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.

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 paragraph headed "—Our Gas-fired Power and Heat Energy Generation Business—Our Pipeline Gas-fired Power and Heat Energy Generation Projects" below 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 m^2, 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 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.

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 paragraph headed "—Our Wind Power Business—Our Pipeline Wind Power Projects" below 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.

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 no 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, 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

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.

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 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-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 RMB 56.6 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 Huayuangaojie 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 paragraph headed "—Our Small to Medium Hydropower and Other Clean Energy Generation Businesses—Our Pipeline Small to Medium Hydropower and Other Clean Energy Power Projects" below for further details.

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:

Gas-fired Power and Heat Energy Generation Business	Location	Installed Capacity (MW)	Ownership
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		**1,190.00**	

Wind Power Business	Location	Installed Capacity (MW)	Ownership	Warranty Period (months)
Wulanyiligeng Wind Farm[3] (烏蘭伊力更風電場)	Inner Mongolia	300.00	100%	24
Huitengxile Wind Farm Phase I[3] (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[3] (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

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.

(3) This project is a concession project.

Wind Power Business	Location	Installed Capacity (MW)	Ownership	Warranty Period (months)
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		**1,058.75**		

Small to Medium Hydropower and Other Businesses[2]	Location	Installed Capacity (MW)	Ownership
Heishui Sanlian—Zhawo Grade I Hydropower Plant (黑水三聯 — 紮窩一級水電站)	Sichuan province	6.40	100%
Subtotal		**6.40**	
TOTAL		**2,255.15**	

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.

Projects Under Construction

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

Gas-fired Power and Heat Energy Generation Business	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
Jingqiao Power Plant Phase II (京橋燃氣熱電廠二期)	Beijing	838.20	80.03
Subtotal		**838.20**	

Wind Power Business	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
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**	

Small to Medium Hydropower and Other Businesses	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
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 — 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 — 登棚二級水電站)	Sichuan province	18.00	100.00
Heishui Sanlian—Zhawo Grade II Hydropower Plant (黑水三聯 — 紮窩二級水電站)	Sichuan province	6.40	100.00
Subtotal		**224.40**	

Pipeline Projects

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

	Location	Number of Projects	Consolidated Estimated Capacity	Estimated Capital Expenditure
			(MW)	*(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 paragraph headed "—Our Pipeline Wind Power Projects" below.

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	2010	2008 to 2010
		(in MW)		*(%)*
***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	**1,361.40**	**2,007.65**	**2,255.15**	28.70%
***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	**1,361.40**	**2,007.65**	**2,255.15**	28.70%
***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	**1,158.60**	**1,804.85**	**2,052.35**	33.09%

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.

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.

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:

Key Operational Data	For the year ended December 31,		
	2008	2009	2010
Consolidated gross power generation[2](GWh)			
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
Consolidated net power generation[3] (GWh)			
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
Consolidated heat energy generation (kGJ)	1,123.2	5,114.8	5,625.1
Average utilization hours[4]			
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

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:

	For the year ended December 31,		
Key Financial Data	**2008**	**2009**	**2010**
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, 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.

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

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 during the Track Record Period, in terms of consolidated installed gas-fired power capacity. According to the HydroChina Report, as at December 31, 2009 and 2010, we were the sixth and eighth largest wind farm operator in the PRC, respectively, in terms of consolidated connected capacity. As at December 31, 2010, the consolidated installed capacity of our gas-fired power and heat energy generation business, our wind power business and small to medium hydropower and other clean energy generation businesses amounted to 1,190.00 MW, 1,058.75 MW and 6.40 MW (excluding the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011), respectively. As at December 31, 2010, we had successfully registered with CDM EB 14 CDM projects, two of which were gas-fired cogeneration projects, 11 of which were wind power projects and one of which was a biomass project.

Our diversified generation portfolio enables us to diversify the risks that we would face were we to utilize a single resource for electricity generation, positions us to capture future growth opportunities in other clean energy businesses such as solar power and waste-to-energy, and enables us to expand the range of markets we are able to serve. By strategically allocating our resources to the development and operation of diverse clean energy markets, we believe that we have obtained, and will continue to enhance, our value creation opportunities, as well as our competitive advantages in the medium and long term.

As at December 31, 2010, we also had two pipeline gas-fired cogeneration projects with a consolidated estimated capacity of 1,000.00 MW, 30 pipeline wind power projects with a consolidated estimated capacity of 3,039.50 MW, and two pipeline small to medium hydropower projects with a consolidated estimated capacity of 34.00 MW. We believe the diversity of our pipeline projects will help us successfully expand our business with a diversified portfolio of clean energy.

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

Our gas-fired power plants and most of our wind farms are strategically located in Beijing and Inner Mongolia, which we believe can offer us significant advantages in terms of favorable government incentives and policies, abundant wind resources, as well as large demand for electricity and heat consumption as a result of urbanization and population growth. These advantages are expected to aid the future development of our clean energy business, particularly in our gas-fired and wind power generation segments.

All of our gas-fired power plants are located in Beijing and we are the only wind farm operator in Beijing. As the political, economic and cultural center in China, Beijing has very strict standards for environmental protection, energy saving and emission reductions, in order to safeguard and improve energy efficiency, air quality and living standards. Based on our insights and experience in the power market in Beijing, we believe that natural gas is an ideal and indispensable clean energy source for power and heat energy generation in Beijing. Compared to traditional coal-fired power plants, gas-fired power plants are designed to handle frequent and fast power start-ups and are therefore capable of satisfying ad-hoc demand for electricity dispatch. The electricity generation of our gas-fired power plants can be increased and efficiently adjusted within a relatively short period of time, thereby enabling us to flexibly provide electricity during peak periods and capture additional power sales when a sudden increase in demand for electricity occurs. Moreover, we believe that we will benefit from the development of the Shaanxi-Beijing Gas Pipeline Project (陝京天然氣管線工程) and West-East Gas Pipeline Project (西氣東輸管線工程), which is expected to increase the supply of natural gas to Beijing.

We operate a majority of our wind farms in West Inner Mongolia. As at December 31, 2010, the consolidated installed capacity of our wind farms in West Inner Mongolia was 845.75 MW, making us the largest wind power provider in West Inner Mongolia based on consolidated installed capacity, according to the Inner Mongolia Power (Group) Co., Ltd. Dispatch and Communication Center. West Inner Mongolia is known to possess the best wind resources in China, according to Center for Wind and Solar Energy Resources Assessment of China Meteorological Administration (中國氣象局風能太陽能資源評估中心). Our Directors believe that our wind power business can benefit from wind resources as well as favorable government policies in West Inner Mongolia.

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

We are a leading gas-fired power and heat provider in Beijing. 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 during the Track Record Period, in terms of consolidated installed gas-fired power capacity. As at December 31, 2010, the consolidated installed capacity for our gas-fired power projects amounted to 1,190.00 MW, accounting for approximately 61% of the total installed gas-fired power capacity of Beijing. As at December 31, 2010, our consolidated installed heat energy generation capacity was 1,045.00 MW, with a heat energy supply

coverage area of 17 million square meters, accounting for approximately 73.9% of Beijing's gas-fired cogeneration centralized heat energy generation.

Gas-fired power plants are more environmentally friendly as they emit less carbon dioxide as well as other harmful substances including sulphur dioxide and nitrogen oxides as compared to coal-fired power plants. As a result, we are able to provide an energy-efficient and environmentally friendly energy source for producing electricity and heat energy in Beijing. As at December 31, 2010, we had two sets of 9F-grade gas-fired gas-steam combined cycle cogeneration system with an aggregated installed capacity of 1,190.00 MW.

Located in northern China, Beijing generates significant demand for heat energy in winter, and ensuring sufficient heat energy supply has always been an important responsibility for the Beijing government. Since electricity and heat energy are generated simultaneously in the cogeneration process, our cogeneration plants have enjoyed electricity dispatch priority during winter to safeguard the generation of heat energy, allowing us to have stable sales of electricity.

Capitalizing on our leading market position in Beijing and our advanced technology capability, our gas-fired power and heat energy generation business is well-positioned to exploit foreseeable growth of gas-fired power industry in Beijing metropolitan area. The Circular of the Beijing People's Government Approving and Forwarding The Opinions on Accelerating the Structuring of Beijing's Safe, Efficient and Low Carbon Urban Heating System by the NDRC Beijing Branch (《北京市人民政府批轉市發展改革委關於加快構建本市安全高效低碳城市供熱體系有關意見的通知》) issued by the Beijing People's Government has set a target to increase natural gas usage as a percentage of total energy usage to 20% by 2015, and above 25% by 2020. In addition, the above Circular states that Beijing is planning to construct four major heat and power centers, i.e. cogeneration plants within Beijing metropolitan area, raising the total installed capacity of gas-fired cogeneration plants in Beijing from 1,960.00 MW as at December 31, 2010 to 6,860.00 MW by 2015. Moreover, because the supplies of heat energy only cover areas within a limited radius, we expect that more cogeneration plants will be constructed in the near future as the heat energy generation market expands in Beijing.

Furthermore, benefiting from our long-term relationships with BDHG and Beijing Gas Group, we are well-positioned to capture development opportunities of heat energy generation market in Beijing in line with Beijing city's development scheme.

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 entered into the PRC wind power market in 2003. According to the HydroChina Report, as at December 31, 2009 and 2010, we ranked sixth and eighth in the PRC, respectively, in terms of consolidated connected capacity. 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%. According to China Wind Power Outlook 2010 (《中國風電發展報告2010》), our Wulanyiligeng Wind

Farm (300.00 MW) was one of the largest concession projects in China in terms of installed capacity.

We have extensive managerial and technical experience in each stage of developing and operating a wind power project, including organizing design, pre-construction services, equipment procurement, construction, commissioning and testing, operation, repair and maintenance.

- We have strong in-house capacity and capability to carry out various pre-construction services for our wind farm projects, including testing and assessing wind resources, organizing the preparation of feasibility reports, and providing technical support in the development of our pipeline wind power projects. In addition, we are able to capitalize on our expertise and advantages in preconstruction phases to organize project budget review, control project investment and streamline internal decision procedures, thereby developing projects rapidly.

- To secure a reliable supply of wind turbines for our wind power projects and to allow us access to the latest technology, we have established long-term strategic relationships with leading wind turbine suppliers, which enables us to receive favorable procurement terms, such as competitive prices, flexible payment terms and comprehensive after-sale services.

- We have a dedicated and professional team with extensive experience in operating and managing wind farms. To improve our operational efficiency, since 2009, we have operated a centralized monitoring system to operate our wind farms that are located in West Inner Mongolia. We are the first wind power operator in China to have established a centralized monitoring system. The system allows us to monitor and control our wind turbines in those wind farms on a real-time basis in a central location, which has greatly improved our operational efficiency. In addition, we have a highly skilled and experienced in-house maintenance team at our wind farms and our subsidiary companies to handle daily inspection, maintenance and repairs, instead of outsourcing such operations to third-party service providers, to allow us to increase our operational efficiency, reliability and quality. For instance, we had a core maintenance team in Inner Mongolia, where all our team members as of the Latest Practicable Date had either senior or intermediate level engineering qualifications, and half of them had more than five years of experience in maintaining wind turbines. We also had on-site technical support teams at our wind farms in Inner Mongolia, where as of the Latest Practicable Date, 62% of the team members had over three years maintenance experience and 42% of them possessed a bachelor's or higher degree. Moreover, to safeguard the stable operation of our wind farms, we have a proven inventory policy to guarantee the supply of turbine parts, especially those that require frequent replacement.

As a result, we are able to achieve and maintain high efficiency. For instance, for the years ended December 31, 2009 and 2010, the average utilization hours of our wind farms in West Inner Mongolia were well above the industry average in the same region. The

availability factor of our wind farms in West Inner Mongolia reached 99.33%, 96.78%, and 97.82% in 2008, 2009 and 2010, respectively.

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

Our business benefits from favorable laws, regulations and policies implemented by the PRC government to build an economic model with sustainable economic development for China by promoting energy-saving and ecologically friendly technologies. China's greenhouse gas emissions have increased rapidly along with the fast growth of its economy. According to the US Energy Information Administration, China is now the largest greenhouse gas emitter globally. In 2008, China emitted 6,534m tons of carbon dioxide, which increased its 2001 emission level by 100%, and contributed to 21.5% of the world's total carbon dioxide emission of 30,377m tons. Due to environmental pollution and driven by the demand for sustainable economic development, China has been committed to promoting the use of clean energy, particularly the use of natural gas as the primary fuel source for electricity generation, to reduce the emissions from electricity generation. On May 4, 2010, the State Council issued the Circular of the State Council regarding Further Intensifying Efforts Ensuring the Achievement of the Objective of Energy Saving and Emission Reduction for the 11th Five-Year-Plan (《國務院關於進一步加大工作力度確保實現"十一五"節能減排目標的通知》), which targets to reduce carbon dioxide emissions per unit of GDP by 40 to 45 percent between 2005 and 2020.

