The following discussion and analysis should be read in conjunction with our consolidated audited financial statements as at and for the years ended December 31, 2008, 2009 and 2010 included in the Accountants' Report in Appendix I, together with the accompanying notes, included elsewhere in this prospectus. The consolidated financial statements included in the Accountants' Report (Consolidated Financial Statements) have been prepared in accordance with IFRSs.

This discussion contains forward-looking statements that reflect current views of management and involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to, those described under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC. Our business has two segments: our gas-fired power and heat energy generation segment and wind power segment. Our remaining business includes hydropower and other businesses.

Gas-fired power and heat energy generation segment

In our gas-fired power and heat energy generation segment, we primarily sell electricity to local grid companies and heat to BDHG or directly to commercial and residential end users in Beijing. We had two gas-fired cogeneration plants and one gas-fired heat energy generation plant in operation 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, all of which were located in Beijing. 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. 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 gas-fired power 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, 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. In 2008 and 2009, sales from our gas-fired power business segment were RMB1,163.7 million and RMB1,893.1 million, which represented 86.9% and 78.6% of our total reportable segment revenue[1], respectively. For the year ended December 31, 2010, sales from our gas fired power business segment were RMB2,553.8 million, which represented 70.1% of our total reportable segment revenue. During the Track Record Period, we purchased natural gas from Beijing Gas Group, which was our only natural gas supplier.

1 Total reportable segment revenue is disclosed in note 46 to the Accountants' Report in Appendix I, which excludes revenue from concession construction arrangements.

Wind power segment

In our wind power segment, we sell electricity to local grid companies. 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 consolidated installed capacity of 1,058.75 MW and 9 wind farms under construction with a consolidated capacity under construction of 393.00 MW. As at the Latest Practicable Date, our wind farms in operation were strategically located in Inner Mongolia, Beijing and Liaoning Province, and we had wind farms under construction in Inner Mongolia, Ningxia and Beijing. In 2008 and 2009, sales from our wind power segment were RMB115.3 million and RMB367.8 million, which represented 8.6% and 15.3% of our total reportable segment revenue, respectively. For the year ended December 31, 2010, sales from our wind power segment were RMB1,032.5 million, which represented 28.3% of our total reportable segment revenue.

Hydropower and other businesses

Our hydropower and other businesses consists primarily of sales of electricity to local grid companies generated through other clean energy production methods, such as hydropower and biomass. We have leveraged our established market position in wind and gas-fired power and heat energy generation segment to expand into hydropower and other businesses in southwest China and northern China. Our consolidated installed capacity in our hydropower and other businesses was 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. In 2008 and 2009, sales from our hydropower and other businesses were RMB59.5 million and RMB148.9 million, which represented 4.4% and 6.2% of our total reportable segment revenue respectively. For the year ended December 31, 2010, sales from our hydropower and other businesses were RMB56.6 million, which represented 1.6% of our total reportable segment revenue.

BASIS OF PRESENTATION

The following discussion and analysis is based on the Consolidated Financial Statements which were prepared based on the Reorganization, including certain transfers of equity interests between us and BEIH, in order to reorganize our group structure to prepare for listing on the Stock Exchange. Please refer to note 2, "Basis of Preparation" included in the Accountants' Report in Appendix I for further details.

We present below certain supplemental financial measures of our performance. We believe these measures are useful indicators of our financial performance and results of operations over time as they primarily reflect the recurring results of our operations, as discussed in detail below. These supplemental financial measures are not required by, or presented in accordance with IFRSs. Other companies in our industry may calculate and present these measures differently, making them uncomparable. Furthermore, these supplemental financial measures do not measure our financial performance or liquidity under IFRSs. They should not be considered as alternatives to any other performance measures derived in accordance with IFRSs. Investors should review our consolidated statements of comprehensive income and segment results, which are set forth in our Accountants' Report in Appendix I to this prospectus and are calculated in accordance with IFRSs, when evaluating our overall performance.

Supplemental measures for the Group

Adjusted revenue

Our adjusted revenue (***"Adjusted Revenue"***) is calculated by using our total revenue, subtracting service concession construction revenue, and adding government grants and subsidies related to clean energy production. We believe that Adjusted Revenue is useful in analyzing our financial performance and operating results. To calculate Adjusted Revenue, we subtract service concession construction revenue from total revenue because it does not affect our operating profit or profitability since the same amount of service construction cost is recognized over the relevant period. We add government grants and subsidies related to clean energy production because these grants and subsidies are generally recurring in nature as they are provided to encourage us to build and operate gas-fired power plants and wind farms. However, there is no guarantee that we will necessarily receive these government grants and subsidies in the future as the amount of any such grants and subsidies depend on various factors such as our profitability, existing on-grid tariffs and government policies. Adjusted revenue is not a standard measure under IFRSs. See "—Significant Factors Affecting Our Results of Operations and Financial Condition—Government grants and subsidies" in this section.

Operating expenses

Our Operating Expenses (***"Operating Expenses"***) equal the sum of the following line-items on our consolidated statements of comprehensive income: (i) gas consumption, (ii) service concession construction costs, (iii) depreciation and amortization, (iv) personnel costs, (v) repairs and maintenance, (vi) other expenses and (vii) other gains and losses. Operating Expenses are not standard measures under IFRSs.

Adjusted operating expenses

Our adjusted operating expenses (***"Adjusted Operating Expenses"***) represent our Operating Expenses excluding service concession construction costs. Service concession construction cost does not affect our operating profit or profitability because the same amount of service concession construction revenue is recognized over the relevant period and we sub-contract substantially all construction activities to third parties. Adjusted Operating Expenses are not standard measures under IFRSs.

Adjusted operating profit and adjusted operating margin

Our adjusted operating profit (***"Adjusted Operating Profit"***) is calculated by subtracting our Adjusted Operating Expenses from our Adjusted Revenue. Our Adjusted Operating Profit Margin (***"Adjusted Operating Profit Margin"***) represents our Adjusted Operating Profit divided by our Adjusted Revenue. Adjusted Operating Profit is not a standard measure under IFRSs.

Supplemental measures by segment

Adjusted revenue for each business segment (***"Adjusted Segment Revenue"***) equals the sum of total revenue for the respective segment (which excludes any service concession construction revenue) and any government grants and subsidies related to clean energy production related to that segment. Adjusted Segment Revenue is not a standard measure under IFRSs.

Adjusted operating profit for each business segment (***"Adjusted Segment Operating Profit / (Loss)"***) represents our reportable segment profit (or loss) excluding non-recurring other income items relating to the segment but includes government grants and subsidies relating to clean energy production for the segment as such grants and subsidies are generally recurring in nature. Adjusted Segment Operating Profit / (Loss) is calculated by subtracting (i) other income for the segment from (ii) the reportable segment profit or loss of the respective segment (which excludes any service concession construction revenue or costs) and adding (iii) any government grants and subsidies relating to clean energy production for that segment. Adjusted Segment Operating Profit/(Loss) is not a standard measure under IFRSs.

Adjusted operating margin for each business segment (***"Adjusted Segment Operating Profit/(Loss) Margin"***) is calculated by dividing (i) Adjusted Segment Operating Profit/(Loss) by (ii) Adjusted Segment Revenue. Adjusted Segment Operating Profit/(Loss) Margin is not a standard measure under IFRSs.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During the Track Record Period, our results of operations and financial condition have been most significantly affected by the following factors:

Segment and business mix

As the operating margins of our wind and gas-fired power and heat energy generation segments differ, our results of operations and operating profit margin are affected by changes in our business mix. For the operating profit and operating profit margin of each of our segments, see "—Results of Operations" in this Financial Information section.

Our results of operations over the Track Record Period were affected by the relative size and performance of our wind power and gas-fired power and heat energy generation segments. For instance, in 2008, 2009 and 2010, our overall Adjusted Segment Operating Profit Margin was 11.5%, 11.4% and 19.3%, respectively. Over this period, the Adjusted Segment Operating Profit Margin of our gas-fired power and heat energy generation segment declined from 11.3% in 2008 to 8.2% in 2009 but increased to 10.9% in 2010. However, the Adjusted Segment Operating Profit Margin of our wind power segment increased from 7.2% in 2008 to 38.6% in 2009 and further to 49.9% in 2010, mainly due to the further expansion of our wind power segment and the optimization of our operational efficiency of our wind farms in 2009 and 2010.

