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## CONNECTED TRANSACTIONS

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Pursuant to Chapter 14A of the Listing Rules, our Directors, Supervisors, substantial shareholders and chief executive officer or those of our subsidiaries, any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of their respective associates will constitute a connected person. Upon the listing of our Shares on the Stock Exchange, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

### CONNECTED PERSONS

Following the Global Offering (whether or not the Over-allotment Option is exercised),

- BEIH will hold more than 10% of our share capital and hence remain as our substantial shareholder;
- GD Power Development will hold more than 10% of the equity interest in Taiyanggong Power, one of our subsidiaries, and hence remain as Taiyanggong Power's substantial shareholder; and
- BDHG will hold more than 10% of the equity interest in Jingqiao Power, one of our subsidiaries, and hence remain as Jingqiao Power's substantial shareholder.

Accordingly, the following transactions with BEIH, GD Power Development, BDHG or their respective associates, which will continue after the listing of the H Shares on the Stock Exchange, will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

### AGREEMENTS RELATING TO THE REORGANIZATION

#### 1. Reorganization Agreement

In connection with the Reorganization, we entered into the Reorganization Agreement with BEIH on June 13, 2010. Pursuant to the Reorganization Agreement, BEIH has provided various representations and warranties in relation to assets transferred to us under the Reorganization. Further, BEIH has undertaken to indemnify us under certain circumstances. See the section headed "Our History, Reorganization and Corporate Structure—Reorganization" for further details regarding the terms of the Reorganization Agreement.

#### 2. Non-Competition Agreement

As part of the Reorganization, we entered into the Non-Competition Agreement with BEIH on June 13, 2011. Under this agreement, we were granted options for new business opportunities, options for acquisitions and pre-emptive rights. See the section headed "Relationship with Our Controlling Shareholder—Non-Competition Agreement and Undertakings" for further details of the Non-Competition Agreement.

#### Implication under the Listing Rules

Any transaction that might take place after the Global Offering pursuant to any agreement or arrangement described in the section headed "Our History, Reorganization and

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Corporate Structure—Reorganization” would be made in the performance of the relevant transaction already entered into before the Global Offering. Therefore, such transactions will not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. However, when we decide to exercise options for new business opportunities, options for acquisitions and pre-emptive rights, provided for under the Non-Competition Agreement, we shall comply with the requirements under Chapter 14A of the Listing Rules.

### EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into the following agreements or transactions which will, upon the completion of the Global Offering, constitute exempt continuing connected transactions of our Company.

#### (A) Continuing connected transactions exempt under Rule 14A.33

The following transactions are made on normal commercial terms where each of the relevant “percentage ratios” calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors currently expect, not be more than 0.1% on an annual basis. By virtue of Rule 14A.33(3)(a), the transactions are exempt from the reporting, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules.

##### *1. Trademark Licensing Agreement*

**Parties:** BEIH (as the licensor); and

The Company (as the licensee)

**Principal terms:** The Company entered into a trademark licensing agreement with BEIH on May 23, 2011, pursuant to which, BEIH agreed to grant to the Group a non-exclusive license to use certain trademarks of BEIH for nil consideration. For details of the licensed trademarks, please refer to “Statutory and General Information—3. Further Information About Our Business—B Our intellectual property rights” in Appendix IX.

The term of the trademark licensing agreement is ten years commencing from the date of the agreement and will be automatically renewed for a further term of three years subject to compliance with the Listing Rules, unless any party serves the other party a notice to terminate the agreement at least three months prior to the expiry of this agreement.

**Reasons for the transaction:** As a major subsidiary of BEIH, the Company is the main platform for BEIH to develop the clean energy business. As such, the Company will continue to use certain trademarks of BEIH after the Global Offering.

**Annual Caps:** The Company will not be required to pay any amount to BEIH for the use of the licensed trademarks for the years ending December 31, 2011, 2012 and 2013.

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### **2. Entrusted Loan Service Provided by BEIH**

**Parties:** BEIH Finance, a subsidiary of BEIH

The Company

**Principal terms:** Pursuant to the framework financial service agreement dated July 6, 2010 as amended on December 29, 2010 and May 23, 2011, between BEIH Finance and the Company, BEIH Finance agreed to provide entrusted loan service to the Group.

Service fees to be charged by BEIH shall not be higher than fees to be charged by independent financial institutions which provide similar services on the same conditions.

The framework financial service agreement is for a term of three years.

#### **Reasons for the transaction:**

According to the *General Provisions of Loan* (《貸款通則》) issued by PBOC, loans can only be provided by authorized institutions holding relevant operational permits and certificates and as approved by relevant authorities. Therefore, loans between our Group companies should be made through financial institutions in the form of entrusted loans.

Historically, we have engaged BEIH Finance to provide entrusted loan service to our Group.

In addition, the Group is expected to benefit from BEIH Finance's understanding of the Group's operations which should render more expedient and efficient service provision than the commercial banks in the PRC. The Company also holds a 2% equity interest in BEIH Finance and accordingly, the Company will benefit from BEIH Finance's profits.

#### **Background information about BEIH Finance**

BEIH Finance is a non-banking financial institution incorporated in the PRC pursuant to the *Administrative Measures on Finance Companies within Group Enterprises* (《企業集團財務公司管理辦法》) and other relevant regulations promulgated by PBOC and CBRC.

The establishment of finance companies should be approved by CBRC and the operation of finance companies are under the supervision of CBRC. Finance companies should also comply with the administrative regulations with regard to interest rates issued by CBRC when conducting their businesses.

As at the Latest Practicable Date, the business scope of BEIH Finance as set out in BEIH Finance's business license was: (i) providing financing consultancy, credits and related consultancy, agency services; (ii) assisting group enterprises of BEIH in settlement; (iii) insurance agency services; (iv) providing guarantee to group enterprises of BEIH; (v) providing entrusted loan and entrusted investment services; (vi) providing bill acceptance and discount services to group enterprises of BEIH; (vii) processing the settlement of internal transfer of accounts and providing plan for relevant settlement and liquidation; (viii) providing deposit services to group enterprises of BEIH; (ix) providing loan and financing leasing to group enterprises of BEIH; (x) conducting inter-bank borrowing; (xi) underwriting the

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corporate notes issued by group enterprises; and (xii) making investments in negotiable securities, which is limited to government bonds, bank bills of PBOC, financial bonds and group enterprises bonds.