The PRC government has promulgated favorable policies and offered significant incentives to optimize the energy sources that are used to generate electricity in China, with a focus on increasing the use of clean energy, including wind, natural gas-fired, hydro and solar power. We believe that we are well-positioned to benefit from these policies and incentives, which include:

- mandatory grid connection and off-take of electricity generated from approved renewable energy projects;
- on-grid tariff premiums for renewable energy;
- PRC tax benefits for our wind power, gas-fired power and heat energy generation and hydropower projects; and
- government grants and subsidies for all of our wind farms in Beijing and our gas-fired power and heat energy generation business.

Because of these favorable policies and significant incentives, the clean energy industry in China has experienced rapid growth. According to BP Review, the consumption of natural gas in China has increased significantly from 24.5 billion cubic meters in 2000 to 88.7 billion cubic meters in 2009, representing a CAGR of 15.4%. Furthermore, the Eleventh Five Year Plan issued by the NDRC has set a target to increase the proportion of natural gas out of the total fuel consumption to 5.3% in 2010, an increase of 2.5 percentage points compared to 2005. Additionally, according to WWEA, the cumulative installed capacity in China's wind power industry increased from 2,599 MW as at the end of 2006 to 44,733 MW as at the end

of 2010, representing a CAGR of 103.7%. According to WWEA, China ranked first both in terms of annual installed capacity in 2010 and in terms of cumulative installed capacity for wind power as at the end of 2010. We believe we will benefit from the rapid growth in China's clean energy industry.

We have an experienced management team with strategic vision and strong commitment supported by a professional workforce

Our management team has extensive experience in the PRC power industry, in particular, the clean energy market. Our senior management members have an average of 11 years of experience in the power or energy industry. The Company believes that their experience and insight in the clean energy industry and their vision for the future development of the industry will contribute significantly to the growth of our business.

Our Company has a highly skilled workforce with extensive technical know-how and high levels of qualification and training. Our operation teams in all our business segments are lead by professionals with extensive experience in their fields, and many have extensive technical background and experience in the operation and management of our business.

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 business:

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

Considering the huge and fast growing demand for electricity and heat energy in Beijing and regulations promoting the utilization of clean energy, we believe that natural gas is an ideal and indispensable source of clean electricity and heat energy in Beijing. We intend to increase our market share and enhance our leading market position in the gas-fired power and heat energy generation market in Beijing by developing additional energy-efficient and environmentally friendly gas-fired power cogeneration projects. As at December 31, 2010, we 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, 2010, we also had two pipeline gas-fired power plants in Beijing with a consolidated estimated capacity of 1,000.00 MW. We plan to increase our consolidated installed capacity of gas-fired power generation to 2,228.20 MW by the end of 2012.

Continue to expand our wind power operation in strategically selected locations with abundant wind resources and attractive returns

We believe that the wind power industry enjoys significant advantages over other renewable energies with respect to cost efficiency, resource availability and technological maturity. We are committed to strengthening our market position in the PRC's wind power industry by expanding our wind power operations in Inner Mongolia and strategically exploring business opportunities in other regions with abundant wind resources and attractive returns,

such as Liaoning Province, Hebei Province, Ningxia and Beijing. We have also commenced our efforts in developing offshore wind power projects.

We intend to further expand our wind power operations in Inner Mongolia, in particular, West Inner Mongolia, where we have established our leading market position through years of successful operation. In addition, we will seek suitable opportunities to strategically enter into regions with abundant wind resources and attractive returns. The factors we will take into account in evaluating appropriate expansion opportunities include the abundance of wind power, the on-grid tariff set forth by the local government, the frequency of the occurrence of grid constraints that may reduce the output of the wind farms and the level of competition for resources for developing the wind power business.

Develop other renewable energy businesses to capture suitable value creation opportunities

We intend to adopt an agile and prudent strategy to allocate our resources to develop our business in diverse clean energy markets. In particular, we will seek suitable opportunities to expand by developing or planning to develop projects utilizing other renewable energy sources, including waste-to-energy power generation and solar power.

We intend to develop and expand our small to medium hydropower business with a focus on southwest China. Southwest China has abundant hydro resources, and possesses significant economic growth potential with favorable policies promulgated by the PRC government under its strategy for the large-scale development of western China. In addition to our pipeline solar power projects in Ningxia, we intend to expand our solar power business in Inner Mongolia and Beijing. We intend to develop waste-to-energy projects in Beijing where waste supply is abundant and demand for clean energy is growing.

Continue to enhance the operational and managerial efficiency of each business segment to improve our profitability

We intend to capitalize on the leading market position of our gas-fired power and heat energy generation business in Beijing to improve our profitability by focusing on optimizing fuel usage efficiency, improving the availability and utilization rate of our equipment and maintaining efficient communications with local grid companies.

Our long-standing strategic relationship with leading wind turbine suppliers allows us to benefit from stable and timely supply of equipment and spare parts to our wind farms with favorable terms, including competitive purchase price and favorable after-sales service. We intend to further strengthen our cooperation with these suppliers to control our operating costs and improve our management and operating efficiency. In addition, since April 2010, we have started to establish a central tendering platform in order to consolidate and streamline our procurement procedures. Please see the paragraph headed " —Wind Turbine Suppliers" below for details.

Diversify financing sources and reduce financing costs

We need abundant and stable financing to fund the expansion of our clean energy business, which is capital intensive in nature. Historically, we have managed to obtain

competitive terms from financial institutions to fund the expansion of our project companies by capitalizing on our long credit history and close relationship with them. Going forward, we intend to maintain the diversified sources of funding from various sources such as bank loans, short-term financing and other financing facilities to further improve our capital structure and lower our financing costs.

OUR GAS-FIRED POWER AND HEAT ENERGY GENERATION BUSINESS

We develop, manage and operate gas-fired power and heat energy generation plants. As at December 31, 2010, our gas-fired power business had a consolidated installed capacity of 1,190.00 MW. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 65%, 61% and 61%, respectively, of the total gas-fired power installed capacity in Beijing, making us the largest gas-fired power generation company in terms of consolidated installed capacity in Beijing, according to Beijing Electric Power Industry Association (北京電力行業協會). 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, 2010, our total heat energy supply coverage area was 17 million m^2, accounting for 73.9% of the gas-fired cogeneration centralized heat energy supply in Beijing, according to BDHG.

As at the Latest Practical Date, we operated our gas-fired power and heat energy generation business through two gas-fired cogeneration plants, the Taiyanggong Power Plant and the Jingfeng Power Plant and one gas-fired heat generation plant, the Jingqiao Power Plant, in which we own 74.00%, 100.00% and 80.03% of the equity interest, respectively. All of our three gas-fired plants are located in Beijing. During the Track Record Period, we generated revenue from sales of electricity and heat energy generated from the Taiyanggong Power Plant and the Jingfeng Power Plant, as well as sales of heat energy generated by the Jingqiao Power Plant.

As at the Latest Practicable Date, each of the Taiyanggong Power Plant and the Jingfeng Power Plant was equipped with a gas-fired gas-steam combined cycle cogeneration system, which consisted of one or two gas turbines and a steam turbine and generated electricity and heat energy. During the Track Record Period, these plants sold electricity and heat energy in the form of heated water or steam, generated through the cogeneration process, to customers in Beijing. Both power plants installed 9F-grade gas-fired gas-steam combined cycle cogeneration systems to achieve higher level of power efficiency.

The Jingqiao Power Plant consists of two phases. The first phase of the Jingqiao Power Plant only generates heat energy, and began producing heat energy in December 2008. The second phase of the Jingqiao Power Plant is designed for gas-fired cogeneration. We expect the Jingqiao Power Plant to start electricity generation commencing from September 2012. We expect the installed capacity and installed heat energy generation capacity of the second phase of the Jingqiao Power Plant to be 838.20 MW and 592.00 MW, respectively.

During the Track Record Period, we derived most of our revenue and profit from our gas-fired power and heat energy generation business. Our gas-fired power plants derived revenue mainly from sales of electricity and heat energy they generated. The table below sets

out details with respect to the revenue of our gas-fired power and heat energy generation business for the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
Revenue			
Sales of electricity (RMB in thousands)	1,093,414	1,545,725	2,185,168
Sales of heat energy (RMB in thousands)	70,245	346,183	368,595
Others (RMB in thousands)	59	1,200	—
Total	**1,163,718**	**1,893,108**	**2,553,763**

We also had two pipeline gas-fired power and heat energy generation projects (projects that have not commenced construction but for which we have obtained certain development rights) suitable for future development with a consolidated estimated capacity of 1,000.00 MW as at December 31, 2010. These pipeline gas-fired cogeneration projects are located in Beijing.

We currently expect to increase the consolidated installed capacity of our gas-fired power and heat energy generation business to 2,228.20 MW by the end of 2012.

The table below sets out certain operational data of our gas-fired power and heat energy generation business as at the date or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Total installed capacity (MW)	1,190.00	1,190.00	1,190.00
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
Attributable installed capacity (MW)	987.20	987.20	987.20
Consolidated capacity under construction (MW)	—	—	838.20
Total installed heat energy generation capacity (MW)	1,045.00	1,045.00	1,045.00
Consolidated installed heat energy generation capacity (MW)	1,045.00	1,045.00	1,045.00
Average consolidated installed heat energy generation capacity (MW)	338.92	1,045.00	1,045.00
Attributable installed heat energy generation capacity (MW)	822.02	822.02	831.44
Consolidated heat energy generation capacity under construction (MW)	—	—	592.00
Heat energy generation (kGJ)	1,123.2	5,114.8	5,625.1
Consolidated gross power generation (MWh)	3,091,970[1]	3,854,860	5,042,012
Consolidated net power generation (MWh)	3,044,251	3,748,306	4,905,894
Average utilization hours (hours)[2]	3,575	3,239	4,237

Notes:

(1) The Taiyanggong Power Plant commenced commercial operation in May 2008. However, it experienced grid connection problems mainly due to the infrastructure construction delay in Beijing throughout 2008 as a result of the Beijing Olympic Games, which were not resolved until October 2009. As a result, the Taiyanggong Power Plant received a one-time grid capacity limitation subsidy of RMB53 million in 2009 as part of its subsidy during the year.

(2) As the Jingqiao Power Plant had no electricity generation capacity as at December 31, 2010, the average number only include the Taiyanggong Power Plant and Jingfeng Power Plant.

Description of Our Gas-fired Power and Heat Energy Generation Projects

As at December 31, 2010, we operated our gas-fired power and heat energy generation business through two gas-fired cogeneration plants and one gas-fired heat energy generation plant that are located in Beijing.

The table below sets out the details of our gas-fired power plants as at December 31, 2010:

Name of the Gas-fired Power Plants	Installed Capacity	Installed Heat Energy Generation Capacity	Attributable Installed Capacity	Attributable Installed Heat Energy Generation Capacity	Owner-ship	Estimated/ Commencement Date of Operation
	(MW)	*(MW)*	*(MW)*	*(MW)*	*(%)*	
In operation						
Taiyanggong Power Plant	780.00	465.00	577.20	344.10	74.00	May 2008
Jingfeng Power Plant Phase I	410.00	116.00	410.00	116.00	100.00	May 2006
Jingqiao Power Plant Phase I[(1)]	—	464.00	—	371.34	80.03	December 2008
Subtotal	**1,190.00**	**1,045.00**	**987.20**	**831.44**		
Under construction						
Jingqiao Power Plant Phase II	838.20	592.00	670.81	473.78	80.03	September 2012

Note:

(1) Jingqiao Power Plant had no electricity generation capacity as at December 31, 2010 and only sold heat-energy during the Track Record Period.

Gas-fired Power Plants in Operation

Taiyanggong Power Plant

The Taiyanggong Power Plant is located in the Chaoyang district in Beijing and has been in commercial operation since May 2008. We operate the Taiyanggong Power Plant through our subsidiary, Taiyanggong Power, in which we hold a 74% equity interest. The remaining 26% is held by GD Power Development.

Our Taiyanggong Power Plant has installed a 9F-grade gas-fired gas-steam combined cycle cogeneration system (9F級燃氣蒸汽聯合循環機組), with two gas turbine generator units manufactured by General Electric with an aggregate installed capacity of 510.00 MW, and one steam turbine generator with an installed capacity of 270.00 MW. As at December 31, 2010, the Taiyanggong Power Plant had an installed capacity of 780.00 MW, which accounted for 39.8% of the total installed capacity of all the gas-fired power plants in Beijing, according to Beijing Electric Power Industry Association (北京電力行業協會). As at December 31, 2010, our Taiyanggong Power Plant had an installed heat energy generation capacity of 465.00 MW.

