.5
	Ningxia	1	10.00	210.0
Total		5	78.59	1,217.9

Note:

(1) Definitions of Tier 1, Tier 2 and Tier 3 pipeline wind power projects are provided in the section headed "Business—Our Wind Power Business—Our Pipeline Wind Power Projects".

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The table below sets out details with respect to the installed capacity of our clean energy business as at the dates indicated:

	As at December 31,			CAGR
	2008	2009 <i>(in MW)</i>	2010	2008 to 2010 <i>(%)</i>
Total installed capacity⁽¹⁾				
Gas-fired Power and Heat Energy Generation ⁽⁴⁾	1,190.00	1,190.00	1,190.00	—
Wind Power	165.00	811.25	1,058.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation ⁽⁵⁾	6.40	6.40	6.40	—
Total	<u>1,361.40</u>	<u>2,007.65</u>	<u>2,255.15</u>	<u>28.70%</u>
Consolidated installed capacity⁽²⁾				
Gas-fired Power and Heat Energy Generation ⁽⁴⁾	1,190.00	1,190.00	1,190.00	—
Wind Power	165.00	811.25	1,058.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation ⁽⁵⁾	6.40	6.40	6.40	—
Total	<u>1,361.40</u>	<u>2,007.65</u>	<u>2,255.15</u>	<u>28.70%</u>
Attributable installed capacity⁽³⁾				
Gas-fired Power and Heat Energy Generation ⁽⁴⁾	987.20	987.20	987.20	—
Wind Power	165.00	811.25	1,058.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation ⁽⁵⁾	6.40	6.40	6.40	—
Total	<u>1,158.60</u>	<u>1,804.85</u>	<u>2,052.35</u>	<u>33.09%</u>

Notes:

- (1) Total installed capacity represents the aggregate installed capacity of our project companies or individual projects under one project company, which is calculated by including 100% of the installed capacity of the project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Total installed capacity includes the capacity of our associated companies.
- (2) Consolidated installed capacity represents the aggregate installed capacity of our project companies that we fully consolidate in our consolidated financial statements. This is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity does not include the capacity of our associated companies.
- (3) Attributable installed capacity represents the aggregate installed capacity of our project companies or individual projects under one project company in which we have an interest in proportion to the level of ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity. It includes the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership in such companies.
- (4) These figures do not include the installed heat energy generation capacity for the Taiyanggong Power Plant, the Jingfeng Power Plant and the Jingqiao Power Plant.
- (5) These figures do not include the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011.

SUMMARY

The following table sets out the key operational information of our projects by geographic region for the periods indicated:

Gas-fired Power and Heat Energy Generation Business

	As at or for the year ended December 31,		
	2008	2009	2010
Beijing			
Consolidated Installed Capacity (MW)	1,190.00	1,190.00	1,190.00
Average Consolidated Installed Capacity (MW)	865.00	1,190.00	1,190.00
Consolidated Capacity Under Construction (MW)	—	—	838.20
Average Utilization Hours	3,575	3,239 ⁽¹⁾	4,237

Wind Power Business

	As at or for the year ended December 31,		
	2008	2009	2010
Inner Mongolia			
Consolidated Installed Capacity (MW)	100.50	697.25	895.25
Average Consolidated Installed Capacity (MW)	100.50	273.69	854.00
Consolidated Capacity Under Construction (MW)	695.75	198.00	258.00
Average Utilization Hours	2,157	2,376	2,408
Beijing			
Consolidated Installed Capacity (MW)	64.50	64.50	114.00
Average Consolidated Installed Capacity (MW)	24.75	64.50	78.25
Consolidated Capacity Under Construction (MW)	—	85.50	36.00
Average Utilization Hours	2,153	1,895 ⁽²⁾	2,359
Liaoning Province			
Consolidated Installed Capacity (MW)	—	49.50	49.50
Average Consolidated Installed Capacity (MW)	—	19.25	49.50
Consolidated Capacity Under Construction (MW)	49.50	—	—
Average Utilization Hours	—	1,515	1,717
Ningxia			
Consolidated Installed Capacity (MW)	—	—	—
Average Consolidated Installed Capacity (MW)	—	—	—
Consolidated Capacity Under Construction (MW)	—	—	99.00
Average Utilization Hours	—	—	—

Notes:

- (1) This decrease was due to our Jingfeng Power Plant returning to its normal power generation volume. As a gas-fired power plant and a clean energy provider, the Jingfeng Power Plant was requested to generate a larger portion of the electricity needed in Beijing so as to safeguard the air quality for the 2008 Beijing Olympic Games.
- (2) This decrease was due to power grid upgrades to increase transmission capacity that affected our wind farms in Beijing. The power grid upgrade took several months, during which operations of our wind farms in Beijing were partially affected, resulting in such decrease of average utilization hours.