**Historical figures:** the historical figures of the commission for entrusted loan service provided by BEIH Finance to the Group for the years ended December 31, 2008, 2009 and 2010 were approximately nil, RMB 14,096,000 and RMB2,421,000, respectively.

**Annual Caps:** The maximum aggregate annual amount of fees payable to BEIH Finance for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	(RMB millions)		
Total fees payable .....	3.00	3.00	3.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered the historical figures, the control of financial risks in selecting providers of financial services, business development plans and financial needs of the Group during the term of the framework financial services agreement.

### **(B) Financial assistance exempt under Rule 14A.65**

Our Group has entered into the following transaction which will, upon the completion of the Global Offering, constitute financial assistance under Chapter 14A of the Listing Rules. The transaction is made on normal commercial terms and no security over the assets of the Group will be granted in respect of the financial assistance. By virtue of Rule 14A.65(4), the transaction is a continuing connected transaction exempt from the reporting, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules.

#### ***1. Financial Assistance Provided by GD Power Development under The Guarantee Agreement***

**Parties:** GD Power Development (as the guarantor)

Taiyanggong Power (as the borrower)

中信銀行股份有限公司總行營業部 (Beijing Branch of China CITIC Bank Corporation Limited\*) (as the lender)

**Principal terms:** Pursuant to a guarantee agreement dated April 8, 2008, GD Power Development agreed to provide guarantee for the obligation of Taiyanggong Power in relation to a loan in the amount of RMB130 million from Beijing Branch of China CITIC Bank Corporation Limited. GD Power Development did not charge Taiyanggong Power any fees for the guarantee provided. Taiyanggong Power agreed to repay the loan in four installments on April 8, 2010, 2011, 2012 and 2013, respectively.

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### Reasons for the transaction:

The transaction was to facilitate Taiyanggong Power obtaining funds from Beijing Branch of China CITIC Bank Corporation Limited. The Directors (including the independent non-executive Directors) believe that the terms of the guarantee agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Annual caps:** As the guarantee is an exempt continuing connected transaction under Rule 14A.65(4) of the Listing Rules, no cap would be required to be set in respect of the provision of such guarantee by GD Power Development for the Group.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### (A) Continuing connected transactions which are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement

Our Company has also entered into the following agreements or transactions which will, upon the completion of the Global Offering, constitute continuing connected transactions exempt from the independent shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules. These transactions include:

##### **1. Framework Property Lease Agreement**

**Parties:** BEIH (as the lessor)

The Company (as the lessee)

**Principal Terms:** In the ordinary course of business, we entered into a framework property lease agreement dated May 23, 2011 with BEIH, according to which the Group may rent properties from BEIH and/or its associates.

The term of the framework property lease agreement is twenty years commencing on the Listing Date. Relevant subsidiaries or associated companies of both parties will enter into separate contracts which shall set out the specific terms and conditions according to the principles provided in the framework agreement.

**Pricing policy:** Under the framework property lease agreement, the rent shall be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

**Existing leases:** Jingfeng Power entered into a one year lease agreement with Jingfeng Thermal Power on December 20, 2010. Pursuant to such agreement, Jingfeng Thermal Power agreed to lease certain properties, which are located at No.15 Yungang West Road, Fengtai District, Beijing, with a total area of approximately 12,630 sq.m. to Jingfeng Power. Such properties are used as Jingfeng Power's office premises and for providing logistic services. The annual rent to be paid by Jingfeng Power to Jingfeng Thermal Power is RMB8,065,223.

Beijing Huafu Energy entered into a one year lease agreement with BEIH on June 30, 2010, pursuant to which BEIH agreed to lease certain properties, which are located at No.16

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Yonganli, Chaoyang District, Beijing, with a total area of approximately 26.04 sq.m. to Beijing Huafu Energy. Such properties are used as offices of Beijing Huafu Energy. The annual rent to be paid by Beijing Huafu Energy to BEIH is RMB50,000.

**Reasons for the transaction:** Jingfeng Power has started to use the premises of Jingfeng Thermal Power since 2008 and Beijing Huafu Energy has started to use BEIH's premises since 2009. In addition, relocating to different office premises will cause unnecessary disruptions to our operation and incur unnecessary costs.

Our Directors and the Joint Sponsors are of the view that the long term nature of the property lease agreement enables the Group to secure a location for its business operation at a fair market price and to prevent unnecessary cost, effort, time and interruption of business caused by relocation in the case of short term leases.

As such, the Directors (including the independent non-executive Directors) and the Joint Sponsors are of the view that a lease term of 20 years is appropriate for the framework property lease agreement and that is normal business practice for lease agreements of this type to be of such duration.

Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has confirmed that the terms and conditions with respect to the rentals of the leases (i) are fair and reasonable to the parties thereto; and (ii) reflect prevailing market conditions in the PRC. In addition, the proposed annual rentals under the existing property leases are comparable to the prevailing market rates for similar premises in the vicinity of the relevant properties and are fair and reasonable.

**Historical figures:** The historical figures of the rental paid to BEIH and Jingfeng Thermal Power for the years ended December 31, 2008, 2009 and 2010 were approximately RMB3,593,000, RMB8,090,000 and RMB8,115,000, respectively.

**Annual Caps:** The maximum aggregate annual amount of rentals payable to BEIH and its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable rentals .....	10.00	12.00	14.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered the rentals to be paid for the existing leases, the potential rise in rent for premises in the vicinity of the relevant properties and the recent development of the property market in Beijing. The potential increase in annual caps only relates to the potential increase in the rental for the properties that Jingfeng Power rent from Jingfeng Thermal Power with a total area of 12,630 sq.m.