The revenue growth from our wind power segment started to outpace that of the gas-fired power and heat energy generation segment commencing in 2009. However, we expect the performance of our gas-fired power and heat energy generation segment to have a relatively greater impact on our total Adjusted Operating Margin as we start to increase our capacity in the gas-fired power and heat energy generation segment in 2012. We also aim to take advantage of clean-energy opportunities by prudently diversifying our projects and business lines within each segment based on various factors including general market conditions and government incentives. As such, changes to our segment and business mix may continue to affect our profit margins and profitability over time.

Business expansion

Our results of operations during the Track Record Period have been significantly affected by the growth in our consolidated installed capacity. Our consolidated installed capacity has 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% from 2008 to 2010. Between 2008 to 2010, we experienced significant revenue growth, with our Adjusted Revenue increasing from RMB1,809.8 million in 2008 to RMB4,063.3 million in 2010, representing a CAGR of 49.8% from 2008 to 2010.

The table below sets forth our consolidated installed capacity, revenue and reportable segment profit as at or for the period indicated.

	As at or for the year ended December 31,		
	2008	2009	2010
Gas-fired power and heat energy generation segment			
Consolidated installed capacity (MW)	1,190.00	1,190.00	1,190.00
Consolidated heat energy generation capacity (MW)	1,045.00	1,045.00	1,045.00
Revenue (RMB'000)	1,163,718	1,893,108	2,553,763
Reportable segment profit / (loss) (RMB'000)	186,108	286,542	466,490
Wind power segment			
Consolidated installed capacity (MW)	165.00	811.25	1,058.75
Revenue (RMB'000)	115,305	367,800	1,032,494
Reportable segment profit / (loss) (RMB'000)	32,340	184,289	556,838
Hydropower and other businesses			
Consolidated installed capacity (MW)	30.40(1)	30.40(1)	30.40(1)
Revenue (RMB'000)	59,495	148,864	56,561
Reportable segment profit / (loss) (RMB'000)	21,332	(1,178)	(51,927)

Notes:

(1) Includes the 24.00 MW installed capacity of Shandong Jingneng Straw-fired Biomass Power Plant, which was divested in January 2011.

Our consolidated installed capacity in our gas-fired power and heat energy generation segment grew during 2008 as a result of the addition of new power plants. In May 2008, we commenced operation of our Taiyanggong Power Plant in Beijing, which added 780.00 MW to our consolidated installed capacity. In December 2008, we commenced operation of our Jingqiao Power Plant Phase I in Beijing. During the Track Record Period, we generated revenue from sales of electricity and heat energy generated from Taiyanggong Power Plant and Jingfeng Power Plant, as well as sales of heat energy generated by Jingqiao Power Plant Phase I. As at December 31, 2010, we had a gas-fired cogeneration plant under construction in Beijing with an estimated installed capacity of 838.20 MW and two pipeline gas-fired cogeneration projects in Beijing with a consolidated estimated capacity of approximately 1,000.00 MW.

Our wind power segment's consolidated installed capacity has increased as a result of the addition of operating wind farms during the Track Record Period. For information about the addition of operating wind farms during the Track Record Period, see "Business—Our Wind Power Business—Description of our Wind Farms." We also had a portfolio of pipeline wind power projects suitable for future development with a consolidated estimated capacity of approximately 3,039.50 MW as at December 31, 2010.

Changes in on-grid tariffs

We generate the majority of our income from sales of electricity to local grid companies. We sell electricity at the on-grid tariffs approved by the relevant PRC pricing authorities, as described below. Our results of operations are therefore directly affected by changes in on-grid tariffs.

Gas-fired power and heat energy generation segment

We sell all the electricity generated from our gas-fired power plants to local grid companies under the PPAs we enter into with local grid companies in accordance with applicable PRC regulations. We also sell the heat energy generated from Taiyanggong Power Plant and the Jingqiao Power Plant to BDHG under heat energy supply agreements, or HESAs, which then distribute the heat energy to industrial or residential end users in Beijing, while our Jingfeng Power Plant generally enters into HESAs directly with end users. The on-grid tariff for a PPA is reviewed and determined by the relevant pricing authorities and approved by the NDRC. The price for heat energy in a HESA is generally a government fixed price or government guided price, as determined by the relevant pricing authorities or other authorized government entities. For details about PPAs and HESAs, please refer to the section headed "Business—Overview—Gas-fired Power and Heat Energy Generation Business".

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, provincial pricing bureaus determine on-grid tariffs for our gas-fired power plants. These tariffs generally reflect production costs plus a reasonable investment return. Other consideration factors include fuel type, cost structure, economic life of the facilities and applicable tax rates. In addition, once the on-grid tariff is approved, provincial pricing bureaus may adjust the tariff in the event of material changes, such as a dramatic fluctuation in the market price of natural gas.

On May 27, 2011, the NDRC announced a further tariff increase in various provinces and municipalities in China to cope with the energy price increases, including in Beijing. Accordingly, the on-grid tariff for gas-fired power in Beijing would increase by RMB0.01 per kWh. As government grants and subsidies related to our gas-fired power generation are expected to continue until the controlled price of on-grid tariffs reaches a level which provides us with a reasonable income and return, and that there is generally an inverse correlation between the amount of such government grants and subsidies and the on-grid tariffs, we believe that such tariff increase would not have a significant impact on our future business operations and financial results.

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 natural gas, which is more environmentally friendly than coal.

The table below sets out details of the weighted average on-grid tariffs for electricity from our gas-fired power plants for the years indicated:

	For the year ended December 31,		
	2008	2009	2010
		(RMB/kWh)	
Weighted average on-grid tariff[(1)]			
Including VAT	0.4202	0.4825	0.5211
Excluding VAT	0.3592	0.4124	0.4454

Note:

(1) The weighted average on-grid tariff equals the revenue from sales of electricity generated from gas-fired power plants that commenced business operation, divided by our consolidated net power generation generated from gas-fired power plants that commenced business operation in each respective period.

Wind power segment

Government authorities determine the on-grid tariffs for wind power projects in China. According to the *Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power* (《關於完善風力發電上網電價政策的通知》) issued by the NDRC in 2009, which applies to all onshore wind power projects approved after August 1, 2009, the on-grid tariff is determined based on the location of such wind power projects. The PRC government has categorized China's onshore wind resources into four wind resource zones and applies a universal on-grid tariff to all the wind power projects in the same wind resource zone. The benchmark on-grid tariffs (including VAT) for the four wind resources zones are RMB0.51, 0.54, 0.58 and 0.61 per kWh, respectively. For wind power projects approved prior to August 1, 2009 but on or after January 1, 2006, the on-grid tariff was determined by referring to either a "government guided price" or a "government fixed price." See "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—4. Tariff and Cost Sharing Program" and "Industry Overview—On-grid Tariff for Renewable Energies."

For wind power projects approved on or prior to December 31, 2005, the PRC government determines the on-grid tariff on a project-by-project basis after considering various factors such as the wind resources, construction conditions and the on-grid tariffs of other wind power projects in the same or neighboring areas under similar conditions.

In addition to the national benchmark on-grid tariffs, certain of our wind power projects also benefit from supplementary on-grid tariff incentives to encourage wind power development provided by local governments.

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

	Year ended December 31,		
	2008	2009	2010
		(RMB per kWh)	
Weighted average on-grid tariff[(1)]			
Including VAT	0.5015	0.5412	0.5281
Excluding VAT	0.4286	0.4626	0.4513

Note:

(1) The weighted average on-grid tariff equals the revenue from electricity sales generated from wind farms that commenced business operation, divided by the consolidated net power generation generated from wind farms that commenced business operation in each respective period.

Our weighted average on-grid tariff (including VAT) was RMB0.5015 per kWh in 2008, as our wind power business expanded into areas with higher government guided price, such as Lumingshan Guanting Wind Farm Phase I in Beijing, which commenced operations in 2008. The decrease in the weighted average on-grid tariff (including VAT) of our wind power projects from 2009 to 2010 reflected (i) higher on-grid tariffs as approved by relevant government authorities that benefited some of our wind power projects established in 2008 and 2009 and (ii) our expansion into areas with abundant wind resources but lower on-grid tariffs compared to earlier projects. For details about the on-grid tariff for our wind farms, please refer to the section headed "Business—Our Wind Power Business—On-grid Tariffs." We expect the weighted average on-grid tariffs of our wind power projects will gradually have an upward trend, or at least remain steady at the current level, as many of our new projects are located in regions with comparatively higher fixed prices than the previously approved tariffs.

Output and average utilization hours

Average utilization hours equals our consolidated gross power generation in a specified period divided by our average consolidated installed capacity in the same period.