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Small to Medium Hydropower and Other Businesses⁽¹⁾

	As at or for the year ended December 31,		
	2008	2009	2010
Sichuan Province			
Consolidated Installed Capacity (MW)	6.40	6.40	6.40
Average Consolidated Installed Capacity (MW)	2.67	6.40	6.40
Consolidated Capacity Under Construction (MW)	44.40	44.40	44.40
Average Utilization Hours	892	3,529	3,438
Yunnan Province			
Consolidated Installed Capacity (MW)	—	—	—
Average Consolidated Installed Capacity (MW)	—	—	—
Consolidated Capacity Under Construction (MW)	180.00	180.00	180.00
Average Utilization Hours	—	—	—

The following table sets out the key operational information for the periods indicated:

<u>Key Operational Data</u>	For the year ended December 31,		
	2008	2009	2010
<i>Consolidated gross power generation⁽²⁾ (GWh)</i>			
Gas-fired Power and Heat Energy Generation	3,092	3,855	5,042
Wind Power	270	802	2,326
Small to Medium Hydropower and Other Clean Energy Generation	6	23	22
<i>Consolidated net power generation⁽³⁾ (GWh)</i>			
Gas-fired Power and Heat Energy Generation	3,044	3,748	4,906
Wind Power	266	787	2,288
Small to Medium Hydropower and Other Clean Energy Generation	6	23	22
<i>Consolidated heat energy generation (kJ)</i>	1,123.2	5,114.8	5,625.1
<i>Average utilization hours⁽⁴⁾</i>			
Gas-fired Power and Heat Energy Generation	3,575	3,239	4,237
Wind Power	2,156	2,243	2,369
Small to Medium Hydropower and Other Clean Energy Generation	892 ⁽⁵⁾	3,529	3,438

Notes:

- (1) These figures do not include the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011.
- (2) Consolidated gross power generation represents the aggregate gross power generation of our project companies that we fully consolidate in our financial statements for a specified period.
- (3) Consolidated net power generation represents the aggregate net power generation of our project companies that we fully consolidate in our financial statements for a specified period, which is the amount of electricity we sold to local grid companies which contributes to our revenue and equals to gross power generation less (i) auxiliary electricity usage and (ii) transmission loss. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment.
- (4) Average utilization hours represents the consolidated gross power generation in a specified period divided by the average consolidated installed capacity in the same period.
- (5) The low average utilization hours in 2008 for our small to medium hydropower and other clean energy generation businesses was caused by the Sichuan earthquake, which has caused significant damage to the power grid system in Sichuan province, where our hydropower plant was located. As a result, our hydropower plant suffered significant limitations on grid connection in 2008 as the local grid could not be connected to the regional master grid.

Our revenue was RMB2,256.7 million, RMB4,785.5 million and RMB3,642.8 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of

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27.05%. Our Adjusted Revenue was RMB1,809.8 million, RMB2,844.1 million and RMB4,063.3 million for the years ended December 31, 2008 and 2009 and 2010, respectively, representing a CAGR of 49.83%. Please see the section headed “Financial Information—Basis of Presentation” on how Adjusted Revenue is calculated. Our profit attributable to the equity owners of our Company was RMB45.0 million, RMB179.6 million and RMB488.9 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 229.61%.

The following table sets forth certain selected financial information relating to our business for the years ended December 31, 2008, 2009 and 2010:

<u>Key Financial Data</u>	<u>For the year ended December 31,</u>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Segment revenue (RMB'000)⁽¹⁾			
Gas-fired Power and Heat Energy Generation	1,163,718	1,893,108	2,553,763
Wind Power	115,305	367,800	1,032,494
Small to Medium Hydropower and Other Clean Energy Generation	59,495	148,864	56,561
Total reportable segment revenue	1,338,518	2,409,772	3,642,818
Service concession construction revenue	918,135	2,375,681	—
Revenue (RMB'000)	2,256,653	4,785,453	3,642,818
Adjusted Revenue (RMB'000)⁽²⁾	1,809,845	2,844,062	4,063,305
Reportable segment profit / (loss) (RMB'000)	239,780	469,653	971,401
Gas-fired Power and Heat Energy Generation	186,108	286,542	466,490
Wind Power	32,340	184,289	556,838
Small to Medium Hydropower and Other Clean Energy Generation	21,332	(1,178)	(51,927)
Adjusted Segment Operating Profit / (Loss) (RMB'000)⁽²⁾	208,865	323,697	782,844
Gas-fired Power and Heat Energy Generation	185,104	190,430	324,008
Wind Power	8,336	144,984	521,543
Small to Medium Hydropower and Other Clean Energy Generation	15,425	(11,717)	(62,707)
Adjusted Segment Operating Profit / (Loss) Margin (%)⁽²⁾	11.5	11.4	19.3
Gas-fired Power and Heat Energy Generation	11.3	8.2	10.9
Wind Power	7.2	38.6	49.9
Small to Medium Hydropower and Other Clean Energy Generation	25.9	(7.9)	(110.9)

Notes:

(1) This is derived from note 46 to the Accountants' Report in Appendix I.