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### **2. Framework Equipment Maintenance Agreement**

**Parties:** BEIH

The Company

**Principal terms:** In the ordinary course of business, we entered into a framework equipment maintenance agreement dated May 23, 2011 with BEIH, pursuant to which BEIH and/or its associates may provide equipment maintenance services to the Group.

The framework equipment maintenance agreement is for a term of three years commencing on the Listing Date.

**Pricing policy:** Under the framework equipment maintenance agreement, the maintenance fees shall be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

**Reasons for the transaction:** Our Group is required to conduct maintenance for our gas-fired power equipments to comply with relevant PRC laws and regulations. During the ordinary course of business, we conduct routine maintenance, regular inspections and repairs for our gas-fired power equipments. As BEIH and/or its associates have extensive experience in our industry and are familiar with the equipments, our Directors consider that the maintenance requirement of our Group could be better satisfied by entering into such agreement with BEIH and/or its associates.

The equipment maintenance services are provided by BEIH and/or its associates to our gas-fired power companies. Historically, we have engaged BIEE and Jingfeng Thermal Power to provide equipment maintenance services to Taiyanggong Power since 2009. Our Group has decided to engage BIEE to provide the maintenance services to Jingfeng Power since 2011. The equipment maintenance service provided by BEIH and/or its associates only covers non-core machinery while the maintenance of core machinery is being performed by manufacturers, who are Independent Third Parties.

**Historical figures:** The historical figures of the maintenance fees paid to BEIH and its associates for the years ended December 31, 2008, 2009 and 2010 were approximately nil, RMB11,389,000 and RMB13,989,000, respectively. The amount of fees increased from 2009 to 2010 because the Company did not engage Jingfeng Thermal Power to provide equipment maintenance service to Taiyanggong Power until July 2009. The equipment maintenance service fees paid to Jingfeng Thermal Power for the second half of 2009 were approximately RMB5.56 million. The equipment maintenance service fees paid to Jingfeng Thermal Power for 2010 were approximately RMB8.44 million.



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**Annual Caps:** The maximum aggregate annual amount of maintenance fees payable to BEIH and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable maintenance fees .....	29.00	25.00	25.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered the historical figures and our future demand for such maintenance services. The increase in the annual caps are primarily due to maintenance fees to be paid by Jingfeng Power to BIEE, which are estimated to be RMB10,000,000 in each of 2011, 2012 and 2013. The maintenance fees that Jingfeng Power incurred in 2010 was approximately RMB12,660,000, which is in line with the annual caps proposed for Jingfeng Power. Taiyanggong Power will conduct major overhaul to its equipments in 2011, which is expected to incur additional fees of approximately RMB5,000,000.

### ***3. Framework Electricity Sale and Purchase Agreement***

**Parties:** BEIH

The Company

**Principal terms:** In the ordinary course of business, we entered into a framework electricity sale and purchase agreement dated May 23, 2011 with BEIH, pursuant to which BEIH and/or its associates may from time to time purchase electricity from the Group.

The framework electricity sale and purchase agreement is for a term of three years commencing on the Listing Date.

**Pricing policy:** Under the framework electricity sale and purchase agreement, the purchase price shall be the same as or higher than the state-prescribed price.

**Reasons for the transaction:** The Company's subsidiary, Jingfeng Power has entered into a property lease agreement with Jingfeng Thermal Power. As a result, the two companies' offices are in the same building with the two companies' factories located near each other. As Jingfeng Thermal Power is in the process of closing its electricity generation business and dismantling its equipments, and thus has stopped generating power itself, it has started to purchase electricity from Jingfeng Power since January 2010. It is expected that Jingfeng Thermal Power will completely dismantle its equipments in mid 2012, after which, the Jingfeng Thermal Power will continue to purchase electricity from Jingfeng Power for the purpose of follow-up work after dismantling as well as for its daily administrative use.

**Historical figures:** The historical figures of the amount paid by BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 were approximately nil, nil and RMB13,552,000, respectively.



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**Annual Caps:** The maximum aggregate annual amount payable by BEIH and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable amount .....	23.00	15.00	13.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered (i) the historical figures; (ii) the timetable for Jingfeng Thermal Power to dismantle its generation plant, which is estimated to be completed in mid 2012; (iii) Jingfeng Thermal Power's demand for electricity for daily administrative uses and for its follow-up work after dismantlement; (iv) the actual electricity consumption in the first quarter of 2011; and (v) potential rise in electricity price. Jingfeng Thermal Power's actual electricity consumption volume in 2010 was approximately 12,907kWh while the Company and Jingfeng Thermal Power expect that the electricity consumption volume in 2011 would be approximately 21,770kWh. The increase is mainly because that most of the dismantling work will be conducted in 2011.

#### ***4. Framework Services Agreement***

**Parties:** BEIH

The Company

**Principal terms:** In the ordinary course of business, we entered into a framework services agreement dated May 23, 2011 with BEIH, pursuant to which BEIH and/or its associates may from time to time provide various services to the Group. These services may include (i) landscaping services, including arranging flowers, plants and garden ornaments; (ii) property management services, including cleaning, security and catering services; (iii) consultancy and technical support regarding operational safety; (iv) conference services; and (v) bidding agency services and project management services.

The framework services agreement is for a term of three years commencing on the Listing Date.