Gas-fired power and heat energy generation segment

The average utilization hours and associated output levels of a gas fired power plant are affected by various factors, including, weather conditions, changes in the installed capacity over a period, supply and demand for electricity and heat, and any planned or unplanned suspension of operating units due to repair or system failure. With respect to the sale of electricity, our gas-fired power plants are not subject to any specific restrictions on utilization hours pursuant to the PPAs entered between us and the local grid companies. 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 will supply heat energy to our customers based on their requirements. Heat energy distributors are obliged to pay for the actual heat energy volume incurred.

For the years ended December 31, 2008, 2009 and 2010, the average utilization hours of gas-fired power generation operation of our gas-fired power plants amounted to 3,575 hours, 3,239 hours and 4,237 hours, respectively. The average utilization hours of gas-fired power generation operation of our gas-fired power plants slightly decreased from 3,575 hours in 2008 to 3,239 hours in 2009, primarily due to the increase of sales of electricity in 2008 as the PRC government encouraged the utilization of electricity generated from the gas-fired power plants to limit air pollution during the Beijing Olympic Games, while such policy the PRC government implemented was not exercised in 2009. In addition, our Taiyanggong Power Plant experienced grid connection problems when it commenced operations in May 2008 mainly caused by infrastructure construction delays in Beijing throughout 2008 due to the Beijing Olympic Games, which were not resolved until October 2009 leading to an increase in and the normalization of our average utilization hours in 2010 as compared to

2009. See "—Results of Operations—Year Ended December 31, 2010 Compared to year Ended December 31, 2009—Revenue—Gas-fired power and heat energy generation segment" and "—Results of Operations—Year Ended December 31, 2009 Compared to Year Ended December 31, 2008—Revenue—Gas-fired power and heat energy generation segment".

The table below sets forth the consolidated electricity and heat energy sales from gas-fired power plants and the average utilization hours of gas-fired power generation operation of our gas-fired power plants for the years indicated:

	Year ended December 31,		
	2008	2009	2010
Consolidated net power generation (GWh)	3,044	3,748	4,906
Revenue from electricity sales (RMB'000)	1,093,414	1,545,725	2,185,168
Revenue from heat energy sales (RMB'000)	70,245	346,183	368,595
Average utilization hours of gas-fired power generation operation(1) (hours)	3,575	3,239	4,237

Note:

(1) Average utilization hours equal our consolidated gross power generation in a specified period, divided by our average consolidated installed capacity in the same period. We did not include the result of Jingqiao Power Plant Phase I in this calculation because Jingqiao Power Plant Phase I only generated heat energy during the Track Record Period.

Wind power segment

Subject to grid constraints, under Renewable Energy Law grid companies are required to purchase all the electricity generated from wind power, as well as to provide grid-connection support. The average utilization hours and associated output levels of a wind farm are, however, affected by various factors, including (i) climatic and wind conditions at each wind farm site, in particular, wind speed and its daily, seasonal and other fluctuations, as well as wind direction, air density and extreme weather conditions; (ii) repairs and maintenance; (iii) performance of wind turbines; and (iv) various grid constraints and dispatch restrictions. Due to the seasonal change in wind conditions, the average utilization hours of our wind farms in a given period may not reflect the average utilization hours in a full year. See "Risk Factors—Risks Relating to Our Wind Power Business—The commercial viability and profitability of our wind farms depend on wind and weather conditions as well as our ability to assess such conditions when selecting new wind farm sites." In addition, the actual sale of electricity generated by our wind power projects may be limited by a number of factors, including maximum transmission capacity, grid stability and local demand for electricity. For instance, a number of our wind farms in West Inner Mongolia temporarily shut down some of their wind turbines in 2009 and 2010. See the sections headed "Business—Our Wind Power Business—Electricity Sale" and "Risk Factors—Risks Relating to Our Wind Power Business—We rely on local grid companies for grid connection and electricity transmission and dispatch."

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 table below sets forth the consolidated electricity sales of our wind farms and the average utilization hours for the years indicated:

	Year ended December 31,		
	2008	2009	2010
Consolidated net power generation (GWh)	266.2	787.1	2,287.7
Revenue from electricity sales (RMB'000)	114,118	364,077	1,032,494
Average utilization hours(1)	2,156	2,243	2,369

Note:

(1) Average utilization hours equal our consolidated gross power generation in a specified period, divided by our average consolidated installed capacity in the same period.

Government grants and subsidies

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

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

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

We believe that government grants and subsidies are recurring in nature. The purpose of such grants and subsidies by the government is to (i) compensate clean energy producers like us for the difference between the controlled price of on-grid tariffs and the reasonable cost of the production of energy and (ii) provide clean energy public utilities like us with a reasonable income and return (and not merely to compensate for losses). Such grants and subsidies are expected to continue until the controlled price of on-grid tariffs reaches a level which provides us with a reasonable income and return. Accordingly, there is generally an inverse correlation between the amount of government grants and subsidies we receive and the on-grid tariffs for the sale of electricity. The government grants and subsidies that we receive primarily relate to our clean energy production and were mainly provided by the Beijing municipal government. Government grants and subsidies relating to electricity generation are calculated by reference to the amount of on-grid electricity we generated annually as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. Government grants and subsidies for gas price increases are calculated by reference to the amount of gas consumption as well as the actual gas price increase as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. Please also see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies".

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

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

Gas-fired power and heat energy generation segment

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* (《北京市財政局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 segment is entitled to government subsidies granted by the Beijing municipal government. In line with current policy and practice, the actual amount of subsidies we receive is determined by Beijing municipal government and is based on the annual approved quantity of on-grid electricity generation entitled to subsidies, and no subsidy will be provided for the actual electricity generated in excess of the aforementioned approved amount. The electricity price subsidies provided to us is calculated based on the gap between the feed-in tariffs (excluding tax) declared by the Beijing municipal government and the settlement tariffs approved by the NDRC. The actual electricity price subsidies paid by Beijing municipal government is adjusted annually according to adjustment in on-grid tariffs. For natural gas price subsidies, the amount of subsidies granted is based on application and approval by the Beijing Municipal Finance Bureau. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details.

Wind power segment

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* (《北京市財政局關於加強電力企業補貼資金管理的通知》) our wind power segment, in particular, our wind farms in Beijing, are entitled to government subsidies. The amount of subsidies we receive is determined by Beijing municipal government and is based on the annual approved quantity of on-grid electricity generation entitled to subsidies, and no subsidy will be provided for the actual electricity generated in excess of the aforementioned approved amount. The subsidy provided to us is calculated based on the gap between the feed-in tariffs (excluding tax) declared by the Beijing municipal government and the settlement tariffs approved by the NDRC. The actual subsidy paid by Beijing municipal government is adjusted annually according to adjustment in on-grid tariffs. Please see section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details on the relevant policy.

Sales of CERs and VERs

The table below sets forth a breakdown of our sales of CERs and VERs by segment for the years indicated.

	Year ended December 31,		
	2008	2009	2010
		(RMB '000)	
Wind power segment	12,746	25,867	31,982
Gas-fired power and heat energy generation segment	—	88,369	124,281
Hydropower and other businesses	—	6,411	—
Total	12,746	120,647	156,263

In 2008, we began selling two kinds of carbon credits: (i) CERs, generated from wind farms or other clean energy facilities that have been registered under the CDM, and (ii) VERs generated from CDM projects but generated before registration with CDM. We record sales of CERs and VERs as other income on our consolidated statements of comprehensive income. In 2008, 2009 and 2010, income from CERs and VERs amounted to RMB12.7 million, RMB120.6 million and RMB156.3 million, respectively. As at December 31, 2010, we had 40 projects eligible to apply for CDM registration, 28 of which had obtained the approval of 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, 11 were wind power projects, one was a biomass power project while the other two were gas-fired power projects.

Our sales of CERs and VERs generated from our CDM projects depend on our ability to procure buyers for such carbon credits, which in turn depends on the CDM arrangements under the Kyoto Protocol. See “Risk Factors—Risks Relating to Our Overall Business—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.”

Gas consumption

While our other power generation facilities rely on wind and other natural power resources to generate energy, our gas-fired power plants exclusively use natural gas. Our results of operations have been directly affected by gas consumption expenses, which represented 63.2%, 58.1% and 60.8% of our Adjusted Operating Expenses in 2008, 2009 and 2010, respectively.