(2) Adjusted Revenue, Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin are not standard measures under IFRSs. Please see “Financial Information” regarding how these financial measures are calculated and other details, including a reconciliation to / from the relevant IFRSs financial line-item.

In addition, as at the Latest Practicable Date, we owned a 20% equity interest in Beijing Jingneng International, which contributed nil, nil and 14.53% to our profit for the years ended December 31, 2008, 2009 and 2010. Beijing Jingneng International is mainly engaged in the investment and operation of coal-fired power plants. As at December 31, 2010, the total installed capacity of Beijing Jingneng International was 13,675.00 MW, and the installed capacity attributable to us from Beijing Jingneng International was 914.09 MW. In 2010, Beijing Jingneng International divested its Zhangshan Power Plant which was not profitable,

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and in 2011 it commenced commercial operation of its Daihai Power Plant Phase II with a total installed capacity of 1,200.00 MW and gradually commenced operation of its Ningdong Power Plant with two units and a total installed capacity of 1,320.00 MW. As a result, the installed capacity attributable to us from Beijing Jingneng International is expected to reach 1,229.43 MW and 1,229.43 MW by the end of 2011 and 2012, respectively.

Government Grants and Subsidies

We rely in part on government grants and subsidies to fund our gas and wind power operations. Our historical profitability was impacted by the government grants and subsidies, without which we would have incurred losses or our profitability would have been substantially reduced during the Track Record Period. For the years ended December 31, 2008, 2009 and 2010, we received RMB471.3 million, RMB434.3 million and RMB420.5 million, respectively, in government grants and subsidies related to clean energy production. The following table provides a breakdown of our government grants and subsidies related to clean energy production.

	For the year ended December 31,		
	2008	2009	2010
	<i>(RMB million)</i>		
Gas-fired			
Taiyanggong Power Plant	181.2	280.3	299.6
Electricity price subsidy	181.2	280.3	245.9
Natural gas price subsidy	—	—	53.7
Jingfeng Power Plant	290.1	146.5	109.1
Electricity price subsidy	290.1	146.5	84.2
Natural gas price subsidy	—	—	24.9
Sub-total	471.3	426.8	408.7
Wind			
Lumingshan Guanting Wind Farm Phase I	—	7.5	11.8
Total	471.3	434.3	420.5

Government grants and subsidies decreased slightly for the year ended 2010 to RMB420.5 million as compared to RMB434.3 million for the year ended 2009. This decrease primarily reflected lower electricity price subsidies as a result of an increase in on-grid tariffs to RMB0.528 per kWh in November 2009 as compared to RMB0.472 per kWh previously, partly offset by RMB78.6 million in new natural gas subsidies in 2010 as a result of an increase in the price for natural gas in late 2009.

We believe that government grants and subsidies are recurring in nature. The purpose of such grants and subsidies by the government is to (i) compensate clean energy producers like us for the difference between the controlled price of on-grid tariffs and the reasonable cost of the production of energy and (ii) provide clean energy public utilities like us with a reasonable income and return (and not merely to compensate for losses). Such grants and subsidies are expected to continue until the controlled price of on-grid tariffs reaches a level which provides us with a reasonable income and return. Accordingly, there is generally an inverse correlation between the amount of government grants and subsidies we receive and

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the on-grid tariffs for the sale of electricity. The government grants and subsidies that we receive primarily relate to our clean energy production and were mainly provided by the Beijing municipal government. Government grants and subsidies relating to electricity generation are calculated by reference to the amount of on-grid electricity we generated annually as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. Government grants and subsidies for gas price increases are calculated by reference to the amount of gas consumption as well as the actual gas price increase as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. Please also see the section headed “Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies”.

Our gas-fired power projects recognize electricity price subsidies along with the generation of electricity throughout the year, but the amount of such grants and subsidies recognized will be based on the lower of the amount approved by the government and the actual amount of electricity generation approved. For the Taiyanggong Power Plant, the electricity generation volume used as the calculation basis for electricity price subsidies was 1,065 GWh, 1,993 GWh and 3,222 GWh in 2008, 2009 and 2010, respectively. As for the Jingfeng Power Plant, the electricity generation volume used as the calculation basis for electricity price subsidies was 1,369 GWh each year between 2008 and 2010.

The feed-in tariff subsidy for our Lumingshan Guanting wind power project in Beijing was stipulated in the approval document issued by the NDRC Beijing branch. The accounting treatment for this subsidy is the same as that for the electricity price subsidies for our gas-fired power plants. Except for the production of power in our ordinary course of business and the amount to be received is approved by the relevant government authorities, our existing power plants are not subject to any additional conditions in order to be eligible to receive government grants and subsidies. Please also see “Regulatory Overview—III. Regulatory Requirements Related to Renewable Energies—5. Designated-Purpose-Subsidy”.