**Pricing policy:** Under the framework services agreement, the service fees shall be agreed based on the following pricing policy:

- (1) the bidding price where the bidding process is applicable;
- (2) where no bidding process is involved, the price to be agreed following arm's length negotiations between the relevant parties with reference to government guided-price; or
- (3) where no government guided-price is involved, the price to be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

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### Reasons for the transaction:

(i) Our Group places great emphasis on the working environment of our employees. By receiving landscaping services, we could provide better working environment for our employees. (ii) As Jingneng Electricity Logistic Services Co., Ltd. (京能電力後勤服務有限公司), a subsidiary of BEIH, is engaged in providing property management services and has been providing property management services to our Group since 2010, it is unnecessary for the Group to engage third parties to provide the same services. (iii) Our consolidated installed capacity has experienced rapid increase from 2009 to 2010. Our wind farms as well as other electricity generation equipments are located in different areas of China which requires our employees to possess relevant knowledge and expertise in order for us to operate safely and efficiently. As BEIH and its associates have extensive experience in our industry and greater access to industrial information, consulting with, and receiving trainings from BEIH and/or its associates can help our Company easily access useful market information and provide better training to our employees. Such services have been provided to the Group for all the electricity generation segments since 2010. (iv) As BEIH and/or its associates has conference centers in certain locations where we operate and their service charge is competitive, our Directors believe it is in the interest of the Company to receive such services from BEIH and/or its associates. (v) As BIEE is engaged in providing bidding agency and project management services and has been the tendering platform of our Company, it will also provide bidding agency and project management services to our Company in this role.

**Historical figures:** The historical figures of the service fees paid to BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 were approximately RMB320,000, RMB373,000 and RMB27,200,000, respectively.

<u>Type of service</u>	<b>Historical figures for the year ended December 31,</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
		<i>(RMB)</i>	
Landscaping .....	0	0	1,207,543 <sup>(1)</sup>
Property management .....	0	0	1,237,170 <sup>(2)</sup>
Consultancy and technical support regarding operation safety .....	0	0	23,600,100 <sup>(3)</sup>
Conference service .....	320,421	373,347	1,155,205 <sup>(4)</sup>
Bidding agency .....	0	0	0 <sup>(5)</sup>
Project management .....	0	0	0 <sup>(5)</sup>
<b>Total</b> .....	<b>320,421</b>	<b>373,347</b>	<b>27,200,018</b>

*Notes:*

- (1) The Group did not start receiving landscaping service from BEIH and/or its associates until 2010. Before 2010, such service was provided by Independent Third Parties. As BEIH and/or its associates are engaged in providing landscaping service and their service charge is competitive, the Group has engaged BEIH and/or its associates to provide landscaping service since 2010.
- (2) The Company relocated its office in late 2010 and has engaged Jingneng Electricity Logistic Services Co., Ltd., a professional property management company, to provide relevant service to the Company since the relocation. The service fees paid to Jingneng Electricity Logistic Services Co., Ltd. for the last four months of 2010 were approximately RMB1,237,170.
- (3) The Group did not start receiving consultancy and technical support services from BEIH until 2010 because the Group's Reorganization was completed in 2010. Before the Reorganization, the clean energy power generation businesses were operated by BEIH and/or its associates. Please see the section headed "Our History, Reorganization and Corporate Structure—Reorganization" for details of the Reorganization.
- (4) The amount of service fees increased from 2009 to 2010 because the Company and Taiyanggong Power started to receive conference services from BEIH and/or its associates in 2010. The service fees paid by the Company to BEIH and/or its associates for the last four months of 2010 were approximately RMB285,205. The service fees paid by Taiyanggong Power to BEIH and/or its associates in 2010 were approximately RMB870,000.

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- (5) We have engaged BEIH and/or its associates to provide bidding agency and project management services to our Group since 2010. In 2010, such services, together with equipment procurement and project construction services, were provided to us according to project contracting agreements. Accordingly, the fees we paid to BEIH and/or its associates for bidding agency and project management services in 2010 were included in the historical figures of the framework project contracting agreement. As the fees paid to BEIH and/or its associates for the purchase and installation of equipments and construction of projects under the project contracting agreements will eventually be paid to Independent Third Party providers, our Group has decided to enter into agreements for the purchase and installation of equipments and construction of projects with Independent Third Party providers directly when developing our projects in the future.

**Annual Caps:** The maximum aggregate annual amount of service fees payable to BEIH and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total service fees payable . . . . .	80.00	89.00	87.00

The Directors expect that the annual amount of service fees for each type of services shall not exceed the caps set out below.

Type of service	Annual caps for the year ending December 31,		
	2011	2012	2013
	<i>(RMB)</i>		
Landscaping . . . . .	1,317,921	1,381,317	1,447,882 <sup>(1)</sup>
Property management . . . . .	9,100,000 <sup>(2)</sup>	10,000,000	11,100,000
Consultancy and technical support regarding operation safety . . . . .	26,884,000	31,889,500	40,223,500 <sup>(3)</sup>
Conference service . . . . .	2,210,000 <sup>(4)</sup>	2,450,000	2,720,000
Bidding agency . . . . .	20,000,000	24,000,000	21,000,000 <sup>(5)</sup>
Project management . . . . .	20,400,000	18,400,000	10,400,000 <sup>(6)</sup>
<b>Total . . . . .</b>	<b>79,911,921</b>	<b>88,120,817</b>	<b>86,891,382</b>

*Notes:*

- (1) The increase reflects an annual increase of 5% of the service fees over the preceding year in anticipation of the inflation.
- (2) The amount of service fees increases from 2010 to 2011 because New Energy and Taiyanggong Power have engaged Jingneng Electricity Logistic Services Co., Ltd. to provide property management service since 2011. New Energy relocated its office in early 2011 and its business place is now in the same building as the Company and Taiyanggong Power. (i) The Company estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB4,500,000 while service fees paid to BEIH and/or its associates for the last four months of 2010 were approximately RMB1,237,170. The service fees are determined based on the scope of service involved after arm's length negotiations between the Company and Jingneng Electricity Logistic Services Co., Ltd. The Company expects that the service fees will increase in 2011 after its listing as the Company will conduct more business activities and incur more fees on catering service. (ii) New Energy estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB1,600,000 while the service fees paid to Independent Third Parties for the three years ended December 31, 2008, 2009 and 2010 were approximately RMB1,010,242, RMB1,395,256 and RMB927,473. The decrease from 2009 to 2010 was because New Energy relocated its office and rented its office from Jingqiao Power in September 2009. Jingqiao Power did not charge property management fees from New Energy separately apart from the rent. Before September 2009, New Energy had rented its office from Independent Third Parties. As New Energy relocated its office in early 2011 and the floor area is larger, New Energy expects the service fees to be paid to BEIH and/or its associates would increase compared to the service fees paid to Independent Third Parties during the Track Record Period. (iii) Taiyanggong Power estimates that the service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB3,000,000 while the service fees paid to Independent Third Parties for the three years ended December 31, 2008, 2009 and 2010 were approximately RMB1,372,547, RMB2,033,089 and RMB2,862,836.
- (3) The increase is primarily due to the expected increase in the consolidated installed capacity of the Group. The Company expects to have a total of 2,654.55MW and 4,684.34MW of consolidated installed capacity by the end of 2011 and 2012, respectively. The services fees are calculated by multiplying installed capacity with service fee rates. The service fee rates are determined after arm's length negotiation between relevant parties with reference to the business segments as well as the installed capacity of the Company and each subsidiary.