All of our gas-fired power plants have entered into natural gas supply agreements with Beijing Gas Group, with no standard supply period but are generally valid for three years. The price of gas is prescribed, reviewed and approved by the NDRC Beijing branch. We have increased our purchase of natural gas throughout the Track Record Period to support the growth in our consolidated installed capacity in the gas-fired power and heat energy generation segment. Although the quantity and price of the natural gas we purchased have increased throughout the Track Record Period, our gas consumption expenses as a percentage of Adjusted Operating Expenses have remained relatively stable.

The table below sets forth our weighted average price for our gas-fired power plants to purchase natural gas for the years indicated.

	Year ended December 31,		
	2008	2009	2010
	(RMB per m³)		
Weighted average gas price(1)			
Including VAT	1.818	1.869	1.971
Excluding VAT	1.609	1.654	1.745

Note:

(1) The weighted average gas price equals the total gas consumption costs of our gas-fired power plants commenced business operation and started selling electricity and/or heat energy in the respective periods by our aggregated gas consumption volume from our gas-fired power plants commenced business operation and started selling electricity and/or heat energy in a specific period.

Price of wind turbines

Approximately 55% to 65% of our upfront construction costs of a wind power project are attributable to the purchase price of our wind turbines. The prices of wind turbines directly impact our results of operations and financial condition because we incur depreciation cost. Prior to the end of 2008, the prices of wind turbines generally increased each year due to strong demand and tight supply in the market. However, since the end of 2008, the rapid expansion of the wind turbine sector, the advancement of wind turbine technology and emergence of more manufacturers, combined with the global economic downturn, have resulted in declining wind turbine prices. According to China Agricultural Machinery Association (中國農機工業協會), the average price (including VAT) of foreign brand wind turbines in the PRC market decreased from RMB7,000/kW for the fourth quarter of 2008 to RMB6,500/kW for the fourth quarter of 2009 and further to RMB4,000/kW for the fourth quarter of 2010, while the average price (including VAT) of domestic brand wind turbines in the PRC market decreased from RMB5,500/kW for the fourth quarter of 2008 to RMB5,200/kW for the fourth quarter of 2009 and further to RMB4,000/kW for the fourth quarter of 2010.

Construction costs relating to gas-fired power plants

Our construction costs for the Jingfeng Power Plant Phase I, the Jingqiao Power Plant Phase I and the Taiyanggong Power Plant were approximately RMB1,524.8 million, RMB437.4 million and RMB2,885.0 million, respectively. Approximately 30% to 60% of the upfront construction costs of our gas-fired cogeneration power plants are attributable to the purchase price of (i) gas turbines, (ii) heat recovery steam generating units (i.e. boilers) and (iii) steam turbines and condenser units. Approximately 17% of the upfront construction costs of our gas-fired heat energy power plant are attributable to the purchase price of (i) boilers and (ii) other heat energy generation equipment, such as air pumps.

Financing arrangements

We have financed the development and construction of our gas-fired power plants, wind farms and other capital expenditures primarily through bank borrowings and other borrowings, although we also have relied on financing from capital contributions and cash flows from operations. As at December 31, 2008, 2009 and 2010 our total bank borrowings amounted to RMB4,838.0 million, RMB8,180.2 million and RMB8,251.7 million, respectively, representing 74.3%, 67.8% and 71.0% of our total borrowings. See "—Indebtedness" in this Financial Information section for more details.

In 2008, 2009 and 2010, our total interest expenses amounted to RMB366.9 million, RMB462.0 million and RMB629.9 million, respectively. Any significant increase in interest rates will affect our borrowing costs, which may materially and adversely effect our results of operations. For further disclosure on this risk, please refer to the section headed "Risk Factors—Risks Relating to Our Overall Business—We operate in a capital-intensive business, and our business, financial condition and results of operations are subject to the availability of external financing as well as fluctuations in the costs of external financing".

PRC tax incentives

Enterprise income tax

Prior to January 1, 2008, under the previous enterprise income tax law, a number of our subsidiaries were entitled to various preferential income tax treatments because of their locations, including being located in western China or in a special economic zone. Other subsidiaries that did not enjoy any preferential tax treatment were generally subject to the statutory enterprise income tax rate of 33% under the previous enterprise income tax law.

On January 1, 2008, the New EIT Law, which unifies the statutory enterprise income tax rate in the PRC at 25%, became effective. The New EIT Law and related regulations provide a five-year transition period for (i) certain entities which were established before March 16, 2007 and (ii) those entities that enjoyed a preferential enterprise income tax rate of less than 25% under the previous enterprise income tax law, to gradually increase their rates to 25%. Further, enterprises that were entitled to tax holidays for a fixed term may continue to enjoy such treatment until the tax holidays expire.

In addition, under the relevant PRC tax regulation effective January 1, 2008, because wind power projects are listed in the Catalog of Public Infrastructure Projects Eligible for Enterprise Income Tax Preferential Treatment (2008) (《公共基礎設施項目企業所得稅優惠目錄》), most of our wind power projects that have obtained government approval on or after January 1, 2008 are fully exempt from EIT for three years starting from the year when operating income is first derived from the sales of wind electricity, and are 50% exempted from EIT for three years thereafter.

Any modification or termination of the foregoing tax incentives currently applicable to us and our subsidiaries will affect our financial condition and results of operations. See note 10 of the Accountants' Report in Appendix I for details regarding preferential tax rate we are currently entitled and the relevant expiration date of such preferential treatment.

VAT

In the PRC, the sale of electricity is subject to 17% VAT. Since 2004, the PRC government has adopted a series of reform measures upon the VAT scheme. In November 2008, the PRC government issued the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》), which came into effect on January 1, 2009 and allows all the general VAT payers to deduct from output VAT the input VAT relating to the purchase of fixed assets and service concession assets. As a result, we recorded deductible VAT in the amount of RMB535.6 million as at December 31, 2009 and RMB562.5 million as at December 31, 2010 as part of our other non-current assets. In addition, after deducting the input VAT from output VAT, we are entitled to a tax rebate equivalent to 50% of the net VAT payable by our wind power segment and full tax refunds on the VAT we have paid on our sales of heat energy for residential use. See "Regulatory Overview—VII. Taxation—2. Value Added Tax".

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our Consolidated Financial Statements in accordance with IFRSs. These significant accounting policies are important for an understanding of our financial condition and results of operation and are set forth in note 4 to the Accountants' Report in Appendix I. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. Our management has identified below the accounting policies, estimates and judgments that are most critical to the preparation of our Consolidated Financial Statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the ordinary course of business, net of discounts and sales related taxes.

Revenue from sale of electricity, heat energy and other goods, including the energy-saving equipment, is recognized when:

- we have transferred to the buyer the significant risks and rewards of ownership of the goods;
- we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to us; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from providing construction services under the wind-farm concession arrangements are recognized by reference to the stage of completion of the concession arrangements at the end of each reporting period. Operation or service revenue is recognized in the period in which the services are provided by us.

We sell carbon credits known as CERs generated from wind farms or other clean energy facilities which have been registered under the CDM, and we also sell VERs generated from CDM projects but generated before the registration with CDM. The revenue in relation to CERs and VERs are recognized when there is a persuasive arrangement between us and a buyer, the selling price is fixed or determinable, the relevant electricity has been generated and CERs have been verified and admitted by the CDM EB.

Government grants and subsidies

Government grants and subsidies are recognized in profit or loss on a systematic basis over the periods in which we recognize as expenses the related costs that the grants are intended to compensate. Government grants and subsidies related to depreciable assets, such as those relating to construction of assets, are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants and subsidies, such as those related to clean energy production, are recognized as revenue over the periods necessary to match them with the costs that are intended to compensate, on a systematic basis. Government grants receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to us with no future related costs are recognized in profit or loss in the period in which they become receivable. Government grants and subsidies are not recognized until there is reasonable assurance that we will comply with the conditions attached to them and the grants and subsidies will be received. Except for the production of power in our ordinary course of business and the amount to be received is approved by the relevant government authorities, our existing power plants are not subject to any additional conditions in order to be eligible to receive government grants and subsidies. For further details, please also see notes 7 and 35 to the Accountants' Report in Appendix I.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated on our statement of financial position at cost less accumulated depreciation and any recognized impairment losses except for certain property, plant and equipment stated at deemed cost under PRC GAAP less accumulated depreciation and any recognized impairment loss on the first adoption of IFRSs. Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings and structures	20-45 years
Wind turbines	19 years
Gas turbines	12-16 years
Hydropower turbines	16 years
Other machinery and equipment	12-23 years
Motor vehicles	5-10 years
Furniture, fixtures and others	5-9 years

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

Intangible assets

We recognize an intangible asset arising a wind farm concession arrangement when we have the right to charge for the usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately and with finite useful lives are carried at cost less amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives incurred on a straight-line basis over their estimated useful lives. The following intangible assets are amortized from the date they are available for use. Their useful lives, estimated based on the relevant contract terms or estimated useful life, are as follows:

Wind farm concession assets	20 Years
Hydropower operational rights	30 Years
Acquired technologies	20 Years
Software	2-5 Years

Impairment losses on tangible and intangible assets excluding goodwill

At the end of each reporting period, we review the carrying amounts of our property, plant and equipment, and intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverability of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized as income immediately.