The following table sets out certain operating details for the Taiyanggong Power Plant as at or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Installed capacity (MW)	780.00	780.00	780.00
Installed heat energy generation capacity (MW)	465.00	465.00	465.00
Capacity under construction (MW)	—	—	—
Heat energy generation capacity under construction (MW)	—	—	—
Average utilization hours (hours)	2,365	2,770	4,284
Gross generation (MWh)	1,076,153[1]	2,160,359	3,341,370
Electricity sales (MWh)[2]	1,067,993[1]	2,085,122	3,239,236
Applicable on-grid tariff at year end (RMB/MWh)	472.0	528.0	528.0
Net power generation (MWh)	1,067,993	2,085,122	3,239,236
Heat energy generation (kGJ)	438.5	1,828.2	3,209.3
Availability factor (%)[3]	88.05[1]	97.80	91.40
Heat rate / Net generation standard gas consumption rate (m^3/GJ)	34.13	33.00	33.00
Actual volumes of natural gas processed (km^3)	218,853	465,531	740,229

Notes:

(1) Although the Taiyanggong Power Plant commenced commercial operations in May 2008, due to grid capacity limitations because of the Beijing Olympic Games, it could only use approximately half of its designed capacity of 780.00 MW. As a result, the Taiyanggong Power Plant received a one-time grid capacity limitation subsidy of RMB53 million in 2009 as part of its subsidy during the year.

(2) The difference between gross generation and electricity sales mainly represents auxiliary electricity, i.e. the internal consumption of electricity by the power plant and transmission loss.

(3) Availability factor represents available hours divided by total hours times 100%. Available hours means the hours when the wind turbine or the power plant is considered available to produce power; total hours means the total hours during the availability measurement period.

Taiyanggong Power sold electricity to the North China Grid in 2009 and has started to sell electricity to Beijing Electricity Power since 2010.

During the Track Record Period, the Taiyanggong Power Plant sold heat energy to BDHG, which resold and delivered the heat energy to industrial or residential end users in Beijing. On July 30, 2007, Taiyanggong Power entered into a three-year heat energy supply agreement, or HESA, with BDHG, which was effective from October 28, 2008, when its heat energy sales price was approved by the NDRC Beijing branch. Pursuant to this agreement, Taiyanggong Power sells heat energy to BDHG at a price determined by the relevant PRC authority. The price is subject to further adjustment from time to time. The Company expects that this HESA will be renewed for another three years upon expiration. The Taiyanggong Power Plant enjoyed a VAT exemption in the form of refund for the revenue generated from the sales of heat energy that was ultimately sold to residential users in Beijing by BDHG.

During the Track Record Period, Taiyanggong Power purchased natural gas from Beijing Gas Group, with whom Taiyanggong Power entered into a natural gas supply agreement on December 2010, which is valid until December 31, 2013 and is subject to automatic extension after December 31, 2013 until (i) termination in writing due to reasons including gas supply failure and force majeure, or (ii) a new contract is entered into. According to this agreement, Beijing Gas Group will supply natural gas to the Taiyanggong Power Plant at a purchase price of RMB2.28 per m^3 (VAT inclusive) or at other prices, both of which are subject to adjustment by relevant government authority from time to time. The agreement also

provided that Beijing Gas Group shall meter the volume of gas consumed every 15 days, and the Taiyanggong Power Plant shall pay for the gas consumed within ten days thereafter. We were not given priority as to the gas supply. Prior to this agreement, the Taiyanggong Power Plant entered into a natural gas supply agreement with Beijing Gas Group on August 15, 2007, which expired on December 31, 2010.

We expect the gas consumption rate for the Taiyanggong Power Plant to decrease by 7% to 10% in 2011 as compared to 2010, through the installation of on-time compressor blade cleaning devices as well as raising the power generation load intensity.

Jingfeng Power Plant

The Jingfeng Power Plant is located in the Fengtai district in Beijing and commenced commercial operations in May 2006. We operate the Jingfeng Power Plant through Jingfeng Power, our wholly-owned subsidiary.

The Jingfeng Power Plant installed a 9F-grade gas-fired gas-steam combined cycle system (9F級燃氣蒸汽聯合循環機組) with a gas turbine manufactured by Mitsubishi in 2005 which started operation in 2006, and completed its cogeneration upgrade in 2008, which allowed it to sell both electricity and heat energy. As at December 31, 2010, the Jingfeng Power Plant had an installed capacity of 410.00 MW, representing 21% of the total installed capacity of all the gas-fired power plants in Beijing. As at December 31, 2010, the Jingfeng Power Plant had an installed heat energy generation capacity of 116.00 MW.

The following table sets out certain operating details for the Jingfeng Power Plant as at or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Installed capacity (MW)	410.00	410.00	410.00
Installed heat energy generation capacity (MW)	116.00	116.00	116.00
Capacity under construction (MW)	—	—	—
Heat energy generation capacity under construction (MW)	—	—	—
Average utilization hours (hours)	4,917	4,133	4,148
Gross generation (MWh)	2,015,817	1,694,501	1,700,643
Electricity sales (MWh)(1)	1,976,258	1,663,184	1,666,658
Applicable on-grid tariff at year end (RMB/MWh)	472.0	528.0	528.0
Net power generation (MWh)	1,976,258	1,663,184	1,666,658
Heat energy generation (kGJ)	300.4	823.2	898.4
Availability factor (%)(2)	86.71	96.48	76.96
Heat energy generation rate / Net generation standard gas consumption rate (m3/GJ)	34.50	34.50	34.99
Actual volumes of natural gas processed (km3)	395,207	340,898	342,672

Note:

(1) The difference between gross generation and electricity sales mainly represents auxiliary electricity, i.e, the internal electricity consumption by a power plant and transmission loss.

(2) The availability factor decrease in 2010 was due to more hours of scheduled maintenance.

The Jingfeng Power Plant sold electricity to the North China Grid in 2009 and started to sell electricity to Beijing Electricity Power in 2010.

During the Track Record Period, Jingfeng Power sold heat energy to industrial and residential end users in Beijing directly.

Jingfeng Power has entered into a three-year supply agreement with Beijing Gas Group, effective until December 31, 2013 and is subject to automatic extension after December 31, 2013 until (i) written termination due to reasons including gas supply failure and force majeure, or (ii) a new contract is entered into. Under this agreement, Beijing Gas Group agreed to sell natural gas to Jingfeng Power at a purchase price of RMB2.07 per m^3 (VAT inclusive) or such other price as determined and approved by the relevant PRC authority. The agreement also provided that Beijing Gas Group shall meter the volume of gas consumed every 30 days, and Jingfeng Power shall pay for the gas consumed within ten days thereafter. We were not given priority as to the gas supply.

The gas consumption rate for the Jingfeng Power Plant has decreased by approximately 3% in the first quarter of 2011 as compared to 2010 through operational efficiency measures adopted.

Jingqiao Power Plant

The Jingqiao Power Plant is located in the Fengtai district in Beijing and commenced commercial operations in December 2008. We operate the Jingqiao Power Plant through Jingqiao Power, a subsidiary in which we directly hold an 80.03% equity interest. The remaining 19.97% is held by BDHG.

The Jingqiao Power Plant consists of two phases. The first phase, which only generates heat energy with an installed heat energy generation capacity of 464.00 MW, has been in operation since December 2008. The second phase, a gas-fired cogeneration project, is expected to be completed by September 2012. The first phase 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 the second phase. We expect the second phase of the Jingqiao Power Plant to have an installed capacity of 838.20 MW and an installed heat energy generation capacity of 592.00 MW.

On September 15, 2010, the Jingqiao Power Plant obtained approval from the NDRC Beijing Branch for its second phase development.

The following table sets out certain operational details for the Jingqiao Power Plant as at or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Installed heat energy generation capacity (MW)	464.00	464.00	464.00
Capacity under construction (MW)	—	—	838.20
Heat energy generation capacity under construction (MW)	—	—	592.00
Heat energy generation (kGJ)	384.3	2,463.4	1,517.4
Availability factor (%)	97.6	96.5	97.9
Heat rate / Net generation standard gas consumption rate (m^3/GJ)	30.67	30.67	30.66
Actual volumes of natural gas processed (km^3)	12,890	75,520	46,531

The heat energy generation volume of the Jingqiao Power Plant increased from 384.3 kGJ in 2008 to 2,463.4 kGJ in 2009 because it did not commence commercial operation until December 2008, and therefore recorded the heat energy generation volume in December 2008 only, as compared to the full operation in 2009. The decrease of its heat energy generation volume to 1,517.4 kGJ in 2010 is attributable to the city rezoning scheme within its heat energy supply radius where a portion of the residential area was demolished.

During the Track Record Period, the Jingqiao Power Plant sold heat energy to BDHG, which resold and delivered the heat energy to industrial and residential end users in Beijing. On December 6, 2007, Jingqiao Power entered into a three-year HESA with BDHG. Pursuant to this agreement, Jingqiao Power sells heat energy to BDHG at a price determined by the relevant PRC authority, which is subject to further adjustment from time to time. This HESA has not been renewed because the first phase ceased producing heat energy after the heat supply period from late 2010 to early 2011 due to its technical adjustment in connection with the construction of the second phase. The Company expects that a new HESA will be entered into before the heat supply period from late 2012 to early 2013 starts. The new HESA will take into account the heat energy generation capacity of both the first and the second phase.

Jingqiao Power purchases natural gas from Beijing Gas Group, with whom Jingqiao Power entered into a three-year natural gas supply agreement effective until December 31, 2013 and is subject to automatic extension after December 31, 2013 until (i) written termination due to reasons including gas supply failure and force majeure, or (ii) a new contract is entered into. According to this agreement, Beijing Gas Group will supply natural gas to Jingqiao Power at a purchase price of RMB2.28 per m^3 (VAT inclusive) or at other prices, both of which being subject to adjustment by relevant government authority from time to time. The agreement also provided that Beijing Gas Group shall meter the volume of gas consumed every 30 days, and Jingqiao Power shall pay for the gas consumed within ten days thereafter. We were not given gas supply priority in the agreement.

Our Pipeline Gas-fired Power and Heat Energy Generation Projects

Some of our gas-fired power and heat energy generation projects have not commenced construction. We refer to such projects as pipeline projects. As at December 31, 2010, we had two pipeline gas-fired and heat energy generation projects available for future development with a consolidated estimated capacity of 1,000.00 MW, both of which were strategically located in Beijing.

Accordingly, we expect to increase the consolidated installed capacity of our gas-fired power and heat energy generation business by 1,038.20 MW by the end of 2012, leading to an estimated consolidated installed capacity of 2,228.20 MW by the end of 2012.

Standard Gas-fired Power and Heat Energy Generation Project Development Phases

The procedures for the development of our gas-fired power and heat energy generation projects generally involve the following steps.

Key Development Phase	Major Steps
Investment Analysis and Feasibility Study (generally three to six months)	● Preliminary Evaluation—we determine whether such development is in line with our overall business strategy ● Internal Review—we conduct further project assessment and submit a development proposal for management's review and board approval ● Communication with the PRC Authorities of the Feasibility Study—we communicate the feasibility study matter for the proposed project with the relevant PRC authorities After communicating with the relevant PRC authorities with respect to the feasibility study, we set up a project company to oversee the project, and will move forward to apply for other requested approvals and commence the construction
Government Approval and Necessary Permits (generally three to six months)	We are required to obtain a number of government permits, licenses and other approvals before we begin to construct a gas-fired power plant. This process generally involves the following major steps: ● Obtain Relevant Government Approvals—we are required to obtain approval from relevant PRC authorities in charge of environment protection, land use, construction and grid connection before the commencement of construction. For more information, please see the paragraph headed "—Our Wind Power Business—Standard Wind Farm Development Phases". ● Approval from the development and reform authorities—gas-fired power projects not utilizing government funds are subject to approval from the NDRC or its local counterpart ● MOFCOM approval (when applicable)—in the case of a foreign invested gas-fired power project, obtain approvals from the MOFCOM or its local counterpart for the relevant joint venture contract, articles of association and related matters ● Electric Power Business License—obtain the Electric Power Business License from the SERC for a gas-fired power project to start commercial operations

Key Development Phase	Major Steps
Power Plant Construction, Start-up and Operation (generally 12 to 18 months)	• Construction—generally involves equipment procurement and installation, site preparation and other civil works. We generally outsource the construction work to third party contractors • Testing and Fine Tuning—after the installation of the power generation unit, comprising generators and boilers, the contractor will test and fine tune the system. Following these tests, the contractor will generally conduct a 168 hour trial run at full load • Delivery of Units and Commencement of Commercial Operation—after a successful trial-run, our gas-fired power plants begin commercial operations

Sale of Electricity and Heat Energy

We generate revenue of our gas-fired power and heat energy generation business primarily from the sale of electricity and heat energy generated by our gas-fired power plants.