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- (4) The amount of service fees increases from 2010 to 2011 because (i) the Company estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB800,000 while the service fees paid to BEIH and/or its associates for the last four months of 2010 were RMB285,205; (ii) Taiyanggang Power estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB960,000 while the service fees paid to BEIH and/or its associates in 2010 were RMB870,000; and (iii) Jingfeng Power has engaged BEIH and/or its associates to provide conference service since 2007 and received such service from BEIH and/or its associates in 2008 and 2009. Jingfeng Power did not receive conference service from BEIH and/or its associates in 2010. However, Jingfeng Power estimates that it will continue to receive conference service from BEIH and/or its associates in 2011 and the service fees to be paid to BEIH and/or its associates in 2011 are estimated to be approximately RMB450,000.
- (5) The bidding agency service fees are determined after arm's length negotiation between relevant parties in accordance with the *Provisional Administrative Measures on the Fees for Bidding Agency Service* (《招標代理服務收費管理暫行辦法》) issued by NDRC, which provides for the standard service fees. The standard service fees are calculated by applying progressive fixed rate with reference to the successful bidding price. The bidding agency service fees paid to BEIH and/or its associates shall not be higher than the standard service fees as set out in the *Provisional Administrative Measures on the Fees for Bidding Agency Service*. The bidding agency service is to be provided to the Company in relation to 3 wind power projects, one gas-fired power project and one solar power project as well as to New Energy in relation to the wind power projects which the Company and New Energy expect to develop, respectively. The total capital expenditure of the projects for which the Company expects to engage BEIH and/or its associates to provide bidding agency service is approximately RMB4,260 million, and the total capital expenditure of the wind power projects for which New Energy expects to engage BEIH and/or its associates to provide bidding agency service is approximately RMB9,600 million. The Group expects that the capital expenditure for the projects for which the Group expects to engage BEIH and/or its associates to provide bidding agency service in 2011, 2012 and 2013 would be approximately RMB4,360 million, RMB5,100 million and RMB4,400 million, respectively. Given the capital expenditure expected, the applicable progressive fixed rate ranges from 0.05% to 1.5%. Based on the above, the Group expects that service fees for bidding agency service to be paid to BEIH and/or its associates for the three years ended December 31, 2011, 2012 and 2013 are approximately RMB20,000,000, RMB24,000,000 and RMB21,000,000, respectively.
- (6) The project management service fees are determined after arm's length negotiation between relevant parties with reference to reasonable costs incurred in providing the project management services. The reasonable costs mainly includes the salary to be paid to the technicians as well as the administrative and living expenses incurred when providing the service. The project management service is to be provided to Jingqiao Power in relation to Jingqiao Power Plant Phase II and to New Energy in relation to the wind power projects which New Energy expects to develop. Jingqiao Power expects that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB10,000,000. Jingqiao Power expects that BEIH and/or its associates will engage around 27 technicians to provide the project management service in Beijing in relation to Jingqiao Power Plant Phase II. For each technician, the annual base salary would be approximately RMB130,000 to RMB160,000, the pension insurance, unemployment insurance, medical insurance, housing fund and membership fees for labor union would be approximately RMB89,700 and the administrative and living expenses, including travelling and accommodation expenses, would be approximately RMB121,000. The Jingqiao Power Plant Phase II is expected to be completed by September 2012. New Energy expects that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB10,400,000. New Energy expects that BEIH and/or its associates will engage around 6 technicians for each of the 8 wind power projects it expects to develop in 2011 and such services will be provided in Inner Mongolia and Ningxia. For each technician, the annual base salary would be approximately RMB70,000 to RMB100,000, the pension insurance, unemployment insurance, medical insurance, housing fund and membership fees for labor union would be approximately RMB46,000 and the administrative and living expenses, including travelling and accommodation expenses, would be approximately RMB98,000.

**Basis of Caps:** In determining the above annual caps, our Directors have considered the historical figures and our future demand for such services.

### **5. Framework Operating Agreement**

**Parties:** BEIH

The Company

**Principal terms:** In the ordinary course of business, we entered into a framework operating agreement dated May 23, 2011 with BEIH, pursuant to which the Group may from time to time engage BEIH and/or its associates to operate the power and/or heating equipment for the Group.

The framework operating agreement is for a term of three years commencing on the Listing Date.

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## CONNECTED TRANSACTIONS

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**Pricing policy:** Under the framework operating agreement, the operating fees shall be agreed following arm's length negotiations between the relevant parties which shall be reasonable costs incurred in providing the operating services plus reasonable profits. The profits amount to approximately 6% to 7% of the costs, which is determined according to the profit margin as set out in the *Budget Compilation and Calculation Standard in Electric Power Plant Construction Plants* issued by NDRC.