Provision for bad debts

We estimate the provisions for impairment of trade and other receivables by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Provisions are applied to loans and receivables where events or changes in circumstances indicate that the balances may not be recoverable. The circumstances we consider include whether the debtor faces any significant financial difficulties, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments. Where the expectation is different from the original estimate, such difference will affect the carrying amount of loans and receivables and thus the impairment loss in the period in which we change the estimate. We reassess the provisions at the end of the reporting period.

Estimated cost of completed construction-in-progress

The construction of power generation facilities is a complex process involving complicated cost negotiation and calculation. The construction-in-progress should be transferred to property, plant and equipment and begins to provide depreciation when it is put into use. At the time of transferring into property, plant and equipment, the cost of the completed project is estimated based on best available cost information which is subject to future amendment, e.g. billing adjustment from contracted supplier, the conditions and status of the property and the relevant laws and regulations in the clean-energy industry. Therefore the cost of property, plant and equipment may be stated at an estimated value and subject to future change. Accordingly, future depreciation may be adjusted to reflect the effect of an amendment in the book value.

DESCRIPTION OF KEY INCOME STATEMENT OF COMPREHENSIVE INCOME LINE ITEMS

Revenue

Our revenue consists of sales of electricity, heat (mainly via steam) and sales of other items, such as energy-saving equipment and services. We also recognize service concession construction revenue from concession construction arrangements, which are offset by the same amount of service concession construction costs.

The table below sets forth our revenue by business segment and product type and each item as a percentage of total reportable segment revenue, as well as the reconciliation to total revenue and Adjusted Revenue for the years indicated. For details, please see note 46 to the Accountants' Report in Appendix I.

Revenue	Year ended December 31,					
	2008	Total Reportable Segment Revenue	2009	Total Reportable Segment Revenue	2010	Total Reportable Segment Revenue
	(RMB '000)	(%)	*(RMB '000)*	(%)	*(RMB '000)*	(%)
Gas-fired power and heat energy generation segment						
Sales of electricity	1,093,414	81.8	1,545,725	64.1	2,185,168	60.0
Sales of steam	70,245	5.2	346,183	14.4	368,595	10.1
Other sales	59	0.0	1,200	0.0	0.0	0.0
Total	***1,163,718***	***86.9***	***1,893,108***	***78.5***	***2,553,763***	***70.1***
Wind power segment						
Sales of electricity	114,118	8.5	364,077	15.1	1,032,494	28.3
Sales of steam	—	0.0	—	0.0	—	0.0
Other sales	1,187	0.1	3,723	0.2	—	0.0
Total	***115,305***	***8.6***	***367,800***	***15.3***	***1,032,494***	***28.3***
Hydropower and other businesses						
Sales of electricity	14,021	1.0	61,595	2.6	54,374	1.5
Sales of steam	8,821	0.7	10,824	0.4	—	0.0
Other sales	36,653	2.7	76,445	3.2	2,187	0.1
Total	***59,495***	***4.4***	***148,864***	***6.2***	***56,561***	***1.6***
Total Reportable Segment Revenue	**1,338,518**	**100.0**	**2,409,772**	**100.0**	**3,642,818**	**100.0**
Add: Service concession construction revenue	918,135		2,375,681		—	
Total Revenue	**2,256,653**		**4,785,453**		**3,642,818**	
Less: Service concession construction revenue	(918,135)		(2,375,681)		—	
Add: Government grants and subsidies related to clean energy production	471,327		434,290		420,487	
Adjusted Revenue(1)	**1,809,845**		**2,844,062**		**4,063,305**	

Note:
(1) Adjusted Revenue is not a standard measure under IFRSs.

We generate revenue in our gas-fired power and heat energy generation segment primarily though the sale of electricity and heat energy generated from our gas-fired power plants. Revenue contribution from this business segment accounted for 86.9%, 78.6% and 70.1% of our total reportable segment revenue (which excludes revenue from service concession construction arrangements) in 2008, 2009 and 2010, respectively. The decrease in contribution in 2009 and 2010 was primarily due to the significant increase in revenue from our wind power segment in 2009 and 2010, reflecting the significant number of wind farms that were put into production during those years. Revenue growth from our wind power segment started to outpace our revenue growth in the gas-fired power and heat energy generation segment starting from 2009, leading to a decrease in contribution from our gas-fired power business starting that year.

We generate revenue in our wind power segment primarily from the production and sale of electricity generated from our wind farms. Revenue contribution from our wind power segment as a percentage of our total reportable segment revenue (which excludes revenue from service concession construction arrangements) increased over the Track Record Period and accounted for 8.6%, 15.3% and 28.3% of our total reportable segment revenue in 2008, 2009 and 2010, respectively. The increase in contribution from 2008 to 2010 was primarily due to the commencement of production of new wind farms throughout the period. The number of wind farms in operation increased significantly from three as at December 31, 2008 to 11 as at December 31, 2009 and further to 16 as at December 31, 2010. Revenue growth from our gas-fired power and heat energy generation segment outpaced our revenue growth in our wind power segment in 2008, leading to a decrease in contribution from our wind power segment in that year.

We generate revenue in our hydropower and other businesses primarily from the production and sale of electricity and steam and from our other clean energy generating units, including hydropower and biomass. Revenue from our hydropower and other businesses accounted for 4.4%, 6.2% and 1.6% of our total reportable segment revenue in 2008, 2009 and 2010, respectively.

Service concession construction revenue is recognized in respect of the construction work conducted for our wind power concession projects pursuant to the relevant concession agreements with the PRC government. The revenue for the construction service is calculated based on the fair value of the construction services. As we sub-contract substantially all construction activities of our wind concession projects, total construction costs are considered as the fair value of the construction services. As a result, the service concession revenue is equal to the service concession cost during the relevant period, and thus has no net effect on our profit for the relevant period. See "Business—Our Wind Power Business—Our Concession Projects". Under the new on-grid tariff regime effective from August 1, 2009, a universal on-grid tariff is applicable to all the wind power projects in the same wind resource zone, which makes the competitive bidding for concession projects unnecessary. As a result, we expect that the PRC government will award fewer onshore concession projects in the future. Since the service concession construction revenue has no impact on our operating profit, we believe the change in the government policy and the decrease in the number of concession service projects will not materially adversely affect our business.

Other income

The table below sets forth a breakdown of our other income and each item as a percentage of total other income.

	Year ended December 31,					
	2008		2009		2010	
	(RMB'000)	(%)	*(RMB'000)*	(%)	*(RMB'000)*	(%)
Other Income						
Government grants and subsidies related to:						
Clean energy production	471,327	93.9	434,290	74.8	420,487	69.0
Construction of assets	—	—	2,631	0.5	2,755	0.5
Value-added tax refunds	12,263	2.4	21,822	3.8	11,160	1.8
CERs and VERs	12,746	2.5	120,647	20.8	156,263	25.7
Income from resale of purchased electricity	—	—	—	—	11,010	1.8
Others	5,906	1.2	856	0.1	7,369	1.2
Total Other Income	**502,242**	**100.0**	**580,246**	**100.0**	**609,044**	**100.0**

Other income primarily consists of government grants and subsidies related to clean energy production and the construction of clean energy facilities. Other income also consists of income from the sale of CERs and VERs. It also includes value added tax refunds. The government grants related to clean energy production were mainly grants from the Beijing municipal government, which we received due to a government policy that provided subsidies for the electricity sold from our gas-fired power and certain wind power facilities. The government grants related to construction of assets represented grants from local governments to encourage the construction of clean energy generation facilities. We received value added tax refunds related to our wind power sales, which are entitled to a 50% value added tax refund based on the value added tax paid in the relevant period. In addition, our sales of heat energy to residential customers and sales from our biomass power facility are entitled to full value added tax refunds based on the value added tax paid in the relevant period.

Operating expenses

The table below sets forth a breakdown of our Operating Expenses and each item as a percentage of Adjusted Operating Expenses.