However, the current government policy providing for favorable government grants and subsidies may change in future, which may cause government grants and subsidies not to recur or be sustainable. For details, please see “Risk Factors—Risks Relating to Our Overall Business—Any subsidy currently or previously available to our subsidiaries in the PRC could be reduced or discontinued.”

COMPETITIVE STRENGTHS

We believe that our strong market position in the clean energy industry in China is a result of our competitive strengths which are set out below:

- Our diversified portfolio of clean energy projects rapidly enhances our growth and future profitability
- Our gas-fired power and heat energy generation and wind power projects are strategically located and these two segments have reached and will continue to benefit from an optimized geographic coverage

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- We are the largest gas-fired power provider in Beijing and are well positioned to continue to develop gas-fired power and heat energy generation projects in order to maintain our dominant leading position in Beijing
- Our wind power business experienced fast growth during the Track Record Period, and we have extensive experience and capabilities to effectively and efficiently develop and operate our wind power business to help maximize our profitability
- We operate in the rapidly growing clean energy industry in the PRC and benefit from favorable government policies promoting the development of a low-carbon economy and use of clean energy
- We have an experienced management team with strategic vision and strong commitment supported by a professional workforce

BUSINESS STRATEGIES

We plan to implement the following business strategies to strengthen our market position in the clean energy industry in the PRC and expand our businesses:

- Increase the scale of our gas-fired power and heat energy generation business to strengthen our dominant leading position of our gas-fired power business in Beijing
- Continue to expand our wind power operation in strategically selected locations with abundant wind resources and attractive returns
- Develop other renewable energy businesses to capture suitable value creation opportunities
- Continue to enhance the operational and managerial efficiency of each business segment to improve our profitability
- Diversify financing sources and reduce financing costs

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

BEIH is our controlling shareholder and will, immediately upon completion of the Global Offering, remain as our controlling shareholder, and will beneficially own, directly and through BIEE, approximately 57.57% of our Shares (assuming no exercise of the Over-allotment Option). BEIH, a wholly-owned subsidiary of BSAMAC, is a large state-owned investment enterprise and is principally engaged in the investment in energy, real estate, infrastructure, high-tech and financial sectors in the PRC.

We are BEIH's primary platform for the ultimate consolidation of BEIH's clean energy businesses. However, BEIH will directly or indirectly retain several clean energy assets. Please see the section headed "Relationship with Our Controlling Shareholder" for details. Currently, the clean energy assets retained by BEIH include (i) developing projects;

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(ii) operating projects which do not share any common customers with the Group; and (iii) operating projects which share common customers with the Group but do not compete with the Group because the Group's hydropower plants enjoy mandatory power off-take. Most of the coal-fired power plants retained by BEIH are located outside Beijing and do not share common customers with our gas-fired power plants. In addition, the annual net power generation for each of our gas-fired power plants was determined by the NDRC Beijing Branch with reference to the total installed capacity of that plant as approved by the NDRC Beijing Branch prior to the construction and therefore sufficient demand is ensured after the gas-fired power plants commenced operation. Thus, currently we face little competition from BEIH. However, the potential competition may intensify in the event that the Company fails or chooses not to exercise the options and rights under the Non-Competition Agreement. Please see the section headed "Risk Factors—Risks Relating to Our Overall Business—Potential competition from BEIH may adversely affect the Group's business" for details.

RISK FACTORS

There are certain risks involved in our operations. These risks can be categorized into (i) risks relating to our gas-fired power and heat energy generation business; (ii) risks relating to our wind power business; (iii) risks relating to our overall business; (iv) risks relating to the PRC; and (v) risks relating to the Global Offering. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors". The following is a list of the risk factors:

Risks Relating to Our Gas-Fired Power and Heat Energy Generation Business

- Increases in natural gas costs may materially and adversely affect our operating results if we are unable to pass on such increases to our customers in a timely manner
- Our natural gas is currently provided by only one supplier and our operations may be materially and adversely affected by shortages or interruptions in the supply of qualified natural gas in Beijing
- Our gas-fired power and heat energy generation business is concentrated in Beijing
- If government policies or the gas-fired power on-grid tariff pricing mechanism change in the future, resulting in a reduction or discontinuance of the government grants and subsidies we receive for our gas-fired power business or there occurs any unfavorable change to the current tax refund policy for our heat energy supply business, our results of operations could be materially and adversely affected

Risks Relating to Our Wind Power Business

- The commercial viability and profitability of our wind power business depend on PRC government policies that support renewable energy
- The commercial viability and profitability of our wind farms depend on wind and weather conditions as well as our ability to assess such conditions when selecting new wind farm sites