**Reasons for the transaction:** The framework operating agreement was entered into for the operation of the Sanlian Power's hydropower plant and Jingqiao Power's gas-fired heat generation plant which requires relevant expertise and experience, as well as manpower. Beijing Jingxi Electricity Generation Co., Ltd. (北京京西發電有限責任公司), a wholly owned subsidiary of BEIH, is engaged in electricity equipment operating, maintenance and repair businesses and thus its employees possess relevant expertise and experience in electricity equipment operating and has spare manpower after it stopped conducting the power generation business. In addition, Beijing Jingxi Electricity Generation Co, Ltd. has been providing equipment operating services to Heishui Sanlian—Zhawo Grade I Hydropower Plant and Jingqiao Power Plant since their respective commencement date of operation. Our Directors believe it is in the interest of the Company to take advantage of the experience possessed by the employees of Beijing Jingxi Electricity Generation Co., Ltd.

**Historical figures:** The historical figures of the fees paid to BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 were approximately RMB955,000, RMB1,419,000 and RMB1,544,000, respectively.

**Annual Caps:** The maximum aggregate annual amount of fees payable to BEIH and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable amount . . . . .	2.00	4.00	8.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered (i) the historical figures, (ii) the expected increase in consolidated installed capacity and the number of power plants which are expected to be put into operation and (iii) the potential rise in future market price for the service to be provided. As at December 31, 2010, the installed capacity of our Sanlian Power was 6.4MW and the capacity under construction of Sanlian Power was 44.4MW, which is expected to commence operation in late 2011 or 2012. Jingqiao Power Plant Phase II with a capacity under construction of 838.20MW is expected to be completed by September 2012.

### **6. Framework Equipment Operating and Maintenance Agreement**

**Parties:** BEIH

The Company

**Principal terms:** In the ordinary course of business, we entered into a framework equipment operating and maintenance agreement dated May 23, 2011 with BEIH, pursuant to which we may provide equipment operating and maintenance services to BEIH and/or its associates.



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## CONNECTED TRANSACTIONS

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The framework equipment operating and maintenance agreement is for a term of three years commencing on the Listing Date.

**Pricing policy:** Under the framework operating and equipment maintenance agreement, the maintenance fees shall be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

**Reasons for the transaction:** The equipment operating and maintenance services are provided by Jingfeng Power to Jingfeng Thermal Power and Inner Mongolia Daihai Electricity Generation Co., Ltd., a subsidiary of Beijing Jingneng International.

- As Jingfeng Thermal Power is in the process of closing its electricity generation business and dismantling its power generation equipments, it has engaged Jingfeng Power to provide operating and maintenance services to its power transmission and transformation equipments and pump house. The transmission and transformation equipments are used for transmitting and transforming high-voltage electricity into low-voltage electricity before connecting to electric equipments. The pump house is used for a variety of infrastructure systems to pump fluids from one place to another.
- Inner Mongolia Daihai Electricity Generation Co., Ltd. is engaged in coal-fired power business and its equipments are subject to inspection and maintenance. As Jingfeng Power's technicians possess equipment operating and maintenance expertise, and are experienced in providing such services, Inner Mongolia Daihai Electricity Generation Co., Ltd. has entered into a letter of intent with Jingfeng Power to engage Jingfeng Power to provide such services since 2011 with the service fees of RMB35 million.

**Historical figures:** As the Company only starts providing equipment operating and maintenance services to BEIH and/or its associates since 2011, the historical figures of the operating and maintenance fees paid by BEIH and its associates for the years ended December 31, 2008, 2009 and 2010 were nil, nil and nil, respectively.

**Annual Caps:** The maximum aggregate annual amount of operating and maintenance fees payable by BEIH and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable fees .....	37.00	37.00	37.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered (i) the scope of the services involved; and (ii) BEIH and/or its associates' future demand for the services.

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## CONNECTED TRANSACTIONS

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**(B) Continuing connected transactions which are subject to the reporting, announcement and independent shareholders' approval requirement**

### **1. Project Contracting Agreements**

**Parties:** BIEE, a subsidiary of BEIH

New Energy

**Principal terms:** In the ordinary course of business, we entered into four project contracting agreements in 2010 with BIEE, pursuant to which BIEE agreed to (i) procure equipment required for the construction and operation of wind farms, such as wind turbine and wind tower, as well as provide technical guidance for installation, configuration, performance test of the equipment; (ii) construct wind power projects, including the construction and installation of power generation, substation, communication and transportation equipment as well as construction of properties required for wind farm operation, and (iii) manage the project construction process.

The project contracting agreements are for a term from their respective signing dates to the completion of the construction and delivery of the projects, fulfilling warranty obligations as well as settling all outstanding balances.

**Pricing policy:** Under the project contracting agreements, the fees were agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

**Existing project contracting agreements:** The existing project contracting agreements between New Energy and BIEE cover the following projects which were under construction as at December 31, 2010:

<u>Project name</u>	<u>Consideration of agreement</u>	<u>Historical figures in 2010</u>
	<i>(RMB)</i>	<i>(RMB)</i>
Balinyou Wind Farm Phase I .....	401,448,100.00	247,003,562.51
Ningxia Taiyangshan Wind Farm Phase I .....	382,188,200.00	245,378,250.00
Chifengqigan Wind Farm Phase I .....	421,230,800.00	12,439,677.55
Xinganmeng Keyouzhongqi Wind Farm Phase I .....	404,056,600.00	240,752,197.02
<b>In total</b> .....	<b><u>1,608,923,700.00</u></b>	<b><u>745,573,687.08</u></b>

**Reasons for the transaction:** The project contracting agreements were entered into for the procurement and installation of equipments for our power plants. BIEE has been the centralized procurement and tendering platform for a number of wind farms developed and operated by New Energy since April 2010. Our Directors consider that it is more cost efficient for our Group to enter into such agreements, because (i) our wind power projects under construction or for future development are located in different areas of China and the construction requires great expenditures of time and resources, both manpower and technology; (ii) the procurement process requires specialized technicians; (iii) procuring the equipments in a centralized way could help us obtain more favorable terms as suppliers would generally offer better price to customers with large orders; and (iv) BIEE has extensive knowledge and experience in tendering business.



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## CONNECTED TRANSACTIONS

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**Historical figures:** As our Group did not start to construct our wind farm through project contracting until 2010, the historical figures of the fees paid to BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 were approximately nil, nil and RMB745,574,000, respectively.