For the years ended December 31, 2008, 2009 and 2010, revenue generated from sales of electricity from our gas-fired power plants amounted to RMB1,093.4 million, RMB1,545.7 million and RMB2,185.2 million, respectively, accounting for 94.0%, 81.7% and 85.6% of our total revenue generated from our gas-fired power and heat energy generation business for each respective period.

For the years ended December 31, 2008, 2009 and 2010, revenue generated from sales of the heat energy from our gas-fired power plants amounted to RMB70.2 million, RMB346.2 million and RMB368.6 million, respectively, accounting for 6.0%, 18.3% and 14.4% of our total revenue generated from our gas-fired power and heat energy generation business for each respective period.

Sale of Electricity

We sell almost all the electricity generated from our gas-fired power plants to local grid companies, rather than directly to any industrial or residential end users, under the PPAs we enter into with local grid companies in accordance with applicable PRC regulations. A PPA generally includes various standard terms, covering on-grid tariff, metering and payment. The on-grid tariff for a PPA is reviewed and determined by the relevant pricing authorities and approved by the NDRC. PPAs usually have a term of one year.

Our Taiyanggong Power Plant and Jingfeng Power Plant sold electricity to North China Grid in 2009 and started to sell electricity to Beijing Electricity Power in 2010, as part of the functional reform within SGCC which modified its electricity purchasing entity in Beijing from North China Grid to Beijing Electricity Power, both of which were subordinate regional entities of SGCC. The power grid to which our power plants were connected remained the same before and after the reform, and as a result, no additional costs were involved in the change because there was no disconnection or reconnection to different power grids. The PPAs we entered into with North China Grid and Beijing Electricity Power were standard form contracts,

and there were no substantial difference in the terms of the PPAs. We had no dispute with North China Grid.

The revenue derived from sales of electricity generated by our gas-fired power plants is primarily determined by on-grid tariff and power output.

On-grid Tariffs

According to the *Provisional Measures for the Administration of On-grid Tariff*《上網電價管理暫行辦法》issued by the NDRC in 2005, the on-grid tariffs for our gas-fired power plants are determined by the NDRC. These tariffs generally reflect production costs plus a reasonable investment return. Other factors the NDRC considers when determining on-grid tariffs include fuel type, cost structure, economic life of the facility and applicable tax rates. In addition, once the on-grid tariff is approved, the relevant PRC authorities may still adjust the tariff in the event of material changes, such as a significant fluctuation in the market price of natural gas.

Our gas-fired power plants are entitled to a higher on-grid tariff than coal-fired power plants in Beijing, mainly due to the price differences between natural gas and coal, as well as government policies encouraging the utilization of fuels that are more environmentally friendly.

For the years ended December 31, 2008, 2009 and 2010, the weighted average on-grid tariffs (VAT inclusive) of our gas-fired cogeneration plants were RMB0.4202 per kWh, RMB0.4825 per kWh and RMB0.5211 per kWh, respectively.

Power Output

The main factors that determine the total volume of power output include the utilization hours of our gas-fired cogeneration plants and their installed capacity. The annual planned utilization hour for each of our gas-fired power plant was determined by the NDRC Beijing Branch with reference to the project approval issued by the NDRC Beijing Branch prior to construction. Compared to planned utilization hours, the average utilization hours are more indicative as to the actual capacity of a power plant to generate electricity during a year, as power plants in Beijing are not allowed to generate electricity unless they communicate with the power grid dispatch center and obtain its approval in advance.

The table below sets out details of the average utilization hours of our gas-fired cogeneration plants for the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
		(hours)	
Taiyanggong Power Plant	2,365	2,770	4,284
Jingfeng Power Plant	4,917	4,133	4,148

The table below sets out details of the electricity sales volume of our gas-fired cogeneration plants for the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
		(MWh)	
Taiyanggong Power Plant	1,067,993	2,085,122	3,239,236
Jingfeng Power Plant	1,976,258	1,663,184	1,666,658
Total	**3,044,251**	**3,748,306**	**4,905,894**

Sale of Heat Energy

In Beijing, heat energy is supplied to end users in different manners including centralized heat energy supply and regional heat energy supply. BDHG is the sole operator of Beijing city's centralized heat energy supply network.

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 the 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 was beyond the supply network of BDHG.

A HESA typically includes various standard terms, covering the purchase price of heat energy, the heat energy supply period, metering and payment. The price for heat energy is generally government fixed price or government guided price, and is determined by the relevant pricing authorities or other authorized government entities. The heat-supply period in a typical HESA of Taiyanggong Power and Jingqiao Power is 24 hours a day throughout the year, subject to maintenance period and non-supply period as agreed by the parties. The heat-supply period in a typical HESA entered into by Jingfeng Power comprise generally a test run period, the legal heat-supply period and extended heat-supply period subject to negotiation based on weather conditions. According to relevant regulations issued by the Beijing municipal government, the legal heat-supply period for Beijing starts from November 15 each year and ends on March 15 of the following year, and is extendable by the Beijing municipal government based on the specific weather conditions of each year. According to relevant government regulations, although heat-supply suppliers must produce heat energy during the legal heat-supply period, heat energy suppliers are not restricted to operate and sell heat energy outside the legal heat supply period. According to Beijing Heat Energy Supply and Acquisition Administration Methods (《北京市供熱採暖管理辦法》), heat energy suppliers may produce and sell heat energy outside the legal heat-supply period should their customers require. As a result, we enjoy stable sales of heat energy during the legal heat-supply period, and we are able to increase our sales by cultivating new customers including industrial end users who need heat energy outside the legal heat-supply period.

Pursuant to the relevant HESAs, our gas-fired power plants supply heat energy at the price determined, and from time to time adjusted, by the relevant pricing authorities. The table below sets out the weighted average heat energy supply price (VAT inclusive) of our gas-fired power plants for the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
		(RMB/GJ)	
Taiyanggong Power Plant	68.21	67.76	68.89
Jingfeng Power Plant	55.53	68.55	70.60
Jingqiao Power Plant	85.32	85.61	86.98

There is no specific restriction on the output volume of heat energy in the HESAs we enter into with heat energy distributors or end users, and our plants supply heat energy to our customers based on their requirements. Heat energy distributors are obliged to pay for the actual heat energy volume incurred. The table below sets out the heat energy sales volume of our gas-fired power plants for the periods indicated:

	For the year ended December 31,		
	2008	2009	2010
		(kGJ)	
Taiyanggong Power Plant	438.5	1,828.2	3,209.3
Jingfeng Power Plant	300.4	823.2	898.4
Jingqiao Power Plant	384.3	2,463.4	1,517.4
Total	**1,123.2**	**5,114.8**	**5,625.1**

Preferential Government Policies

The PRC government has provided various incentives to encourage the development of gas-fired power. We believe that our gas-fired power and heat energy generation business has benefited, and will continue to benefit from, the regulatory support from the PRC government, including:

- *Feed-in tariff and government subsidies.* Pursuant to the Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》) and the Notice on Improving the Management of Subsidy to Power Enterprises (《關於加強電力企業補貼資金管理的通知》) our gas-fired power and heat energy generation business is entitled to government subsidies. The PRC Government provides relevant temporary financial subsidies through feed-in tariffs, which are higher than the on-grid tariff for electricity generated by gas-fired power plants. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details. For the years ended December 31, 2008, 2009 and 2010, the total amount of financial subsidies that we received from the PRC government for our gas-fired power and heat energy generation projects amounted to RMB471.3 million, RMB426.8 million and RMB408.7 million, respectively.

- *PRC tax benefits.* PRC heat energy companies are entitled to an exemption of VAT levied on heat energy generated from gas-fired power that is sold to

residential users. Please see the section headed "Regulatory Overview—VII. Taxation—2. Value Added Tax" for further details.

- *Local Governmental Supporting Policies.* The Beijing municipal government has promulgated a set of local regulations and policies regarding the promotion and encouragement for renewable power, such as the *Measures on the Implementation of the Energy Conservation Law* (《北京市實施〈中華人民共和國節約能源法〉辦法》), the *Implementation Scheme for Promotion and Development of New Energy Industry* (《北京市振興發展新能源產業實施方案》). These regulations and policies have demonstrated the local government's continuing support for the development of renewable power by fully utilizing Beijing's advantage in its strong science and technology capabilities.

Suppliers

Natural Gas Suppliers

All of our gas-fired power plants have entered into natural gas supply agreements with Beijing Gas Group, the sole operator of the city natural gas pipeline in Beijing. Although there is no standard supply period, the natural gas supply agreements we entered into with Beijing Gas Group are generally valid for three years.

Natural gas is transported to Beijing through the Shaanxi-Beijing Gas Pipeline (陝京天然氣管線). The Shaanxi-Beijing Gas Pipeline is the only gas pipeline project that directly reaches and supplies gas to Beijing. Phase I and II of this project was completed in 1997 and 2005, respectively, with a total design capacity of 20 billion cubic meters per year. Phase III of the project is expected to start to supply gas to Beijing in 2011, with a designed capacity of 15 billion cubic meters per year. Phase IV of the project is currently being planned. The main source of gas for this project is the Changqing gas field in Shaanxi Province, one of the largest oil and gas fields in China. The Shaanxi-Beijing Gas Pipeline was connected to the West-East Gas Pipeline in 2009, improving the stability of gas supply to Beijing by introducing other gas sources.

The price of gas is prescribed, reviewed and approved by the NDRC Beijing branch. The weighted average price (VAT inclusive) for our gas-fired power plants to purchase natural gas is RMB1.82 per cubic meter, RMB1.87 per cubic meter and RMB1.97 per cubic meter for the years ended December 31, 2008, 2009 and 2010, respectively.

Combined Cycle Cogeneration Units Suppliers

To achieve higher efficiency, we installed gas-steam combined cycle cogeneration systems at our Taiyanggong Power Plant and Jingfeng Power Plant. We also plan to install gas-steam combined cycle cogeneration system for Phase II of the Jingqiao Power Plant. We purchased cogeneration systems from domestic and international suppliers, such as General Electric and Mitsubishi. The procurement agreements with suppliers usually cover the turbine production, delivery, payment, installation, inspection and acceptance and include a warranty period of typically two years, unless otherwise negotiated.

Other Suppliers

Other important suppliers for our gas-fired power plants include boiler equipment suppliers and third party contractors who supply construction and installation services during the construction phase of our natural gas-fired power plants. For the supply of step-up transformers, switchgear and cables, we usually obtain competitive bids for high quality products from nationwide suppliers.

Cogeneration Process

We generate electricity and heat energy with our gas-steam combined-cycle cogeneration units. We first mix natural gas with compressed air and ignite it to release the superheated, high pressure flue gas, which in turn drives the gas turbine and rotates the shaft that connects the electricity generator. Then, the superheated flue gas routes to a boiler and is used to heat water, turning it into superheated, high pressure steam, which is directed into the high pressure steam turbine which drives the steam turbine and rotates the shaft that connects the electricity generator. In the meantime, part of the used steam is extracted from the end of the intermediate pressure steam turbine to heat water in the heat energy supply system from about 60°C to approximately 130°C and then is exported back to the cycle and supply heat energy in the form of hot water to our customers. Additionally, the used steam extracted from the end of the intermediate pressure steam turbine may also be supplied directly to industrial end users as heat energy.

Operation and Maintenance

We manage, repair and maintain our Jingfeng power plant through our own maintenance teams, and we have entered into a long-term spare parts management and services agreement with Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd., (三菱重工東方燃氣輪機（廣州）有限公司) while for our Taiyanggong power plant we outsource such services to General Electric, under a long-term Contractual Service Agreement.

The total maintenance expenses of our power plants for the years ended December 31, 2008, 2009 and 2010 were RMB76.0 million, RMB98.7 million and RMB104.5 million, respectively, representing 3.4%, 2.1% and 2.9% of our total revenue for each respective period.

OUR WIND POWER BUSINESS

As at December 31, 2009 and 2010, we ranked sixth and eighth in China, respectively, according to the HydroChina Report, in terms of consolidated connected capacity of our wind farms. 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. In addition, we are the only wind farm operator in Beijing. Our wind power business has experienced a rapid growth in terms of consolidated installed capacity during the Track Record Period. As at December 31, 2008, 2009 and 2010, the consolidated installed capacity of our wind power business was 165.00 MW, 811.25 MW and 1,058.75 MW, respectively, representing a CAGR of 153.31%. Our revenue generated from our wind power business segment were RMB115.3 million, RMB367.8 million and RMB1,032.5 million for the years ended December 31, 2008, 2009 and 2010, respectively.

Revenue contribution from our wind power business as a percentage of our total reportable segment revenue (which excludes revenue from concession construction arrangements) also increased over the Track Record Period and accounted for 8.6%, 15.3%, and 28.3% of our total reportable segment revenue for the years ended December 31, 2008, 2009 and 2010, respectively.