SUMMARY

- We rely on local grid companies for grid connection and electricity transmission and dispatch
- Our electricity generation, financial condition and results of operations depend on the operating performance of our wind turbines
- Price fluctuations of wind turbines could adversely affect our results of operations
- Our wind power business relies on the sufficient supply of qualified wind turbines
- Any reduction in the on-grid tariffs of our wind farms could materially and adversely affect our results of operations
- If we are unable to obtain rights to develop wind power projects at locations suitable for the development of wind farms, the expansion plan for our wind power business could be materially and adversely affected
- The wind farms that we operate under service concession arrangements are for a period of 25 years and may not be renewed upon expiry
- We may need to purchase and install additional equipment to comply with grid safety and stability requirements
- The basis and underlying assumptions we adopt to classify our wind power projects are internally developed, and have not been audited or verified by any third party
- Nearby objects may interfere with the operation of our wind farms

Risks Relating to Our Overall Business

- Any subsidy currently or previously available to our subsidiaries in the PRC could be reduced or discontinued
- We rely heavily on a limited number of local grid companies and one heat energy distributor
- We may not be able to execute our business strategy successfully or manage our growth effectively
- Sales of CERs depend on the CDM arrangements under the Kyoto Protocol, and any change of or expiration of these arrangements could limit our income from the sales of CERs and VERs
- We operate in a capital-intensive business, and our business, financial condition and results of operations are subject to the availability of external financing as well as fluctuations in the costs of external financing

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- We may be unable to complete the construction of our projects within our estimated budget and time frame, which could materially and adversely affect our business, financial condition, results of operations and prospects
- We recorded net current liabilities during the Track Record Period
- We rely on external parties for the construction of our power plants and external equipment suppliers and our in-house technical team to maintain our key equipment
- Our current hydropower plant and future hydropower and solar power plants are or will be dependent upon natural conditions
- Future acquisitions may be expensive or unsuccessful
- We depend on our senior management team and key employees
- We do not possess title certificates in respect of some of the properties we own, and some of the landlords lack relevant title certificates for properties leased to us, which may materially and adversely affect our right to use such properties
- The regulatory framework in the PRC for clean energy projects is relatively new and evolving
- Regulatory changes and the uncertainties associated with the reform of the PRC power industry may adversely affect our business and results of operations
- Potential competition from BEIH may adversely affect the Group's business
- We will continue to be controlled by BEIH, whose interests may differ from yours or those of our other shareholders
- We face competition from companies utilizing other clean energy as well as companies utilizing conventional energy sources
- Our assets and operations are subject to hazards customary to the electricity generation industry, and we may not have adequate insurance to cover all these hazards
- We are subject to stringent environmental laws and regulations. Failure to comply with these laws and regulations could materially and adversely affect our business, results of operations and financial condition
- We may incur additional costs or capital investments should the PRC government adopt stricter or additional environmental laws or requirements
- We must comply with laws and regulations in the PRC relating to the development, construction and operation of power plants

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- We may experience a shortage of labor or labor dispute or an increase in labor costs which would materially and adversely affect our business and results of operations
- Our special distribution is not an indication of our future dividend policy

Risks Relating to the PRC

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, results of operations and business development plan
- An adverse change in the PRC's economic conditions may adversely affect us and the future growth of our business and operations
- The legal system of the PRC is still evolving, and inherent uncertainties may affect the protection afforded to our business and our shareholders
- Fluctuations in exchange rates and government control of currency conversion may adversely affect our business and results of operations
- Our business and results of operations may, directly or indirectly, be materially and adversely affected by natural disasters, social disruptions or the occurrence of epidemics in China
- It may be difficult to effect service of process upon, or to enforce judgments obtained outside the PRC against us, our Directors or our senior management members who reside in the PRC
- Foreign individual holders of our H Shares may become subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares
- Payment of dividends is subject to restrictions under PRC laws

Risks Relating to the Global Offering

- There has been no prior public market for our H Shares; the liquidity and market price of our H Shares may be volatile
- Investors will experience an immediate dilution to their attributable net tangible book value as the Offer Price of our Shares is higher than our net tangible book value per Share
- Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares

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- Forward-looking statements contained in this prospectus are subject to risks and uncertainties
- Certain facts and statistics in this prospectus relating to the PRC, the Chinese economy and the PRC power industry derived from official government background publications may not be reliable
- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information of our Group. We have derived the consolidated financial information for the years ended December 31, 2008, 2009 and 2010 from our audited consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,					
	2008		2009		2010	
	<i>(RMB in millions)</i>	(%*)	<i>(RMB in millions)</i>	(%*)	<i>(RMB in millions)</i>	(%*)
Revenue	2,256.7	100.0	4,785.5	100.0	3,642.8	100.0
Other income	502.2	22.3	580.2	12.1	609.0	16.7
Gas consumption	(1,008.5)	(44.7)	(1,458.6)	(30.5)	(1,970.5)	(54.1)
Service concession construction costs	(918.1)	(40.7)	(2,375.7)	(49.6)	—	—
Depreciation and amortization	(253.6)	(11.2)	(496.5)	(10.4)	(758.1)	(20.8)
Personnel costs	(72.1)	(3.2)	(119.4)	(2.5)	(184.3)	(5.1)
Repairs and maintenance	(76.0)	(3.4)	(98.7)	(2.1)	(104.5)	(2.9)
Other expenses	(196.8)	(8.7)	(335.9)	(7.0)	(253.2)	(7.0)
Other gains and losses	10.3	0.5	(3.6)	(0.1)	27.8	0.8
Profit from operations	244.1	10.8	477.3	10.0	1,009.0	27.7
Interest income	21.9	1.0	18.0	0.4	12.7	0.3
Financial costs	(214.3)	(9.5)	(299.2)	(6.3)	(500.2)	(13.7)
Share of results of associates	9.9	0.4	15.6	0.3	55.2	1.5
Share of results of jointly controlled entities	7.6	0.3	5.1	0.1	0.4	0.0
Profit before taxation	69.2	3.1	216.8	4.5	577.1	15.8
Income tax expense	(20.0)	(0.9)	(17.8)	(0.4)	(56.3)	(1.5)
Profit for the year	49.2	2.2	199.0	4.2	520.8	14.3
Other comprehensive income						
Share of other comprehensive income of a jointly controlled entities	(2.4)	(0.1)	2.2	0.0	—	—
Other comprehensive income for the year	(2.4)	(0.1)	2.2	0.0	—	—
Total comprehensive income	46.8	2.1	201.2	4.2	520.8	14.3
Profit for the year attributable to:						
Equity owners of the Company	44.9	2.0	179.6	3.8	488.9	13.4
Non-controlling interests	4.3	0.2	19.4	0.4	31.9	0.9
	49.2	2.2	199.0	4.2	520.8	14.3
Total comprehensive income for the year attributable to:						
Non-controlling interests	4.3	0.2	19.4	0.4	31.9	0.9
Equity owners of the Company	42.5	1.9	181.8	3.8	488.9	13.4

* Represents a percentage of each item to our total revenue

SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Year ended December 31,		
	2008	2009	2010
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Non current assets			
Property, plant and equipment	8,162.6	11,104.1	11,812.7
Intangible assets	1,757.6	3,996.0	3,806.3
Goodwill	12.6	—	—
Prepaid lease payments	21.6	44.1	58.7
Investment in associates	186.9	1,291.0	1,120.4
Loans to associates	84.9	110.6	110.0
Investments in jointly controlled entities	155.3	106.9	200.7
Loans to jointly controlled entities	56.8	47.0	—
Deferred tax assets	4.9	30.7	82.7
Loan receivables	56.0	—	—
Available-for-sale financial assets	692.6	88.0	98.0
Value-added tax recoverable	—	535.6	562.5
Restricted bank deposits	87.1	2.2	—
Deposit paid for acquisition of property, plant and equipment	—	—	474.3
	<u>11,278.9</u>	<u>17,356.2</u>	<u>18,326.3</u>
Current assets			
Inventories	85.8	35.0	35.1
Trade and bill receivables	301.7	849.8	1,157.4
Other receivables, deposits and prepayments	126.5	85.4	105.7
Amounts due from related parties	14.8	100.5	16.2
Loans to jointly controlled entities	—	—	40.6
Prepaid lease payments	0.7	1.0	1.3
Value-added tax recoverable	2.6	178.8	245.5
Held-to-maturity financial asset	20.0	—	—
Restricted bank deposits	0.1	14.0	—
Cash and cash equivalents	569.5	753.9	558.8
	<u>1,121.7</u>	<u>2,018.4</u>	<u>2,160.6</u>
Assets classified as held for sale	—	—	282.4
	<u>1,121.7</u>	<u>2,018.4</u>	<u>2,443.0</u>
Current liabilities			
Trade and other payables	1,317.3	1,563.4	1,644.4
Amounts due to related parties	246.3	97.6	157.6
Bank and other borrowings-due within one year	2,718.2	3,599.1	2,731.3
Income tax payable	2.0	9.3	43.5
Deferred income-current portion	19.9	27.9	90.6
	<u>4,303.7</u>	<u>5,297.3</u>	<u>4,667.4</u>
Liabilities associated with assets classified as held for sale	—	—	176.1
	<u>4,303.7</u>	<u>5,297.3</u>	<u>4,843.5</u>
Net current liabilities	<u>(3,182.0)</u>	<u>(3,278.9)</u>	<u>(2,400.5)</u>
Total assets less current liabilities	<u>8,096.9</u>	<u>14,077.3</u>	<u>15,925.8</u>
Non-current liabilities			
Bank and other borrowings-due after one year	3,794.7	8,461.1	8,883.4
Deferred tax liabilities	—	—	4.2
Deferred income	47.4	50.7	44.7
Other non-current liabilities	99.7	—	—
	<u>3,941.8</u>	<u>8,511.8</u>	<u>8,932.3</u>
NET ASSETS	<u>4,155.1</u>	<u>5,565.5</u>	<u>6,993.5</u>
Capital and reserves			
Registered capital/Share capital	500.0	1,006.4	5,000.0
Reserves	3,214.7	4,270.1	1,684.2
Equity attributable to equity holders of the Company	<u>3,714.7</u>	<u>5,276.5</u>	<u>6,684.2</u>
Non-controlling interests	440.4	289.0	309.3
Total equity	<u>4,155.1</u>	<u>5,565.5</u>	<u>6,993.5</u>

SUMMARY

DIVIDEND POLICY

We may declare and pay dividends by way of cash or shares. Our Board of Directors has the discretion to declare dividends, subject to shareholder 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, as determined under PRC GAAP, unless the common reserve fund reaches 50% of our registered capital or above; and (iii) allocations, if any, to a discretionary common reserve fund, that is approved by our shareholders' in a shareholders meeting.