**Annual Caps:** The maximum aggregate annual amount of fees payable to BEIH and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	(RMB millions)		
Total payable amount .....	864	0	0

**Basis of Caps:** In determining the above annual caps, our Directors have considered the existing project contracting agreements. The Company expects to complete the construction of the projects covered under the existing project contracting agreements in 2011.

### **2. Framework Heat Sale and Purchase Agreement with BDHG**

**Parties:** BDHG

The Company

**Principal terms:** In the ordinary course of business, we entered into a framework heat sale and purchase agreement dated May 23, 2011 with BDHG. Pursuant to this agreement, BDHG and/or its associates may from time to time purchase heat produced by the Group.

The framework heat sale and purchase agreement is for a term of three years commencing on the Listing Date.

**Pricing policy:** Under the framework heat sale and purchase agreement, the fees shall be agreed with reference to the state-prescribed price.

**Historical figures:** The historical figures of the fees (including fees for heat energy generated during testing period and tax) paid by BDHG and/or its associates for the years ended December 31, 2008, 2009 and 2010 were approximately RMB97,863,000, RMB336,374,000 and RMB354,440,000, respectively.

**Reasons for the transaction:** According to *Administrative Measures of Heat Supply and Heating of Beijing Municipality* (《北京市供熱採暖管理辦法》), heat supply should comply with the principle of unified planning and localized management. As BDHG is the only central heat supply company whose network covers the areas where the power plants of Taiyanggong Power and Jingqiao Power are located, Taiyanggong Power and Jingqiao Power sell heat energy to BDHG.

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## CONNECTED TRANSACTIONS

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**Annual Caps:** The maximum aggregate annual amount of fees payable by BDHG and/or its associates for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable amount .....	445.00	627.00	914.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered the historical figures, the production capacity of the Group in respect of heat energy and the potential rise in heat energy price in the future. As at December 31, 2010, the installed heat energy generation capacity of Taiyanggong Power and Jingqiao Power was 929.00MW in total. As at December 31, 2010, the Jingqiao Power Plant Phase II with heat energy generation capacity under construction of 592.00MW is expected to be completed by September 2012. The heat energy price (VAT inclusive) of Taiyanggong Power increased from RMB68 per GJ to RMB79 per GJ, which was effective from the legal heat supply period from late 2010 to early 2011.

### ***3. Financial Assistance Provided by the Company under The Guarantee Agreements***

**Parties:** Company (as the guarantor)

Huayuan Heating (as the borrower)

Huaxia Bank Co., Ltd., China Construction Bank, Agricultural Bank of China and Shanghai Pudong Development Bank (as the lenders)

## CONNECTED TRANSACTIONS

**Principal terms:** Pursuant to five guarantee agreements, the Company agreed to provide guarantee for the obligation of Huayuan Heating, an associate of BDHG, in relation to its loan obligation in the total amount of RMB629.44 million. Details of the guarantee agreements are as follow:

<u>Lender</u>	<u>Term of the Loan</u>	<u>Principal</u>	<u>Repayment Arrangement</u>
Huaxia Bank Co., Ltd . . .	March 6, 2009 to March 6, 2014	RMB200 million	Repay the loan in four installments on March 6, 2011, 2012, 2013 and 2014, respectively <sup>(1)</sup>
China Construction Bank . . . . .	April 7, 2010 to April 6, 2020	RMB93.26 million	Repay RMB14 million in each year from 2013 through 2018, repay RMB9.26 million in 2019
China Construction Bank . . . . .	November 24, 2010 to November 23, 2020	RMB96.18 million	Repay RMB11 million on July 31, 2014; repay RMB15 million on July 31, 2015 through 2019; repay RMB10.18 million on July 31, 2020
Agricultural Bank of China . . . . .	15 years. The actual draw down date of the loan was February 28, 2011.	RMB200 million	Repay RMB15.4 million in each year from 2013 through 2024; repay RMB7.5 million in 2025
Shanghai Pudong Development Bank . . .	March 25, 2011 to September 24, 2011	RMB40.00 million	repay the loan by September 24, 2011

*Note:*

(1) The first installment has been repaid by Huayuan Heating.

The loans are all provided by commercial banks after arm's length negotiation between Huayuan Heating and each of the commercial banks, and all of these commercial banks are Independent Third Parties. As the Company understands, the guarantee agreements are standard contracts of these banks. The Company did not charge Huayuan Heating any fees for the guarantee provided.

### Reasons for the transaction:

The Company holds 50% of the equity interest in Huayuan Heating and benefits from Huayuan Heating's business expansion and profits. The transaction was to facilitate Huayuan Heating obtaining funds from relevant banks in relation to its construction of its heating pipe projects. In addition, BDHG, which is holding another 50% interest in Huayuan Heating, has also provided guarantee for the loan obligation of Huayuan Heating with a total amount of approximately RMB800 million. BDHG did not charge Huayuan Heating any fees for the guarantee provided. Thus, the Directors (including the independent non-executive Directors) believe that the terms of the guarantee agreements are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## CONNECTED TRANSACTIONS

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**Historical figures:** The historical figures of the guarantee obligation (representing the maximum outstanding balance of principal and the aggregate interest on the loan) for the years ended December 31, 2008, 2009 and 2010 were approximately nil, RMB208.00 million and RMB662.00 million, respectively.

**Annual Caps:** The maximum aggregate annual amount of guarantee obligation (representing the maximum outstanding balance of principal and the aggregate interest on the loan) for the years ending December 31, 2011, 2012 and 2013 shall not exceed the caps set out below:

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	<i>(RMB millions)</i>		
Total payable amount .....	634.00	623.00	619.00

**Basis of Caps:** In determining the above annual caps, our Directors have considered the terms of the loan agreements and guarantee agreements as well as the applicable interest rates.