	Year ended December 31,					
	2008	Adjusted Operating Expenses	2009	Adjusted Operating Expenses	2010	Adjusted Operating Expenses
	(RMB '000)	(%)	*(RMB '000)*	(%)	*(RMB '000)*	(%)
Operating Expenses						
Gas consumption	1,008,461	63.1	1,458,644	58.0	1,970,455	60.8
Depreciation and amortization	253,618	15.9	496,447	19.8	758,117	23.4
Personnel costs	72,103	4.5	119,396	4.8	184,343	5.7
Repairs and maintenance	76,026	4.8	98,745	3.9	104,497	3.2
Other expenses	196,779	12.3	335,854	13.4	253,186	7.8
Other (gains) and losses	(10,291)	(0.6)	3,632	0.1	(27,780)	(0.9)
Adjusted Operating Expenses	**1,596,696**	100.0	**2,512,718**	100.0	**3,242,818**	100.0
Add: Service concession construction costs	918,135	—	2,375,681	—	—	—
Total Operating Expenses	**2,514,831**	**—**	**4,888,399**	**—**	**3,242,818**	**—**

Gas consumption

Natural gas is the primary source of fuel for our gas-fired power plants. Our gas consumption expenses represent our purchases of natural gas for our gas-fired power plants.

Depreciation and amortization

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

Personnel costs

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

Repairs and maintenance

Repairs and maintenance include repair and maintenance costs of both our wind farms and gas-fired power plants.

Other expenses

Our other expenses represent expenses incurred during the operation of our power plants, such as expenses relating to water consumption, telecommunications and safety facilities, as well as administrative expenses, including conference expenses, travel expenses, various tax and fee expenses (such as stamp duties, property taxes, vehicle and vessel usage tax) and entertainment expenses.

Other gains and losses

Our other gains and losses primarily include net exchange gains or losses and fair value changes of held-for-trading financial assets and gain on capital contribution from non-controlling interests in an associate and a jointly controlled entity.

Service concession construction costs

Service concession construction costs are recorded in respect of the construction work of our wind concession projects according to IFRSs and based on the stage of completion of the construction work. However, service concession construction costs do not affect our operating profit, profit before tax or profit for the year as the same amount of service concession construction revenue is recognized given that we sub-contracted substantially all construction activities to third parties.

Interest income

Interest income consists of interest income from loans to associates and jointly controlled entities and income from bank deposits.

Finance costs

Finance costs primarily consist of interest expenses on bank and other borrowings, less amounts capitalized in property, plant and equipment and intangible assets.

Share of results of associates

Our share of the results of associates primarily represents our share of the profits of Beijing Jingneng International, in which we owned 20% interest as at December 31, 2009 and December 31, 2010. Beijing Jingneng International is a coal-fired power generation company with installed capacity attributable to us of 914.09 MW as at December 31, 2010. We owned a 10.72% interest in Beijing Jingneng International as at December 31, 2008. For further information about our shareholding in associates, see note 48 to the Accountants' Report in Appendix I.

Share of results of jointly controlled entities

Our share of the results of jointly controlled entities primarily represents our share of the profits of Huayuan Heating and Huayuan Huizhong in which we own 50% interest.

Income tax expense

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

In accordance with relevant income tax laws and regulations, a number of our subsidiaries were and are entitled to preferential tax treatments. For details about the PRC tax incentives enjoyed by our PRC subsidiaries and the effect of the New EIT Law, see

"—Significant Factors Affecting Our Results of Operations and Financial Condition—PRC tax incentives" in this Financial Information section and the section headed "Regulatory Overview—VII. Taxation".

Profit attributable to non-controlling interests

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

RESULTS OF OPERATIONS

The following table sets forth selected items in our consolidated statements of comprehensive income, certain supplemental financial measures for the periods indicated.

	Year ended December 31,		
	2008	2009	2010
		(RMB '000)	
Supplemental Measures[1]:			
Adjusted Revenue	1,809,845	2,844,062	4,063,305
Adjusted Operating Expenses	(1,596,696)	(2,512,718)	(3,242,818)
Adjusted Operating Profit	213,149	331,344	820,487
Statement of Income:			
Total revenue	2,256,653	4,785,453	3,642,818
Other income	502,242	580,246	609,044
Operating expenses	(2,514,831)	(4,888,399)	(3,242,818)
Profit from operations	**244,064**	**477,300**	**1,009,044**
Interest Income	21,912	17,974	12,707
Finance costs	(214,348)	(299,201)	(500,259)
Share of results of associates	9,933	15,559	55,151
Share of results of jointly controlled entities	7,628	5,105	440
Profit before taxation	**69,189**	**216,737**	**577,083**
Income tax expense	(19,954)	(17,790)	(56,280)
Profit attributable to:			
Equity owners of the Company	44,956	179,585	488,919
Non-controlling Interests	4,279	19,362	31,884
Profit for the year	**49,235**	**198,947**	**520,803**

Note:

(1) Adjusted Revenue, Adjusted Operating Expenses and Adjusted Operating Profit are not standard measures under IFRSs. Please see the paragraph headed "—Basis of Presentation" in this Financial Information section for further details on how these supplemental measures are calculated.

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

Revenue

Our total revenue decreased by 23.9% from RMB4,785.5 million in 2009 to RMB3,642.8 million in 2010 as we did not recognize any service concession construction revenue in 2010. Our Adjusted Revenue (which excludes service concession construction revenue but includes government grants and subsidies from clean energy production) increased by 42.9% from RMB2,844.1 million in 2009 to RMB4,063.3 million in 2010, primarily due to increases in revenue from our wind power segment and gas-fired power and heat energy generation segment.

The table below sets forth a breakdown of our revenue by segment and product type and as a percentage of total reportable segment revenue, as well as a reconciliation to total revenue as reported on our consolidated statement of comprehensive income for the years indicated.

Segment Revenue	Year ended December 31, 2009	%	2010	%	% Change
	(RMB '000)				
Gas-fired power and heat energy generation segment:					
Sales of electricity	1,545,725	64.1	2,185,168	60.0	41.4
Sales of heat energy	346,183	14.4	368,595	10.1	6.5
Others	1,200	0.0	—	0.0	-100.0
Total	*1,893,108*	*78.5*	*2,553,763*	*70.1*	*34.9*
Wind power segment:					
Sales of electricity	364,077	15.1	1,032,494	28.3	183.6
Others	3,723	0.2	—	0.0	-100.0
Total	*367,800*	*15.3*	*1,032,494*	*28.3*	*180.7*
Hydropower and other businesses:					
Sales of electricity	61,595	2.6	54,374	1.5	-11.7
Sales of heat energy	10,824	0.4	—	0.0	-100.0
Others	76,445	3.2	2,187	0.1	-97.1
Total	*148,864*	*6.2*	*56,561*	*1.6*	*-62.0*
Total reportable segment revenue	**2,409,772**	**100.0**	**3,642,818**	**100.0**	**51.2**
Concession construction revenue	2,375,681		—		-100.0
Total Revenue	4,785,453		3,642,818		-23.9

Gas-fired power and heat energy generation segment

Revenue from our gas-fired power and heat energy generation segment increased by 34.9% from RMB1,893.1 million in 2009 to RMB2,553.8 million in 2010, primarily due to increased sales of electricity and heat energy from this segment. Revenue generated from sales of electricity increased by 41.4% from RMB1,545.7 million to RMB2,185.2 million, primarily due to the increase of sales of electricity from Taiyanggong Power Plant as the grid connection problems at that plant were resolved in October 2009. The grid connection problems were mainly caused by infrastructure construction delay in Beijing throughout 2008 due to the Beijing Olympic Games. For the full year 2010, power production resumed normal levels. Revenue from sales of heat increased by 6.5% from RMB346.2 million in 2009 to RMB368.6 million in 2010, primarily due to an increase in sales volume. Our net power generation in this segment increased by 34.9% from 2009 to 2010. The weighted average on-grid tariff (including VAT) also increased from RMB0.4825 per kWh in 2009 to RMB0.5211 per/kWh in 2010.

Wind power segment

Revenue from our wind power segment increased by 180.7% from RMB367.8 million in 2009 to RMB1,032.5 million in 2010, due to increased electricity sales. Our sales of electricity from our wind power segment increased by 183.6% due to the expansion of our consolidated installed capacity in this segment as we increased the number of wind farms in operation from

11 in 2009 to 16 in 2010, which led to an increase in net power generation. The weighted average on-grid tariff (including VAT) decreased from RMB0.5412/kWh in 2009 to RMB0.5281/kWh in 2010. For details, please refer to the paragraph headed "—Significant Factors Affecting Our Results of Operations and Financial Condition—Changes in on-grid tariffs—Wind power segment." For information about our wind farms, including the dates of commencement of operations and the consolidated installed capacities of our wind farms, see the section headed "Business—Our Wind Power Business" in the prospectus.