Going forward, we expect to distribute no less than 20% of our annual distributable earnings as dividends. However, we cannot assure you that we will be able to declare or distribute dividends in any amount each year or in any year. In addition to the aforementioned limitations, the declaration and payment of dividends may be limited by legal restrictions or financing agreements that we may enter into in the future. Please also see "Risk Factors—Risks Relating to the PRC—Foreign individual holders of our H Shares may become subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares" for details regarding potential PRC tax implications.

SPECIAL DISTRIBUTION

We agreed to declare a special distribution to BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays in an amount equal to our Group's net profit attributable to equity owner of the Company derived from the period from April 30, 2010, the date on which our assets were valued for establishment as a joint stock limited company, to June 30, 2011, the end of the quarter immediately prior to the Listing (the "Special Distribution"). The actual amount of the Special Distribution will be determined based on a special audit of the consolidated financial statements of the Group for the period from April 30, 2010 to the end of the quarter immediately prior to the Listing. The Company will make an announcement on the outcome of the special audit and the amount of Special Distribution before actual payment. As advised by our PRC legal advisor, the declaration of the Special Distribution is subject to the Company having sufficient distributable reserves in accordance with PRC law, and as a result, the Company will need to make arrangements for the distribution of dividends from its subsidiaries to the Company prior to declaring and paying the Special Distribution.

Assuming the Listing Date is on July 8, 2011, we estimate that the Special Distribution will not exceed RMB500 million, by reference to our Group's expected unaudited net profit attributable to equity owner of the Company from April 30, 2010 to June 30, 2011.

Although the Special Distribution will only be paid after the Listing, our Directors consider the Company's cash resources are sufficient to cover the full payment of the Special Distribution.

SUMMARY

Our Directors further confirm that the payment of the Special Distribution will not adversely affect our financial position, having regard to our operating cash flow and the expected timing of such payment.

Investors in the Global Offering should note that they will not be entitled to share in the Special Distribution.

The declaration of the Special Distribution is made by us as a commercial decision. The amount of the Special Distribution is not indicative of our Company's future profits or the dividends that we may declare or pay in the future.

DISTRIBUTABLE RESERVES

The aggregate amount of distributable reserves of the companies of our Group as at December 31, 2010 was RMB351.2 million. The distributable reserves of our Group as at December 31, 2010 do not take into account the Special Distribution or additional earnings from January 1, 2011 to June 30, 2011.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,774.5 million (assuming an Offer Price of HK\$1.86 per Offer Share, being the mid-point of the estimated Offer Price range), before any exercise of the Over-allotment Option and after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

Assuming we receive the estimated net proceeds as described above, we intend to use the net proceeds for the following purposes:

- approximately 50% of net proceeds to us (approximately HK\$1,887.2 million, assuming an Offer Price of HK\$1.86 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for investing in the construction of wind power and gas-fired power projects, among which (i) approximately 43% will mostly be used within 2011 for the construction of gas-fired projects in the PRC; (ii) approximately 27% will mostly be used within 2011 for the construction of wind power projects in the PRC; (iii) approximately 19% will mostly be used within 2012 for the construction of gas-fired projects in the PRC; and (iv) approximately 11% will mostly be used within 2012 for the construction of wind power projects in the PRC; and
- approximately 20% of net proceeds to us (approximately HK\$754.9 million, assuming an Offer Price of HK\$1.86 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for purchasing key equipment and parts and technological consultancy for maintenance as well as equipment improvement for existing projects;

SUMMARY

- approximately 20% of net proceeds to us (approximately HK\$754.9 million, assuming an Offer Price of HK\$1.86 per Offer Share, being the mid-point of the estimated Offer Price range) will be used to repay certain amounts of the following bank loans (as detailed below); and

<u>Name of Bank</u>	<u>Maturity Date</u>	<u>Principal Amount</u> <i>(RMB in million)</i>	<u>Balance</u> <i>(RMB in million)</i>	<u>Interest Rate as at the Latest Practicable Date</u>	<u>Loan Purpose</u>
Shanghai Pudong Development Bank . . .	12/21/2018	160	—	5.53%	Construction of power projects
Agricultural Bank of China	9/9/2011	200	—	5.76%	Construction of power projects
Bank of Beijing	11/7/2013	490	—	5.60%	Construction of power projects
Shanghai Pudong Development Bank . .	4/8/2019	280	—	5.76%	Construction of power projects
		<u>1,130</u>			

- approximately 10% of net proceeds to us (approximately HK\$377.4 million, assuming an Offer Price of HK\$1.86 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for working capital.