We develop, manage and operate wind farms and sell electricity generated by our wind farms to local grid companies. As at December 31, 2010, our wind farms in operation and under construction were located in Inner Mongolia, Beijing, Ningxia and Liaoning Province. 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 power projects under construction with a consolidated capacity under construction of 393.00 MW.

We also had a portfolio of pipeline wind power projects suitable for future development with a consolidated estimated capacity of 3,039.50 MW as at December 31, 2010, including two Tier 1 pipeline project 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. These pipeline wind power projects are mainly located in north-east and northern China, including in Inner Mongolia, Beijing, Ningxia, Hebei Province and Liaoning Province, which offer abundant wind resources. We make our strategic decisions regarding the locations and the timing for development of these projects based on the feasibility studies we conduct for each project, which consider various factors, including local wind resources, construction conditions, power transmission and dispatch conditions, and on-grid tariffs. For further details about our pipeline wind power projects, please see the paragraph headed "—Our Pipeline Wind Power Projects" below.

According to our expansion plan, we expect the consolidated installed capacity of our wind power business to increase by 393.00 MW by the end of 2011, and further increase by 695.00 MW by the end of 2012, resulting in an estimated consolidated installed capacity of 2,146.75 MW by the end of 2012.

The table below sets out certain operational data of our wind power business as at the date or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Total installed capacity (MW)	165.00	811.25	1,058.75
Consolidated installed capacity (MW)	165.00	811.25	1,058.75
Average consolidated installed capacity (MW)	125.25	357.44	981.75
Attributable installed capacity (MW)	165.00	811.25	1,058.75
Consolidated capacity under construction (MW)	745.25	283.50	393.00
Consolidated gross power generation (MWh)	270,037	801,772	2,326,242
Consolidated net power generation (MWh)	266,247	787,060	2,287,689
Average utilization hours (hours)	2,156	2,243	2,369
Availability factor (%)	98.16	98.02	98.22

Description of Our Wind Farms

The table below sets out the details of our wind power projects including wind farms in operation and under construction, and pipeline wind power projects as at December 31, 2010:

Project Type	Geographic Location	Number of Wind Farms	Consolidated Installed Capacity[1]
			(MW)
Wind farms in operation	Inner Mongolia	12	895.25
	Beijing	3	114.00
	Liaoning province	1	49.50
Total		**16**	**1,058.75**
Wind farms under construction	Inner Mongolia	6	258.00
	Ningxia	2	99.00
	Beijing	1	36.00
Total		**9**	**393.00**
Tier 1[2] pipeline wind power projects	Inner Mongolia	1	49.50
	Liaoning province	1	49.50
Total		**2**	**99.00**
Tier 2[2] pipeline wind power projects	Inner Mongolia	8	1,147.50
	Ningxia	7	346.50
	Beijing	1	49.50
Total		**16**	**1,543.50**
Tier 3[2] pipeline wind power projects	Inner Mongolia	8	1,098.00
	Beijing	3	199.00
	Hebei province	1	100.00
Total		**12**	**1,397.00**

Notes:

(1) The consolidated installed capacity of pipeline projects is an estimated figure based on certain analysis.

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

Wind Farms in operation or under construction

Wind Farms in Inner Mongolia

We started to develop our first wind power project in Inner Mongolia in 2005. As at December 31, 2010, we had 12 wind power projects in operation in Inner Mongolia with a consolidated installed capacity of 895.25 MW.

The table below sets out the operational data of our wind farms in Inner Mongolia as at the dates or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
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
Consolidated gross power generation (MWh)	216,752	650,389	2,056,632
Consolidated net power generation (MWh)	214,957	641,140	2,022,964

The table below sets out details of our wind farms in operation and under construction as at December 31, 2010 in Inner Mongolia.

Name of the Wind Farms	Consolidated Installed Capacity (MW)	Ownership (%)	Estimated/ Commencement date of operation	On-grid Tariff (VAT inclusive) (RMB /kWh)
In Operation				
Wulanyiligeng Wind Farm(1) (烏蘭伊力更風電場)	300.00	100.0	December 2009	0.488
Huitengxile Wind Farm Phase I(1) (輝騰錫勒風電場一期)	100.50	100.0	September 2007	0.447
Chayouzhong Wind Farm Phase II (察右中風電場二期)	50.00	100.0	October 2009	0.520
Chayouzhong Wind Farm Phase I (察右中風電場一期)	49.50	100.0	August 2009	0.520
Jixianghuaya Wind Farm Phase I(1) (吉相華亞風電場一期)	49.50	100.0	March 2009	0.589
Jixianghuaya Wind Farm Phase II (吉相華亞風電場二期)	49.50	100.0	January 2010	0.520
Shangdu Wind Farm Phase I (商都風電場一期)	49.50	100.0	April 2010	0.520
Saihan Wind Farm Phase I (賽汗風電場一期)	49.50	100.0	June 2009	0.520
Saihan Wind Farm Phase II (賽汗風電場二期)	49.50	100.0	April 2010	0.520
Zheligentu Wind Farm Phase II (哲里根圖風電場二期)	49.50	100.0	April 2010	0.520
Huolinhe Wind Farm Phase I (霍林河風電場一期)	49.50	100.0	December 2009	0.540
Zheligentu Wind Farm Phase I(1) (哲里根圖風電場一期)	48.75	100.0	July 2009	0.520
Subtotal	**895.25**			

Note:
(1) This project is a concession project.

Name of the Wind Farms	Estimated Consolidated Installed Capacity (MW)	Ownership (%)	Estimated/ Commencement date of operation	On-grid Tariff (VAT inclusive) (RMB /kWh)
Under Construction				
Chifengqigan Wind Farm Phase I (赤峰旗杆風電場一期)	49.50	100.0	October 2011	0.550
Xinganmeng Keyouzhongqi Wind Farm Phase I (興安盟科右中旗風電場一期)	49.50	100.0	July 2011	0.550
Balinyou Wind Farm Phase I (巴林右風電場一期)	49.50	100.0	May 2011	0.550
Shangdu Wind Farm Phase II (商都風電場二期)	49.50	100.0	July 2011	0.520
Huitengxile Wind Farm Phase II (輝騰錫勒風電場二期)	30.00	100.0	July 2011	0.510
Huolinhe Wind Farm Phase II (霍林河風電場二期)	30.00	100.0	September 2011	0.540
Subtotal	**258.00**			

Wind Farms in Beijing

We started to develop our first wind power project in Beijing in 2007. As at December 31, 2010, we had three wind power projects in Beijing with a consolidated installed capacity of 114.00 MW.

The table below sets out the operational data of our wind farms in Beijing as at the dates or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
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
Consolidated gross power generation (MWh)	53,286	122,217	184,616
Consolidated net power generation (MWh)	51,291	117,269	180,569

The table below sets out details of our wind farms in operation and wind power projects under construction as at December 31, 2010 in Beijing.

Name of the Wind Farms	Estimated/ Consolidated Installed Capacity (MW)	Ownership (%)	Estimated/ Commencement date of operation	On-grid Tariff (VAT inclusive) (RMB /kWh)
In Operation				
Lumingshan Guanting Wind Farm Phase I (鹿鳴山官廳風電場一期)	49.50	100.0	June 2008	0.750
Lumingshan Guanting Wind Farm Phase II (鹿鳴山官廳風電場二期)	49.50	100.0	September 2010	0.750
Yanqing Wind Farm (延慶風電場)	15.00	100.0	December 2008	0.750
Subtotal	**114.00**			
Under Construction				
Lumingshan Guanting Wind Farm Phase II (Density Increased) (鹿鳴山官廳風電場二期加密)	36.00	100.0	January 2011	0.750
Subtotal	**36.00**			

Wind Farm in Liaoning province

We started to develop our first wind power project in Liaoning province in 2008. As at December 31, 2010, we had one wind power project in operation in Liaoning province with a consolidated installed capacity of 49.50 MW.

The table below sets out the operational data of our wind farm in Liaoning province as at the dates or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Consolidated installed capacity (MW)	—	49.50	49.50
Average consolidated installed capacity (MW)	—	19.25	49.50
Consolidated capacity under construction (MW)	49.50	—	—
Consolidated gross power generation (MWh)	—	29,167	84,994
Consolidated net power generation (MWh)	—	28,651	84,156

The table below sets out details of our wind farm in operation as at December 31, 2010 in Liaoning province.

Name of the Wind Farm	Consolidated Installed Capacity	Ownership	Commencement date of operation	On-grid Tariff (VAT inclusive)
	(MW)	*(%)*		*(RMB/kWh)*
In Operation				
Changtu Taiyangshan Wind Farm (昌圖太陽山風電場)	49.50	100.0	August 2009	0.620

Wind Farms in Ningxia

As at December 31, 2010, we had two wind power projects under construction in Ningxia with a consolidated capacity under construction of 99.00 MW.

The table below sets out the operational data of our wind power projects in Ningxia as at the dates or for the periods indicated:

	As at or for the year ended December 31,		
	2008	2009	2010
Consolidated installed capacity (MW)	—	—	—
Average consolidated installed capacity (MW)	—	—	—
Consolidated capacity under construction (MW)	—	—	99.00
Consolidated gross power generation (MWh)	—	—	—
Consolidated net power generation (MWh)	—	—	—

The table below sets out details of our wind power projects under construction as at December 31, 2010 in Ningxia.

Name of the Wind Farm	Estimated Consolidated Installed Capacity	Ownership	Estimated commencement date of operation	On-Grid Tariff (VAT inclusive)
	(MW)	*(%)*		*(RMB/kWh)*
Under Construction				
Ningxia Taiyangshan Wind Farm Phase I (寧夏太陽山風電場一期)	49.50	100.0	May 2011	0.580
Ningxia Taiyangshan Wind Farm Phase II (寧夏太陽山風電場二期)	49.50	100.0	August 2011	0.580
Subtotal	99.00			

Our Pipeline Wind Power Projects

We refer to our wind power projects that have not commenced construction as pipeline wind power projects. As at December 31, 2010, we had 30 pipeline wind power projects available for future development with a consolidated estimated capacity of 3,039.50 MW.

We have acquired the rights to develop these pipeline projects pursuant to investment and development agreements or preliminary memoranda of understanding entered into with various levels of local governments. We classify our pipeline projects into "Tier 1", "Tier 2" and "Tier 3" based on the progress made and milestones achieved by each project—the basis and underlying assumptions we use to classify our wind power projects are internally developed and have not been audited or verified by any third party.

The table below sets out the description and basis of our classification of pipeline projects:

Pipeline Project	Description
Tier 1	Tier 1 projects refer to those pipeline projects that have received all the relevant project initiation approvals from the PRC government. As at December 31, 2010, we had two Tier 1 pipeline wind power projects in Inner Mongolia and Liaoning province, with a consolidated estimated capacity of 99.00 MW.
Tier 2	Tier 2 projects refer to those pipeline projects for which we have entered into investment and development agreements with local governments; preliminary assessment of wind resources has been conducted; and internal approval from our management has been obtained or is under review. As at December 31, 2010, we had 16 Tier 2 pipeline wind power projects, including eight projects in Inner Mongolia, seven projects in Ningxia, and one project in Beijing with a consolidated estimated capacity of 1,543.50 MW.
Tier 3	Tier 3 projects refer to those pipeline projects for which we have obtained either investment and development agreements or preliminary memorandum of understanding from relevant government authorities. As at December 31, 2010, we had 12 Tier 3 pipeline wind power projects, including eight projects in Inner Mongolia, three projects in Beijing, and one project in Hebei province with a consolidated estimated capacity of 1,397.00 MW.

Standard Wind Farm Development Phases

Our focus has been and will continue to be the development and operation of greenfield or new wind power projects. The average development period for our greenfield wind power projects is approximately one year (excluding wind resource evaluation), although the actual development period may differ significantly among regions. Our professional development team and third-party experts are involved in each step of developing wind farms. We obtain concession projects through a competitive bidding process, details of which are disclosed in the paragraph headed "—Our Concession Projects" below.