Hydropower and other businesses

Revenue from our hydropower and other businesses decreased by 62.0% from RMB148.9 million in 2009 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. (北京源深節能技術有限責任公司), Beijing Boer Energy-saving Equipment Technology Co., Ltd. (北京博爾節能設備技術開發有限責任公司), Beijing Huayuangaojie Energy Supplying Technology Co., Ltd. (北京華源高潔能源供應技術有限責任公司), Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd. (北京嘉捷博大汽車節能技術有限公司). In January 2011, we transferred our entire interest in Shandong Jingneng Straw-fired Biomass Power Plant to BEIH. See section headed "Our History, Reorganization and Corporate Structure—Acquisitions and Transfers".

Service concession construction revenue

We did not have any service concession construction revenue in 2010, as we have not commenced any additional concession projects since the end of 2009 after all of our existing concession wind farm commenced business operations.

Other income

Other income increased by 5.0% from RMB580.2 million in 2009 to RMB609.0 million in 2010, which was primarily due to an increase in CER and VER income. Income from CERs and VERs increased from RMB120.6 million in 2009 to RMB156.3 million in 2010, primarily due to increased power generation in our wind power segment and gas-fired power and heat energy generation segment, which are eligible for sales of CERs and VERs.

Operating expenses and Adjusted Operating Expenses

Our operating expenses decreased by 33.7% from RMB4,888.4 million in 2009 to RMB3,242.8 million in 2010, as we did not have any service concession construction costs during the year. Our Adjusted Operating Expenses (which exclude service concession construction costs) increased by 29.1%, from RMB2,512.7 million in 2009 to RMB3,242.8 million in 2010, primarily due to increased gas consumption costs and depreciation and amortization expenses. Our Adjusted Operating Expenses as a percentage of Adjusted Revenue decreased from 88.3% for 2009 to 79.8% for 2010, primarily due to (i) economies of scale as we increased production in our gas-fired power and heat energy generation segment and (ii) increased revenue derived from our wind power segment. Gas consumption costs increased by 35.1%, from RMB1,458.6 million in 2009 to RMB1,970.5 million in 2010, primarily due to our increase in production after we solved the grid connection problems at our Taiyanggong Power Plant in October 2009. As a percentage of Adjusted Revenue, gas consumption costs decreased from 51.3% for 2009 to 48.5% for 2010 primarily due to increased revenue from our wind farm business.

Depreciation and amortization costs increased by 52.7%, from RMB496.4 million in 2009 to RMB758.1 million in 2010, primarily due to the commencement of operation of a number of new wind farms. As a percentage of Adjusted Revenue, depreciation and amortization costs increased from 17.5% in 2009 to 18.7% in 2010 primarily due to the same reasons.

Personnel costs increased by 54.4%, from RMB119.4 million in 2009 to RMB184.3 million in 2010, primarily due to increased salaries and social insurance costs, as a result of an increased number of employees in line with our additional power plants and wind farms, and the expansion of business operations.

Other expenses decreased by 24.6% from RMB335.9 million in 2009 to RMB253.2 million in 2010, primarily due to the deconsolidation of general and administrative expenses relating to our divestiture of four subsidiaries that is not in the clean or renewable energy generation business.

Profit from operations

As a result of the foregoing, our profit from operations increased by 111.4% from RMB477.3 million in 2009 to RMB1,009.0 million in 2010.

Adjusted Operating Profit and Adjusted Operating Profit Margin

Our Adjusted Operating Profit increased by 147.6%, from RMB331.3 million in 2009 to RMB820.5 million in 2010, primarily due to increased sales of electricity from both our gas-fired power and wind power segments as well as increased sales of CERs and VERs. Our Adjusted Operating Profit Margin increased from 11.7% in 2009 to 20.2% in 2010. Adjusted Operating Profit and Adjusted Operating Profit Margin are not standard measures under IFRSs.

Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin

The table below sets forth our Adjusted Segment Operating Profit / (Loss) and Adjusted Segment Operating Profit Margin by business segment as well as the reconciliation to profit from operations as reported on our consolidated statement of comprehensive income. Adjusted Segment Operating Profit is not a standard measure under IFRSs.

	Year ended December 31,			
	2009		2010	
	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)
	(RMB '000)			
Gas-fired power and heat energy generation segment	190,430	8.2	324,008	10.9
Wind power segment	144,984	38.6	521,543	49.9
Hydropower and other businesses	(11,717)	(7.9)	(62,707)	(110.9)
Total Adjusted Segment Operating Profit(2)	**323,697**	**11.4**	**782,844**	**19.3**
Less: Government grants and subsidies related to clean energy production	(434,290)		(420,487)	
Add: Other income	580,246		609,044	
Add: Unallocated(1)	7,647		37,643	
Profit from operations	**477,300**		**1,009,044**	

Notes:

(1) Unallocated includes dividend income from available-for-sale financial assets, fair value changes on held-for-trading financial assets, and gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity.

(2) Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin are not standard measures under IFRSs. Please see "Financial Information—Basis of Presentation" and "Financial Information—Description of Key Statement of Comprehensive Income Line Items" regarding how these financial measures are calculated and other details.

Gas-fired power and heat energy generation segment

Adjusted Segment Operating Profit for our gas-fired power and heat energy generation segment increased by 70.1% from RMB190.4 million in 2009 to RMB324.0 million in 2010 primarily due to the increased sales of power from our Taiyanggong Power Plant after the grid connection problems at that plant were resolved in October 2009. Adjusted Segment Operating Profit Margin increased from 8.2% in 2009 to 10.9% in 2010 primarily due to improved economies of scale from increased volume in power and heat supply of 31% and 10%, respectively and a decrease in per unit cost of power generated.

Wind power segment

Adjusted Segment Operating Profit for our wind power segment increased significantly from RMB145.0 million in 2009 to RMB521.5 million in 2010 primarily due to a substantial increase in the number of wind farms in operation. We had 11 wind farms in operation as at the end of 2009 compared to 16 wind farms as at the end of 2010. Adjusted Segment Operating Profit Margin increased from 38.6% in 2009 to 49.9% in 2010 primarily due to improved economies of scale from the respective increased power generation volume by

Huitengxile Wind Farm Phase I, Saihan Wind Farm Phase I and Huolinhe Wind Farm Phase I, leading to a decrease in per unit cost of power generated.

Hydropower and other businesses

Adjusted Segment Operating Loss for hydropower and other businesses increased from RMB11.7 million in 2009 to RMB62.7 million in 2010 primarily due to a loss in revenue and profits from our divestiture of four subsidiaries in our non-clean energy related business coupled with an increase in losses at Shandong Jingneng Straw- fired Biomass Power Plant due to higher raw material costs from shortages of raw materials. We divested the Shandong Jingneng Straw-fired Biomass Power Plant in January 2011.

Interest income

Our interest income decreased by 29.3% from RMB18.0 million in 2009 to RMB12.7 million in 2010, primarily due to a decrease in interest from lower bank balances.

Finance costs

Our finance costs increased by 67.2% from RMB299.2 million in 2009 to RMB500.3 million in 2010, primarily due to increased interest on bank and other borrowings due to a higher average outstanding loan balance in 2010 as compared to 2009 as well as benchmark interest rate increases starting in October 2010.

Share of results of associates

Our share of the results of our associates increased by 254.5% from RMB15.6 million in 2009 to RMB55.2 million in 2010. The increase was mainly represents our increased share of the profits of Beijing Jingneng International, in which we previously owned a 10.72% interest as at December 31, 2008 (and therefore accounted for as an available-for-sale financial asset) and a 20% interest as at December 31, 2009 and December 31, 2010 (and therefore accounted for as an interest in an associate).

Share of results of jointly controlled entities

Our share of the results of our jointly controlled entities decreased by 91.4% from RMB5.1 million in 2009 to RMB0.4 million in 2010, primarily due to the divestiture of jointly controlled entities Beijing Petrochemical and Beijing Lian Zhong Wei Min Heating Technology Co., Ltd. (北京聯眾為民供暖科技責任有限公司), which are not in the clean or renewable energy generation business.

Profit before taxation

As a result of the foregoing, our profit before taxation increased by 166.3% from RMB216.7 million in 2009 to RMB577.1 million in 2010.