To the extent our net proceeds are either more or less than expected, for instance, in the event that the Offer Price is set at the high end of the estimated Offer Price range or the Over-allotment Option is exercised or the Offer Price is set at the low end of the estimated Offer Price range, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions and management requirements. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange. To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed in short term demand deposits and/or money market instruments.

UNAUDITED PRO FORMA FORECASTED EARNINGS PER SHARE FOR THE YEAR ENDING DECEMBER 31, 2011

Forecasted consolidated profit attributable to equity holders of our Company ⁽¹⁾	not less than RMB901.9 million (approximately HK\$1,081.8 million) ⁽³⁾
Unaudited pro forma forecasted earnings per Share ⁽²⁾	not less than RMB12.63 cents (approximately HK\$15.15 cents) ⁽³⁾

SUMMARY

Notes:

- (1) We describe the bases on which we prepared the above profit forecast in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 is based on the above forecasted consolidated profit attributable to our equity holders for the year ending December 31, 2011, assuming that a total of 7,142,840,000 Shares were in issue during the year ending December 31, 2011, without taking into account any H Shares issued upon exercise of the Over-allotment Option.
- (3) The forecasted consolidated profit attributable to equity holders of our Company and unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 are converted at the PBOC Rate from Renminbi into Hong Kong dollars at an exchange rate of RMB0.83373 to HK\$1.00 prevailing on June 3, 2011.

Profit Forecast Sensitivity Analysis

Our profit forecast is most sensitive to future changes in the on-grid tariffs we receive for our gas-fired power, wind power and hydropower businesses. Accordingly, the following table provides a sensitivity analysis to our profit forecast, taking into account potential changes to our on-grid tariffs in our gas-fired power, wind power and hydropower businesses collectively while assuming other factors are kept constant.

<u>On-grid tariff change</u>	<u>Changes in net profit after tax in 2011 (RMB '000)</u>
+5%	167,680
-5%	(167,680)
+10%	335,360
-10%	(335,360)

The following table provides a sensitivity analysis to our profit forecast taking into account potential changes in our natural gas purchase price while assuming other factors are kept constant.

<u>Gas price change</u>	<u>Changes in net profit after tax in 2011 (RMB '000)</u>
+5%	(75,159)
-5%	75,159
+10%	(150,318)
-10%	150,318

The sensitivity analyses above takes into account changes to the on-grid tariffs we receive and the price of natural gas for our gas-fired power and heat energy generation segment. However, historically, we have received electricity price subsidies and natural gas price subsidies for our gas-fired power segment and heat energy generation. The amount of electricity price subsidies we receive in this segment is calculated by reference to, among other things, the actual on-grid tariff, and the amount of natural gas price subsidies we receive is calculated by reference to, among other things, the price of natural gas. As a result of the calculation formula for these subsidies, we do not expect changes to the on-grid tariffs we receive for our gas-fired power and heat energy generation segment will significantly impact our profitability as we expect electricity price subsidies will increase or decrease accordingly to offset the impact of changes to the on-grid tariffs. Similarly, we do not expect changes to natural gas prices will have a significant impact on our profitability because we expect the impact of changes to natural gas prices will be offset by changes to natural gas price subsidies we receive. For further details, please refer to the section headed “Financial Information—Significant Factors Affecting Our Results of Operations and Financial Condition—Government grants and subsidies”.

SUMMARY

OFFERING STATISTICS

	<u>Based on an Offer Price of HK\$1.63</u>	<u>Based on an Offer Price of HK\$2.08</u>
Market capitalization of our Shares ⁽¹⁾	HK\$11,642.8 million	HK\$14,857.1 million
Pro forma adjusted estimated price/earnings multiple ⁽²⁾ . .	10.8 times	13.7 times
Unaudited pro forma adjusted net tangible asset value per Share ⁽³⁾	RMB0.79 (HK\$0.95)	RMB0.90 (HK\$1.08)

Notes:

- (1) The calculation of market capitalization is based on 2,729,774,000 H Shares and a total of 7,142,840,000 Shares expected to be in issue immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised.
- (2) The calculation of the pro forma adjusted estimated price/earnings multiple is based on the unaudited pro forma adjusted forecast earnings per Share for the year ending December 31, 2011 at the respective Offer Prices of HK\$1.63 and HK\$2.08.
- (3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in the section "Unaudited Pro Forma Financial Information" in Appendix II, on the basis of a total of 7,142,840,000 Shares expected to be in issue and taking into account the indicative Offer Prices of HK\$1.63 and HK\$2.08 per Offer Share.