## CONNECTED TRANSACTIONS

### WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### (A) Waiver Sought for Continuing Connected Transactions Exempt From The Independent Shareholders' Approval Requirements ("Category A Transactions")

Following the completion of the Global Offering, certain of our continuing connected transactions will be subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Category A Transactions are summarized in the table below:

Nature of transactions and parties involved	Historical Figures (RMB millions)			Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
	Year ended December 31,			Year ending December 31,			
	2008	2009	2010	2011	2012	2013	
1. Framework Property Lease Agreement with BEIH	3.59	8.09	8.12	10.00	12.00	14.00	Rule 14A.34; waiver from announcement requirements
				These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework property lease agreement.			
2. Framework Equipment Maintenance Agreement with BEIH	Nil	11.39	13.99	29.00	25.00	25.00	Rule 14A.34; waiver from announcement requirements
				These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework equipment maintenance agreement.			

## CONNECTED TRANSACTIONS

Nature of transactions and parties involved	Historical Figures (RMB millions)			Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
	Year ended December 31,			Year ending December 31,			
	2008	2009	2010	2011	2012	2013	
3. Framework Electricity Sale and Purchase Agreement with BEIH	Nil	Nil	13.55	23.00	15.00	13.00	Rule 14A.34; waiver from announcement requirements
				<p>These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework electricity sale and purchase agreement.</p>			
4. Framework Service Agreement with BEIH	0.32	0.37	27.20	80.00	89.00	87.00	Rule 14A.34; waiver from announcement requirements
				<p>These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework service agreement.</p>			
5. Framework Operating Agreement with BEIH	0.96	1.42	1.54	2.00	4.00	8.00	Rule 14A.34; waiver from announcement requirements
				<p>These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework operating agreement.</p>			

## CONNECTED TRANSACTIONS

Nature of transactions and parties involved	Historical Figures (RMB millions)			Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
	Year ended December 31,			Year ending December 31,			
	2008	2009	2010	2011	2012	2013	
6. Framework Equipment Operating and Maintenance Agreement with BEIH	Nil	Nil	Nil	37.00	37.00	37.00	Rule 14A.34; waiver from announcement requirements

These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework equipment operating and maintenance agreement.

We have requested the Stock Exchange to grant, and the Stock Exchange has agreed to grant us a waiver expiring on December 31, 2013 pursuant to its discretion under Rule 14A.42(3) of the Listing Rules to exempt the Category A Transactions from strict compliance with the announcement requirements under the Listing Rules. In addition, we confirm that we will comply with Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules in relation to the continuing connected transactions exempt from the independent shareholders' approval requirements.



## CONNECTED TRANSACTIONS

### (B) Waiver Sought for Non-exempt Continuing Connected Transactions (“Category B Transactions”)

Under the Listing Rules, the project contracting agreements and framework heat sale and purchase agreement are considered to be non-exempt continuing connected transactions under Rule 14A.35 and would require compliance with the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the prior independent shareholders’ approval requirement set out in Rule 14A.48 on each occasion on which they arise. The financial assistance provided by the Company under the guarantee agreements which does not fall within the exemption provisions in respect of financial assistance under Rules 14A.65 and 14A.66 of the Listing Rules will also be subject to reporting, announcement and independent shareholders’ approval requirements under Rule 14A.63 of the Listing Rules. Our non-exempt continuing connected transactions are summarized in the table below:

Nature of transactions and parties involved	Historical Figures (RMB millions)			Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
	Year ended December 31,			Year ending December 31,			
	2008	2009	2010	2011	2012	2013	
1. Project Contracting Agreements with BIEE	Nil	Nil	745.57	864.00	0	0	Rule 14A.35; waiver from announcement and independent shareholders’ approval requirements
				These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the project contracting agreements.			
2. Framework Heat Sale and Purchase Agreement with BDHG	97.86	336.37	354.44	445.00	627.00	914.00	Rule 14A.35; waiver from announcement and independent shareholders’ approval requirements
				These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework heat sale and purchase agreement.			

## CONNECTED TRANSACTIONS

Nature of transactions and parties involved	Historical Figures (RMB millions)			Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
	Year ended December 31,			Year ending December 31,			
	2008	2009	2010	2011	2012	2013	
3. Financial Assistance provided by the Company under the Guarantee Agreements	Nil	208.00	662.00	634.00	623.00	619.00	Rule 14A.63; waiver from announcement and independent shareholders' approval requirements
				These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the guarantee agreements.			

Accordingly, we have requested the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver expiring on December 31, 2013 to our Company from strict compliance with the announcement and independent shareholders' approval requirement relating to the continuing connected transactions under the Listing Rules. In addition, save for compliance with Rule 14A.37(1) for the financial assistance provided by the Company under the guarantee agreements, we will comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 and the reporting requirements under Rule 14A.63 of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those existing as at the Latest Practicable Date on transactions of the kind to which the connected transactions referred to in this prospectus belong, including, but not limited to, a requirement that these transactions be made conditional upon approval by our independent shareholders, we will take immediate steps to ensure compliance with such requirements within a reasonable time.

### Confirmation from Directors

Our Directors, including the independent non-executive Directors, consider that all the non-exempt continuing connected transactions described above have been entered into in the Company's ordinary and usual course of business (save for the financial assistance provided by the Company under the guarantee agreements). Our Directors, including the independent non-executive Directors, consider that all the non-exempt continuing connected transactions described above are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors, including the independent non-executive Directors, are also of the view that the annual caps for the non-exempt continuing connected transactions referred to in the section "Non-exempt Continuing Connected Transactions" are fair and reasonable and in the interests of the Shareholders of our Company as a whole.

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## CONNECTED TRANSACTIONS

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### **Confirmation from the Joint Sponsors**

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described above have been entered into in the ordinary and usual course of business of the Group (save for the financial assistance provided by the Company under the guarantee agreements). The Joint Sponsors consider that all the non-exempt continuing connected transactions described above are on normal commercial terms, and such transactions and their respective annual caps (where applicable) are fair and reasonable and in the interests of the Shareholders of the Company as a whole.