Our standard wind farm development generally involves the following key phases:

Key Development Phase	Major Steps
Entering into investment and development agreements (excluding wind resource evaluation, generally three to six months)	● Identification and Evaluation—The first step is to identify a site and assess its potential to be developed into a wind farm. We will evaluate potential sites based on a range of criteria including wind conditions, topography, proximity to and available capacity of grid systems, size of estimated capacity, transportation access, availability and ownership of land and environmental characteristics. ● Investment and Development Agreement—After we have identified a potential site, we enter into an investment and development agreement with the relevant local government, pursuant to which local governments typically agree to reserve specified sites for us, facilitate our wind farm development and construction processes, and grant us exclusive rights to develop our wind farms at specified sites for a specified period. ● Surveys and Tests—After we enter into an investment and development agreement, our professional development team will conduct detailed site surveys and wind tests. We generally require a minimum of 12 months' wind data to assess the feasibility of constructing a wind power project.
Internal approval and government approvals (generally three to six months)	*Internal approval* ● Internal approval—Based on results of the wind tests, our professional development team will apply for internal approval from management. ● Preliminary work—After receiving management approval, we will commence the preliminary work for establishing a wind farm including conducting a feasibility study. *Government approval and Third-party consents* We are required to obtain a number of government permits, licenses and other approvals before we begin to construct a wind farm. This process generally involves the following major steps: ● Obtaining Preliminary Government Approvals and Third-party Consents ● approval from the state or local environmental protection agency for the environmental impact assessment for construction of a wind power project ● preliminary approval for the wind farm's construction land from the Ministry of Land and Resources or its local counterpart ● a memorandum of understanding from banks that have agreed in principle to provide project financing

Key Development Phase	Major Steps
	• a letter of intent from the local grid company to connect the proposed wind farm to its network, if required by local government • other government approvals, if applicable, relating to matters such as planning, forest preservation, water preservation, mineral resources preservation, earthquake risk assessment and historical relics protection • Filing Project Application Report—file a project application report, together with the above preliminary government approvals, third-party consents and other required documents to obtain project approval from: • the NDRC at the state level for (i) wind power projects with installed capacity of 50MW and above or (ii) for foreign invested wind power projects with a total investment amount exceeding US$300 million, or • the relevant provincial DRC for other wind power projects • Obtaining MOFCOM approval (when applicable)—in the case of a foreign invested wind power project, obtain approvals from the MOFCOM or its local counterpart for the relevant joint venture contract, articles of association and related matters • Electric Power Business License—obtain the Electric Power Business License from the SERC within three months from the date on which the wind power project starts commercial operation
Construction, grid connection and Commissioning (generally four to six months)	• Construction—generally involves engineering and design, construction of access roads, tower foundations and other structures and buildings, laying of connection cables, and installation of transformers and wind turbines • Testing—a testing period for further adjustment or refinement of the operations of wind farms • Grid connection—generally involves negotiation of an agreement with local grid companies for dispatch of the electricity generated from our wind farms • Commencement of Commercial Operation—after a successful test-run, our wind farms start commercial operation

Our 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 operated four concession projects. We entered into service concession arrangements with the Inner Mongolia Development and Reforms Commission (內蒙古發展和改革委員會) for all of our concession projects through a competitive tender process.

As at December 31, 2010, our concession projects had consolidated installed capacity of 498.75 MW, accounting for 47.1% of the consolidated installed capacity of our wind power business. For the years ended December 31, 2008, 2009 and 2010, revenue generated from our wind power concession projects accounted for 4%, 4% and 13%, respectively, of our total revenue.

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

On-grid Tariffs

On-grid tariffs refer to the price at which a power generation company may sell its electricity to the grid to which it is connected. According to the Renewable Energy Law and The Trial Measure for the Renewable Resources Tariff and Cost Sharing (《可再生能源發電價格和費用分攤管理試行辦法》), there exist two types of on-grid tariffs for electricity generated from renewable energy: the "government fixed price" and the "government guided price."

For wind power projects approved by the NDRC or provincial DRCs after December 31, 2005, and before August 1, 2009, the on-grid tariff is governed by the "government guided price." The on-grid tariffs for concession projects were determined through public tender and then approved by the government, while the on-grid tariffs for non-concession projects were approved by the relevant pricing authorities with reference to the approved prices of concession projects in neighboring areas. On-grid tariffs for other renewable energy projects, such as solar and hydropower, are governed by the "government fixed price" regime.

Pursuant to the Renewable Energy Law and the Trial Measure for the Renewable Resources Tariff and Cost Sharing (《可再生能源發電價格和費用分攤管理試行辦法》), with respect to renewable energy projects, including wind power projects, approved after January 1, 2006, the price premium for on-grid renewable power over the benchmark on-grid tariff for the

desulfurized coal power in the same province, together with the grid connection cost of on-grid renewable power, will effectively be borne by all electricity end users. Grid companies charge a tariff surcharge on selling prices at the provincial and national levels to reflect their extra costs for purchasing and inter-connecting renewable power. According to the various notices regarding the adjustment of on-grid tariff in various regions of the PRC issued by the NDRC, the tariff surcharge was increased to RMB0.0040 per kWh effective from November 20, 2009. The Directors believe that our wind power business will benefit from the increase in tariff surcharge as additional funds are available for grid companies to settle receivables in the sales of electricity of our wind farms.

The NDRC issued 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》), which came into effect on August 1, 2009 and applies to all onshore wind power projects approved thereafter. In accordance with this circular, the on-grid tariff as determined by "government guided price" discussed above was replaced by the geographically unified tariffs, a form of "government fixed price." Specifically, China is categorized into four wind resource zones, and the same standard on-grid tariff (VAT inclusive) (RMB0.510/kWh, RMB0.540/kWh, RMB0.580/kWh or RMB0.610/kWh) applies to all wind power projects in the same zone. The new on-grid tariffs continue to be subsidized by on-grid tariff premiums enjoyed by renewable power projects in general. For more information, see the sections headed "Regulatory Overview—II. Overall Regulatory Scheme and Guidelines for the Power Industry in the PRC—4. On-gird Tariff" and "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies".

Mandatory Purchase and Grid Connection

The PRC has established a protective purchasing system for electricity output generated from a renewable energy power plant. Pursuant to the Renewable Energy Law, grid companies must enter into a grid connection agreement and purchase the total electricity output of renewable power plants within the coverage of their grids which have fulfilled construction requirements under the applicable renewable power development plan, and obtained required regulatory approvals or completed all required filing procedures. Power plants utilizing renewable resources must coordinate with grid companies to ensure the security of the power grid. Power generation units utilizing renewable resources also enjoy the highest dispatch priority under the 2007 Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法（試行）》).

The Renewable Energy Law further stipulates that grid companies shall ensure the renewable power company's connection to the grid through grid connection agreements and provide the required grid connection support.

Electricity Sale

We generate revenue in our wind power business primarily from the sale of electricity generated from our wind farms. Due to the mandatory purchase of electricity generated from renewable energy by the grid companies as provided under the current regulatory framework, our wind farms sell all of the electricity that they generate to local grid companies (except for auxiliary power usage and transmission loss). We sell electricity based on the PPAs we enter into with local grid companies in accordance with applicable PRC regulations. A PPA typically

has various standard terms, such as on-grid tariff, metering and payment. The PPAs usually have a term of several months to five years.

In 2009, the NDRC reformed the "PPA plus price authority approval" mechanism in respect of wind power tariffs. The NDRC promulgated the Notice on Improving On-grid Tariff Policy for Wind Power (《關於完善風力發電上網電價政策的通知》) on July 20, 2009, which established fixed benchmark tariffs ranging from RMB 0.510/kWh to RMB 0.610/kWh for four geographic resources areas, categorized according to wind quality and construction conditions. This Notice is applicable to our various wind farms approved after August 1, 2009.

Despite the current favorable regulatory framework, the actual sale of electricity generated by wind farms in China may be limited by a number of factors, including maximum transmission capacity, grid stability and local demand for electricity. In recent years, local grid companies in north China such as that in West Inner Mongolia imposed restrictions on wind power generation companies, especially during the nights of the winter season, to give priority to cogeneration companies which provided heat energy as well as to secure the stability and safety of the local grids. Furthermore, local grid companies in West Inner Mongolia imposed additional restrictions on wind power generation companies because the rapid construction of wind farms resulting from high quality wind resources in West Inner Mongolia had outpaced the development of local grids during recent years. As electricity generated from our wind farms cannot be stored and must be transmitted or used once it is generated, a number of our wind farms in West Inner Mongolia temporarily shut down some of their wind turbines in 2009 and 2010. For additional disclosure on the grid related risks, see the section headed "Risk Factors—Risks Relating to Our Wind Power Business—We rely on local grid companies for grid connection and electricity transmission and dispatch".

However, we believe that the grid congestion is expected to improve over time with the rapid development of grids both locally and nationally in China. 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. 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. As part of its policy to support the development of wind power industry, 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. The plan would increase 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 (Group) Co., Ltd.

(內蒙古電力（集團）有限責任公司) had completed all 33 power transmission and dispatch projects as originally planned.

In addition, in October 2010, with the launch of the 500kV transformer substation in Hetao, Bameng region of Inner Mongolia, our 300.00MW Wulanyiligeng Wind Farm started to operate at much higher loads compared to the first quarter of 2010. In 2011, the 500kV substation in the Delingshan area which is also connected to our Wulanyiligeng Wind Farm will further expand its capacity with the installation of the second generator transformer. In July 2011, the 220kV substation in Huitengliang which is connected to our Jixianghuaya Wind Farm is expected to be reconstructed into a 500kV substation, and a new 500kV generator transformer will be put into operation, resulting in a significant upgrade to the local grid structure. In addition, more and more enterprises with substantial power demand are located in West Inner Mongolia and thus the local power consumption will also increase.

For our wind farms operating in the first quarter of 2010, the average utilization hours increased by 6% in the first quarter of 2011 compared to the first quarter of 2010. We will continue to work with local grid companies to further optimize our wind power transmission capacity, including the effective utilization of our centralized monitoring system as well as funding the construction of power grids that connect to our wind farms in distant areas, which can be refunded by the local grid companies in the form of on-grid tariff premium.

The difference between the gross power generation and the net power generation of our wind farms includes auxiliary electricity usage and transmission loss. Auxiliary electricity usage and transmission loss of our wind farms generally accounted for approximately 1.5 - 2% of the gross power generation of our wind farms during the Track Record Period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment.

The table below sets out the electricity sales volume of our wind power projects in different geographic locations for the periods indicated:

Geographic location	For the year ended December 31,		
	2008	2009	2010
		(MWh)	
Inner Mongolia	214,957	641,140	2,022,964
Beijing	51,291	117,269	180,569
Liaoning province	—	28,651	84,156
Total	**266,247**[(1)]	**787,060**	**2,287,689**

Note:

(1) The discrepancy in the total number is due to rounding.

Government Subsidy

Pursuant to the *Notice of Temporary Measures on Management of Subsidies Funding to Beijing Urban Public Use Enterprises* 《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》 and the *Notice on Improving the Management on Subsidy to Power Enterprises* 《關於加強電力企業補貼資金管理的通知》, all of our wind farms in Beijing are entitled to government subsidies. The PRC Government in Beijing provides relevant financial subsidies

through the policy of feed-in tariffs, which are higher than the on-grid tariff for electricity generated by the relevant wind farms. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details on the relevant policy. For the years ended December 31, 2008, 2009 and 2010, the total amount of financial subsidies that we received from the PRC government for our wind power projects was nil, RMB7.5 million and RMB11.8 million, respectively.

Suppliers

Wind Turbine Suppliers

Wind turbine purchase price generally accounts for approximately 55% to 65% of our upfront construction costs of a wind power project. We generally determine our wind turbine suppliers through a bidding process taking into account factors including reliability, reputation, product quality, price, technologies, production capabilities and after-sales support. We generally procure our wind turbine equipment from reputable suppliers.

Our contracts with wind turbine suppliers usually cover payment, delivery, installation, inspection and acceptance and typically include a warranty period of two years, unless otherwise negotiated. In addition, these contracts usually provide for key performance indicators such as power load curve and availability factor. Generally, these contracts with wind turbine suppliers provide that should the performance indicators of the wind turbines fall below the provided guaranteed indicators, we are entitled to damages as measured by a certain percent of the estimated power generation loss caused by the non-performance, but usually not exceeding a certain percent of the consideration of the contract. During the Track Record Period, we had not claimed any damage on non-performance of our wind turbines.

To secure the supply of wind turbines for our wind power projects and to allow us the access to the latest technical features, we have also established long-term strategic relationships with leading domestic brand turbine suppliers, such as Xinjiang Goldwind and Sinovel. We also have strong relationships with leading international brand turbine suppliers, such as Suzlon and Nordex. According to HydroChina Corporation, in terms of cumulative installed capacity in 2009, Sinovel and Xinjiang Goldwind were the largest and second largest wind turbine suppliers in China, respectively.

Historically, each of our wind farms entered into supply agreements with respective wind turbine suppliers individually. However, since April 2010, in order to consolidate and streamline our procurement procedures, a number of our wind farms have signed agreements with BIEE, according to which, BIEE will be the centralized tendering platform for these wind farms.

Other Suppliers

Other important suppliers for our wind power business include plant equipment suppliers and third party contractors who provide construction and installation services during the construction phase of our wind farms. For the supply of step-up transformers, switchgear and cables, we usually obtain competitive bids for high quality products from nationwide suppliers.

Operation and Maintenance

We consider operational efficiency a key competitive strength of our company and strive to increase the average utilization hours of our wind farms, perform repair and maintenance using in-house resources and enhance our monitoring systems. We aim to achieve and maintain high levels of average utilization hours, principally by utilizing a systematic approach to monitor the drivers for wind farm and wind turbine availability, conducting subsequent reviews of periods of non-availability and implementing corrective measures to mitigate systemic failures.

Each of our wind farms has a timetable for routine maintenance, regular inspections and repairs. With our extensive operational experience and technical know-how, we have developed a self-sufficient in-house operation and maintenance team to conduct a large number of operation and maintenance activities. In addition, to optimize the operation results of our wind farms, we have operated a centralized monitoring system to monitor our wind farms located in West Inner Mongolia area since 2009, which allows us to conduct real-time supervision on our wind farm operations, oversee and adjust maintenance schedules of different wind farms to save costs, and streamline the cooperation of the different wind farms with the local grid company. We aim to continue to increase our control of key operation and maintenance activities rather than outsourcing all of these services to wind turbine manufacturers. This enables us to reduce our overall operation and maintenance costs and increase the utilization hours of our wind farms.

OUR 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 also develop, manage and operate power generation projects utilizing various other clean energy resources, including five small to medium hydropower projects in operation and under construction that are located in Sichuan province and Yunnan province. As at December 31, 2010, we also had two pipeline small to medium hydropower projects (projects that have not commenced construction but for which we have acquired certain development rights) with a consolidated estimated capacity of 34.00 MW.

Revenue from our small to medium hydropower and other clean energy generation businesses were RMB59.5 million, RMB148.9 million and RMB56.6 million for the years ended December 31, 2008, 2009 and 2010, respectively. Revenue contribution from our small to medium hydropower and other businesses accounted for 4.4%, 6.2% and 1.6% of our total revenue (excluding revenue from concession construction) for the respective periods.

As at December 31, 2010, our small to medium hydropower and other 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) and 224.40 MW of consolidated capacity under construction. We expect to have 12.80 MW and 309.39 MW of consolidated installed capacity for our small to medium hydropower and other business by the end of 2011 and 2012, respectively.

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. We also participate in the construction of the heat energy transmission network through our associates or jointly controlled entities.

Small to Medium Hydropower Projects

The table below sets out the details of our small to medium hydropower projects in operation and under construction as at December 31, 2010:

Project Name	Installed Capacity / Estimated Installed Capacity (MW)	Ownership (%)	On-grid Tariff (RMB /kWh)	Location
Projects in operation				
Heishui Sanlian—Zhawo Grade I Hydropower Plant (黑水三聯 — 紮窩一級水電站)	6.40	100.0	0.288	Sichuan Province
Projects under construction				
Na Bang Hydropower Plant (那邦水電站)	180.00	100.0	—	Yunnan Province
Heishui Sanlian—Deng Peng Grade I Hydropower Plant (黑水三聯 — 登棚一級水電站)	20.00	100.0	—	Sichuan Province
Heishui Sanlian—Deng Peng Grade II Hydropower Plant (黑水三聯 — 登棚二級水電站)	18.00	100.0	—	Sichuan Province
Heishui Sanlian—Zhawo Grade II Hydropower Plant (黑水三聯 — 紮窩二級水電站)	6.40	100.0	—	Sichuan Province

Our Pipeline Small to Medium Hydropower and Other Clean Energy Power Projects

Some of our small to medium hydropower projects and other clean energy power projects have not commenced construction. We refer to such projects as pipeline projects. As at December 31, 2010, we had five pipeline small to medium hydropower and other clean energy power projects with a consolidated estimated capacity of 78.59 MW. Among these projects, two were small to medium hydropower projects with a consolidated estimated capacity of 34.00 MW, both located in Yunnan province, and three were solar power projects with a consolidated estimated capacity of 44.59 MW, located in Beijing and Ningxia, respectively.

The following table illustrates our pipeline small to medium hydropower and other clean energy power projects as at December 31, 2010:

Location	Number of Projects	Consolidated Estimated Capacity (MW)
Beijing	2	34.59
Yunnan Province	2	34.00
Ningxia	1	10.00
Total	**5**	**78.59**

CARBON CREDIT TRANSACTIONS

In addition to generating revenue from selling electricity to local grid companies, we have also participated in carbon credit transactions through the sale of CERs and VERs, for

emission reductions attributable to the electricity output of certain of our gas-fired power and heat energy generation projects, wind power projects and other clean energy projects. For the years ended December 31, 2008, 2009 and 2010, aggregate sales of CERs and VERs generated other net income of RMB12.7 million, RMB120.6 million and RMB156.3 million, respectively. The sale of CERs and VERs fluctuated during the Track Record Period for a number of reasons. First, the number of our projects registered with CDM increased. Second, our accounting policy is to recognize the income from CERs and VERs when they are issued. For CERs, "issued" means not only that the project has been registered with CDM EB and started to generate electricity, but also the individual CERs were approved and announced through the United Nations Framework Convention on Climate Change website (www.unfccc.com). For VERs, "issued" means the relevant VERs have passed the required examination procedures mutually agreed by the buyer and the seller. The Group recognize income only after relevant carbon offsets were issued because the CERs/VERs became transferable to the buyer and the consideration became receivable at the time the CERs/VERs were "issued".

Clean Development Mechanism and Sale of CERs

CDM is an arrangement under the Kyoto Protocol to the UNFCCC. Each of the countries listed in Annex I to the UNFCCC (the "Annex I Countries"), which include certain developed countries, is assigned an emission reduction target. Non-Annex I Countries, which include certain developing countries, have no emission reduction targets but are encouraged to adopt environmentally friendly technologies to reduce greenhouse gas emissions.

The CDM arrangement allows Annex I Countries to invest in emission reduction projects in non-Annex I Countries in order to earn CERs. CERs can be used by investors from Annex I Countries to satisfy domestic emission reduction targets or sold to other interested parties, and therefore it provides an alternative to emission reductions in their own countries, which are generally more expensive than investing in emission reduction projects in developing countries. The PRC government ratified the Kyoto Protocol in 2002, making China a non-Annex I Country. The first commitment period of the Kyoto Protocol is five years from 2008 to 2012. See "Risk factors—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".

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

- obtain the approval of the NDRC, the designated national authority for the PRC;
- have the project design validated by a third party agency accredited by the CDM EB, referred to as a Designated Operational Entity (the "DOE"), to ensure the project results in real, measurable and long-term emission reductions;
- register the project with the CDM EB;
- periodically obtain verification and certification by the DOE on the emission reductions attributable to electricity output of the project after the project is registered with the CDM EB;

- obtain CERs issued by the CDM EB with respect to the emission reductions verified and certified by the DOE (after deduction of 2% of the CERs by the CDM EB to cover its administrative expenses); and

- deliver CERs to buyers according to the delivery schedule agreed with buyers and receive payment from buyers for CERs purchased.

According to the Measures for Operation and Management of Clean Development Mechanism Projects (《清潔發展機制項目運行管理辦法》, the "CDM Measures") jointly issued by the NDRC and other ministries, only companies which are wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. As at December 31, 2010, all of our power project companies meet this requirement.

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

As at December 31, 2010, we had 40 projects eligible to apply for CDM registration, 28 of which had obtained approval from the NDRC, with the remaining 12 pending approval from the NDRC, and 14 of which had been successfully registered with the CDM EB, with the remaining 14 pending registration with the CDM EB. Among the 14 CDM projects we had registered with CDM EB, two were gas-fired power projects with a total installed capacity of 1,190.00 MW, 11 were wind power projects with a total installed capacity of 595.25 MW and one was a biomass project with an installed capacity of 24.00 MW.

As at December 31, 2010, we have entered into emission reduction purchase agreements with 12 independent third party purchasers. All of these purchasers are corporate buyers from Europe. The first CERs of our registered CDM projects were issued on May 14, 2008. As at December 31, 2010, two of our 11 registered wind power CDM projects and both of our registered gas-fired power CDM projects have generated other net income. We expect the majority of our registered wind power CDM projects to start generating other income in 2011. For the years ended December 31, 2008, 2009 and 2010, our income from sales of CERs was RMB12 million, RMB98 million and RMB156 million, respectively.

Sale of VERs

VERs are reductions that are not mandated by any law or regulation but originate from a purchaser's desire to take an active part in climate change mitigation efforts. The VERs market is an emerging market for carbon credits outside the Kyoto Protocol regime. We sell VERs attributed to the electricity output from those projects that have not been registered as projects with the CDM EB, or from those projects which are not eligible for being registered as CDM projects.

We started selling VERs in 2007, and as at December 31, 2010, our Jingfeng gas-fired power project, Huitengxile wind power project and Guanting wind power project phase I have

sold VERs, which generated income of RMB1.08 million, RMB22.55 million and nil for the years ended December 31, 2008, 2009 and 2010, respectively. The increase in sales of VERs from RMB1.08 million in 2008 to RMB22.55 million in 2009 was primarily due to increased clean energy projects commencing commercial operation, particularly our Jingfeng Power Plant and Lumingshan Guanting Wind Farm Phase I. Sales of VERs was nil in 2010 as we accelerated the registration of clean energy projects for CDM, and accordingly, sales of CERs increased from RMB98.10 million in 2009 to RMB156.26 million in 2010.

FINANCIAL INVESTMENT

As at December 31, 2010, we owned a 20% equity interest in Beijing Jingneng International, which is a coal-fired power generation company. 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. As at December 31, 2010, our parent company, BEIH, holds the remaining 80% equity interest in Beijing Jingneng International.

In addition, as at December 31, 2010, we owned a 2% interest in BEIH Finance, a financial service company based in the PRC, and BEIH owned the remaining 98% interest.

TOP FIVE CUSTOMERS AND SUPPLIERS

We generate substantially all of our revenue from the sale of electricity generated by our wind farms, gas-fired power plants and other power plants, which sold the power to local grid companies to which they are connected pursuant to the relevant PPAs.

For the years ended December 31, 2008 and 2009 and 2010, sales to our five largest customers in the aggregate represented 92.8%, 93.3% and 97.5%, respectively, of our revenue (excluding revenue from concession construction) for the corresponding periods. Sales to our largest customer represented 82.0%, 64.5% and 63.5%, respectively, of our revenue (excluding revenue from concession construction) during the same periods.

During the Track Record Period, purchases from our five largest suppliers accounted for 82.6%, 74.9% and 89.8% of the purchase (excluding the acquisition of property, plant and equipment) made by our Group, respectively. Purchases from our largest supplier, Beijing Gas Group, represented 77.7%, 70.2% and 87.2%, respectively, of the purchase (excluding the acquisition of property, plant and equipment) made by our group during the same periods. BDHG is a connected person of the Company as well as one of our five largest customers. Save as disclosed above, none of our Directors, Supervisors, executive officers, associates or shareholders (which hold more than 5% of the issued share capital of the Company) had any interest in any of our five largest customers during the Track Record Period. Jingfeng Thermal Power is a wholly-owned subsidiary of BEIH, as well as one of our five largest suppliers during the Track Record Period. Save as disclosed above, none of our Directors, Supervisors, executive officers, associates or shareholders (which hold more than 5% of the issued share capital of the Company) had any interest in any of our five largest suppliers during the Track Record Period.

COMPETITION

Our gas-fired power and heat energy generation business do not face substantial competition in the operational stage, since NDRC and its local counterpart determine the planned utilization hours of each plant as well as its on-grid tariff/heat energy supply price, and such utilization hours are executed by the power companies (with minor fluctuation during the year). However, we face competition at the development stage with respect to site selection. Due to the nature of heat transmission, heat suppliers can only supply heat within a limited radius, and only one heat project will be approved by the government in a specific area to avoid duplicate construction. Hence, identifying sites in an area with significant heat demand is an important factor in determining the volume of heat sales. With our development experience and our execution capability, we believe that we compete effectively in this field.

We believe the primary competitors for our wind power business are power generation companies focusing on renewable energies, in particular, developers and operators of wind power projects in China. Under the current regulatory framework, local grid companies are required to provide mandatory grid connection and purchase all of the power generated by wind power projects within their coverage areas at a price fixed by the PRC government. As a result, there is no substantial competition among wind power projects in operation in China. However, due to the nature of the industry, the development of wind power projects is limited by natural conditions, especially wind resources in limited geographic areas and at particular sites. Accordingly, the competition among wind power operators occurs mainly during the development stage, especially in selecting suitable sites and obtaining the rights to develop wind power projects on a specific site, rather than during a project's operational stage.

At the development stage, we compete with other national or local wind power developers in a number of areas, including securing sites with desirable wind resources, obtaining relevant government approvals, incorporating our projected capacity into local grid planning and obtaining financial resources. In light of our project development experience, execution capabilities and well established relationships with local governments and grid companies, we believe that we compete effectively in this sector.

Our small to medium hydropower and other clean energy generation businesses will face competition from other power generation companies focusing on hydropower and other clean energies, particularly developers and operators of small to medium hydropower and solar power projects in China. Factors that could affect our competitiveness include, among others, our technical capability, financial resources, project development experiences and execution capabilities.

ENVIRONMENTAL REGULATIONS

Our operations are subject to environmental laws and regulations relating to the construction and operation of renewable energy generation facilities and gas-fired power plants, noise control, air and water emissions, water and ground protection, hazardous substances and waste management. As advised by our PRC legal advisor, we are subject to applicable environmental law and regulations to submit an environmental impact assessment. For further details, please see the section headed "Regulatory Overview—V. Environment Protection".

We design, construct and operate our power plants in accordance with applicable environmental laws and regulations, to mitigate adverse effects on the environment. Our PRC legal advisor has confirmed that the Company's gas-fired power and heat energy generation business has passed the listing environmental inspection by the Ministry of Environmental Protection of the PRC. In addition, according to the certificates issued by the environmental protection authorities and as confirmed by our PRC legal advisor, there is no non-compliance with applicable PRC environmental laws and regulations in relation to the operation of our wind power, small to medium hydropower and other clean energy generation businesses during the Track Record Period.

However, the PRC government may adopt more stringent environmental standards and carry out more rigorous enforcement of applicable environmental laws and regulations, which could materially and adversely affect our financial condition and the results of our operations. For further risk disclosure, please see the section headed "Risk Factors—Risks Relating to Our Overall Business—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".

The cost of compliance with applicable environmental laws and regulations depends on the capacity of our power projects. For example, for a gas-fired power project with an installed capacity of 350MW, the cost associated with meeting applicable environmental compliance requirements and obtaining relevant environmental approvals for the construction and operation of the project as well as environment-related expenditures in line with industry standards are approximately RMB7,350,000. For a wind power project with an installed capacity of 50MW, such cost is approximately RMB100,000. For a small to medium hydropower project with an installed capacity of 5MW, such cost is approximately RMB40,000 to RMB50,000, depending on whether there are reservoirs associated to the hydropower plant.

HEALTH AND SAFETY COMPLIANCE

Our business operations, particularly our gas-fired power plants, involve risks and hazards inherent in such activities. These risks and hazards could result in damage to, or destruction of, property or production facilities, personal injury, environmental damage, business interruption and possible legal liability. See the section headed "Risk Factors—Risks Relating to Our Overall Business—Our assets and operations are subject to hazards customary to the electricity generation industry, and we may not have adequate insurance to cover all these hazards". Our power plants have adopted various internal policies and are taking protective measures to prevent health and safety hazards. As of December 31, 2010, we had complied with all the material PRC laws and regulations on environmental protection and workplace safety applicable to our operations, including the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Measures for Regulating the Work Safety of Electricity (《電力安全生產監管辦法》) and the Interim Provisions on the Investigation of Electric Power Generation Accidents (《電力生產事故調查暫行規定》). As at December 31, 2010, we had not been subject to any material fines or administrative actions involving non-compliance with any relevant regulations.

INTELLECTUAL PROPERTY

Our intellectual property consists of trademarks. As at the Latest Practicable Date, we had 3 registered trademarks in the PRC. As at the Latest Practicable Date, we had registered 24 trademarks in Hong Kong. We have entered into a trademark license agreement dated May 23, 2011 with BEIH regarding our use of its trademarks for nil consideration.

We have not engaged in any litigation or legal proceedings for violation of intellectual property rights. For further details of the intellectual property of the Company, please see "Appendix IX—Statutory and General Information".

INSURANCE

Our Directors confirm that substantially all operating assets of our Group are covered by insurance.

We do not carry any business interruption insurance. We believe our practice is consistent with the customary practice in the PRC and that the insurance coverage of the power generation farms and plants within our Group is adequate and is standard for the power industry in the PRC.

LEGAL COMPLIANCE AND PROCEEDINGS

Our Directors confirm that, as at the Latest Practicable Date, we were not involved in any litigation or other proceedings, nor did we have any pending or threatened litigation or other proceedings, which would materially and adversely affect our business, financial condition or results of operations. In addition, to our knowledge, we have not suffered any breakdown, failure, interruption or substandard performance of equipment, improper installation or operation of equipment, labor disturbance, natural disaster, environmental hazard and industrial accident during the Track Record Period, which has materially and adversely affected our business, financial condition or results of operations.

Our Directors, as advised by our PRC Legal advisor, confirm that, as at the Latest Practicable Date, we had complied with all applicable PRC laws and regulations in all material aspects during the Track Record Period and have obtained all permits, licenses, qualifications, authorizations and approvals material for our business operations.

PROPERTIES

Land

Land for Operating Projects

As at March 31, 2011, we owned, held or occupied 21 parcels of land with a total site area of 841,482.82 m^2 for our operating projects (including sites for our power plants and wind farms in operation, as well as office buildings, staff dormitories and other auxiliary purposes), among which we had not obtained land use right certificates for three parcels of land with a total site area of 90,741.28 m^2 or 10.78% of the total site area underlying our operating wind farms . Other than these three parcels of land, we had proper land use rights to all the land underlying our operating projects as at March 31, 2011.

Land for Projects under Construction

As at March 31, 2011, we owned, held or occupied 20 parcels of land with a total site area of approximately 1,009,859.99 m^2 for our projects under construction (including sites for power plants and our wind farms under construction, as well as office buildings and other auxiliary purposes), among which we had not obtained land use right certificates for 15 parcels of land or 88.38% with a total site area of 892,496.43 m^2.

Leased Land

As at March 31, 2011, we leased one parcel of land with the land use right certificate for a site area of 20,200 m^2, which is used as the site for one of our operating wind farms (which is also the site for a pipeline solar power project that supplements its wind power generation). Our PRC legal advisor has confirmed that the lease agreement for this parcel of land is valid and legally binding, and that although it was not registered, it will not affect its validity pursuant to PRC law.

Land for Operating Projects without Land Use Right Certificates

We owned, held or occupied in aggregate three parcels of land for operating projects with a total site area of 90,741.28 m^2 for which we had not obtained land use right certificates as of March 31, 2011. These title defects are primarily caused by the ongoing application process for relevant land use right certificates, as obtaining such certificates involves government approvals at different levels.

For one out of the three parcels of land above with a total site area of 71,950 m^2 underlying our Saihan Wind Farm Phase I, we have entered into land use right transfer agreements with relevant government authorities. Our PRC legal advisor has advised us that: (i) the land use right certificate for this parcel of land is being processed, (ii) we may continue to occupy and use the land, and (iii) there is no material legal impediment for us to obtain the land use right certificate. For the other two parcels of land mentioned above with a total site area of 18,791.28 m^2 underlying our Changtu Taiyangshan Wind Farm, our PRC legal advisor has advised us that the maximum fines to which we may be subject is RMB30 per m^2, or RMB563,738.4. In order to obtain land use right certificates for these two parcels of land, we need to first obtain government approval for the transfer of the respective land use right. If such process eventually fails, we may be forced to relocate. We are in the process of applying for such government approval, and our PRC legal advisor has advised us that there is no material legal impediment in obtaining the land use right certificate once our application is approved by the government. In addition, the current prescribed use of land relating to one of these two parcels of land, with a total site area of 11,153.28 m^2, is for agriculture. We have applied to the relevant PRC government authority for changing the prescribed use of land to construction. If we fail to obtain the approval from the relevant PRC government authority, we may be ordered to demolish the building sitting on this parcel of land. To our Directors' knowledge, as at December 31, 2010, we had not received any notice from the relevant authority imposing any penalties or order for relocation, demolishment or confiscation. Our Directors are of the view that the title defects of these three parcels of land will not materially and adversely affect our operations, because the wind farms on top of these parcels of land had a total installed capacity of 99.00 MW, or only 4.4% of our total installed capacity as at

December 31, 2010, and revenue contribution from the wind farms accounted for only 1.2% and 2.8%, respectively, of our total revenue in 2009 and 2010. For further details and risks involved in these title defects, see "Appendix IV—Property Valuation", and the section headed "Risk Factors—Risks Relating to Our Overall Business—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".

Land for Projects Under Construction without Land Use Right Certificates

We occupied in aggregate 20 parcels of land for projects under construction with a total site area of 1,009,859.99 m^2, 15 parcels of which with a total site area of 892,496.43 m^2 had not obtained land use right certificates as of March 31, 2011. These title defects are primarily caused by the ongoing application process for relevant land use right certificates and the fact that we are not able to initiate the application process until the boundaries of land have been determined and finalized.

For six out of the 15 parcels of land without land use right certificates with a total site area of 487,082.08 m^2, we have obtained preliminary government approvals necessary to obtain the respective land use right certificate. Our PRC legal advisor has confirmed that there is no material legal impediment for us to obtain the land use right certificates for these parcels of land. However, we have not obtained relevant exemptions from relevant local authorities with respect to penalties they may impose in connection with the title defects on these parcels of land. For these 15 parcels of land, we have been advised by our PRC legal advisor that the maximum fines we may be subject to is RMB30 per m^2 and a total amount of approximately RMB26,774,892.9, and that we may be forced to relocate should we fail to obtain the respective land use right certificate. In addition, according to the preliminary land use opinions issued by land administrative authorities, the current prescribed use of land relating to part or the whole of eight of these 15 parcels of land is for agriculture or other purposes and the total site area of the land the use of which needs to be changed is approximately 246,815 m^2. We have applied to the relevant PRC government authorities for changing the prescribed use of land to construction. If we fail to obtain the approval from the relevant PRC government authorities, we may be ordered to demolish the buildings sitting on these eight parcels of land. To our Directors' knowledge, as at December 31, 2010, we had not received any notice from relevant authorities imposing any penalty, including order for relocation, demolishment or confiscation. We are in the process of obtaining relevant government approvals and land use right certificates. As these parcels of land are for projects under construction and we expect that we are able to obtain the relevant land use right certificates by the time these projects complete constructions, we believe that the title defects in the current stage will not materially and adversely affect our operations. For further details of our owned land and risks involved in these title defects, see "Appendix IV—Property Valuation", and the section headed "Risk Factors—Risks Relating to Our Overall Business—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".

Buildings

Owned Buildings

As at March 31, 2011, we owned 111 buildings with a total gross floor area of 146,354.06 m^2, among which we had not obtained building ownership certificates for 20 units with an aggregate gross floor area of 10,722.20 m^2, among which one unit with an area of 458.52 m^2 was a plant building, eight units with a total area of 2,754.70 m^2 were buildings for power distribution and relays, while the remaining 11 were auxiliary buildings for offices, warehouses, water-pumps and a security guard room. As of the Latest Practicable Date, out of the 20 buildings that had not obtained building ownership certificates, we had applied to the relevant government authorities for the certificates of five units and the government authorities had not issued the certificates. With respect to these 20 units, our PRC legal advisor has advised us that the potential legal risks may include suspension of construction, fines, demolishment or confiscation of the structure. Other than the mentioned above, there are no other material legal consequences arising from such non-compliances for the buildings indicated. To our Directors' knowledge, as at December 31, 2010, we had not received any notice from the relevant authority for any penalties. Other than these 20 units, we had obtained building ownership certificates for all the buildings and units owned, held or occupied by us as at March 31, 2011. Our directors are of the view that title defects of these buildings will not materially and adversely affect our operations, given that those buildings are used mainly for auxiliary purposes, and we may find replacements of these buildings at reasonable costs. For further details on these buildings, see "Appendix IV—Property Valuation".

Leased Buildings

As at March 31, 2011, we leased 18 buildings in the PRC with a total gross floor area of approximately 16,307.61 m^2. Among these 18 buildings, the landlords of eight buildings, with a total gross floor area of approximately 10,253.93 m^2, had not obtained building ownership certificates. Our PRC legal advisor has advised us that the leases concerning these buildings may not be protected by the PRC law. As a result, third parties may challenge our rights to use these buildings and we may have to vacate the relevant premises should any challenge succeed. Our PRC legal advisor has advised us that as at March 31, 2011, the lease agreements for these 18 buildings were all valid and legally binding. As advised by our PRC legal advisor, although none of the lease agreements of these 18 buildings was registered, the validity of the lease agreements is not affected. However, we may be required by local government authorities to register the lease agreements within a stipulated period. If we are so required and fail to comply, we may be subject to a fine of above RMB1,000 but not exceeding RMB10,000 for each lease agreement required.

Our Directors believe that the lack of building ownership certificates will not materially and adversely affect our results of operations given that these leased properties are primarily used for auxiliary purposes, such as office buildings and staff dormitories, and we may find replacements for these buildings at reasonable costs.