Income tax expense

Our income tax expense increased by 216.4% from RMB17.8 million in 2009 to RMB56.3 million in 2010, and our effective tax rate increased from 8.2% in 2009 to 9.8% in 2010, primarily due to the significant increase in our profit before taxation.

Profit for the year

As a result of the foregoing, our profit for the year increased by 161.8% from RMB198.9 million in 2009 to RMB520.8 million in 2010. As a percentage of our Adjusted Revenue, profit for the year increased from 7.0% in 2009 to 12.8% in 2010, primarily due to the expansion of our wind power segment and the increased production of our gas-fired power plants in 2010.

Profit for the year attributable to equity owners of the Company

Profit for the period attributable to equity owners of the Company increased by 172.2% from RMB179.6 million in 2009 to RMB488.9 million in 2010.

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

Revenue

Our total revenue increased by 112.1% from RMB2,256.7 million in 2008 to RMB4,785.5 million in 2009, mainly reflecting increased service concession construction revenue and sales of electricity. Our Adjusted Revenue (which excludes service concession construction revenue but includes government grants and subsidies from clean energy production) increased by 57.1%, from RMB1,809.8 million in 2008 to RMB2,844.1 million in 2009, primarily due to increases in revenue from all of our segments, particularly our wind power segment and gas-fired power and heat energy generation segment. Adjusted Revenue is not a standard measure under IFRS.

The table below sets forth a breakdown of our revenue by segment and product type and as a percentage of total reportable segment revenue, as well as a reconciliation to total revenue as reported on our consolidated statement of comprehensive income for the years indicated.

	Year ended December 31,				
Segment Revenue	**2008**		**2009**		***% Change***
		%	*(RMB '000)*	%	%
Gas-fired power and heat energy generation segment:					
Sales of electricity	1,093,414	81.8	1,545,725	64.1	41.4
Sales of heat energy	70,245	5.2	346,183	14.4	392.8
Others	59	0.0	1,200	0.0	1,933.9
Total	*1,163,718*	*86.9*	*1,893,108*	*78.5*	*62.7*
Wind power segment:					
Sales of electricity	114,118	8.5	364,077	15.1	219.0
Others	1,187	0.1	3,723	0.2	213.6
Total	*115,305*	*8.6*	*367,800*	*15.3*	*219.0*
Hydropower and other businesses:					
Sales of electricity	14,021	1.0	61,595	2.6	339.3
Sales of heat energy	8,821	0.7	10,824	0.4	22.7
Others	36,653	2.7	76,445	3.2	108.6
Total	*59,495*	*4.4*	*148,864*	*6.2*	*150.2*
Total reportable segment revenue	**1,338,518**	**100.0**	**2,409,772**	**100.0**	**80.0**
Service concession construction revenue	918,135		2,375,681		158.8
Total Revenue	**2,256,653**		**4,785,453**		**112.1**

Gas-fired power and heat energy generation segment

Revenue from our gas-fired power and heat energy generation segment increased by 62.7% from RMB1,163.7 million in 2008 to RMB1,893.1 million in 2009, primarily due to increased sales of electricity and heat energy from this segment. Revenue generated from sales of electricity increased by 41.4% from RMB1,093.4 million to RMB1,545.7 million, primarily as a result of the commencement of operations of the Taiyanggong Power Plant in May 2008, which added 465.0 MW to our consolidated installed heat energy generation capacity and 780.0 MW to our consolidated installed capacity. However, Taiyanggong Power Plant experienced grid connection problems mainly caused by the infrastructure construction delay in Beijing throughout 2008 due to the Beijing Olympic Games, which were not resolved until October 2009. For illustrative purposes, if these grid connection problems did not exist, we estimate that net power generation at our Taiyanggong Power Plant would have increased by approximately 650,705 MWh in 2008 and 1,154,989 MWh in 2009 and corresponding revenue from electricity sales at our Taiyanggong Power Plant would have increased by RMB262.5 million in 2008 and RMB387.1 million in 2009 using the net power generated at our Taiyanggong Power Plant in 2010 as the reference point, when these grid connection problems did not exist.[1] Revenue from sales of heat increased by 392.8% from RMB70.2 million to RMB346.2 million, primarily because our Jingqiao Power Plant Phase I (which supplies only heat energy) commenced operations in December 2008, adding 464.00 MW to our consolidated installed heat energy generation capacity. The increase in revenue in 2009 mainly reflected the full year operations of the Taiyanggong Power Plant and Jingqiao Power Plant Phase I in 2009, as well as increased sales of electricity of Taiyanggong Power Plant after resolving the grid connection problems at the Taiyanggong Power Plant in October 2009. As a result, our net power generation in this segment increased by 23.1% from 2008 to 2009. The weighted average on-grid tariff (including VAT) also increased from RMB0.4202 per kWh in 2008 to RMB0.4825 per kWh in 2009.

Wind power segment

Revenue from our wind power segment increased by 219.0% from RMB115.3 million in 2008 to RMB367.8 million in 2009, primarily due to increased electricity sales. Our sales of electricity from our wind power segment increased by 219.0% due to the expansion of our consolidated installed capacity in this segment as we increased the number of wind farms in operation from three in 2008 to 11 in 2009, which led to an increase in net power generation. The weighted average on-grid tariff (including VAT) increased from RMB0.5015/kWh in 2008 to RMB0.5412/kWh in 2009. For details, please refer to the paragraph headed "—Significant Factors Affecting Our Results of Operations and Financial Condition—Changes in on-grid tariffs—Wind power segment." For information about our wind farms, including the dates of commencement of operations and the consolidated installed capacities of our wind farms, see the section headed "Business—Our Wind Power Business".

1 Estimated increase in net power generation for 2008 is based on actual net power generation at our Taiyanggong Power Plant from June 1, 2010 to December 31, 2010 as compared to actual power generation from May 20, 2008 to December 31, 2008. Estimated increase in net power generation for 2009 is based on actual net power generation at our Taiyanggong Power Plant for 2010 as compared to actual power generation in 2009. The estimated increase in revenue for 2008 and 2009 is based on the aforementioned estimated increase in net power generation in the relevant period multiplied by the on-grid tariff of RMB472.0 per MWh and excluding VAT of 17%.

Hydropower and other businesses

Revenue from our hydropower and other businesses 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 biomass 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.

Service concession construction revenue

Service concession construction revenue increased by 158.8% from RMB918.1 million in 2008 to RMB2,375.7 million in 2009, primarily due to the increase of concession projects, in particular, the commencement of construction of Wulanyiligeng Wind Farm in late 2008 with an installed capacity of 300.00 MW. As at December 31, 2009, we had four concession projects that commenced business operations with a consolidated installed capacity of 498.75 MW, while we only had one concession project in operation with an installed capacity of 100.50 MW as at December 31, 2008.

Other income

Other income increased by 15.5% from RMB502.2 million in 2008 to RMB580.2 million in 2009, which was primarily due to an increase in CER and VER income. Income from CERs and VERs increased from RMB12.7 million in 2008 to RMB120.6 million in 2009, primarily due to the expansion of our wind power segment and gas-fired power and heat energy generation segment, which were eligible for the sales of CERs and VERs. The increase in other income was partially offset partly by a decrease in government grants related to clean energy production, which decreased by 7.9%, from RMB471.3 million in 2008 to RMB434.3 million in 2009. As a result of the increase in on-grid tariffs of our gas-fired power plants over the period, we became eligible for a lower amount of government grants.

Operating expenses and Adjusted Operating Expenses

Our operating expenses increased by 94.4% from RMB2,514.8 million in 2008 to RMB4,888.4 million in 2009, mainly reflecting greater service concession construction costs and gas consumption. Our Adjusted Operating Expenses (which exclude service concession construction costs) increased by 57.4%, from RMB1,596.7 million in 2008 to RMB2,512.7 million in 2009, primarily due to increased gas consumption and depreciation and amortization expenses. Gas consumption costs increased by 44.6%, from RMB1,008.5 million in 2008 to RMB1,458.6 million in 2009, primarily due to the increased power generation from our gas-fired power operations which increased our natural gas requirements. In particular, our Taiyanggong Power Plant operated for the full year in 2009 with its full installed capacity, as compared to a partial year operation in 2008 with lower capacity. As a percentage of Adjusted Revenue, gas consumption costs decreased from 55.7% in 2008 to 51.3% in 2009 primarily due to increased revenues derived from our wind farms business.

Depreciation and amortization costs increased by 95.7%, from RMB253.6 million in 2008 to RMB496.4 million in 2009, primarily due to the full-year depreciation charges on our Taiyanggong power plant and Jingqiao Phase I power plant in 2009. As a percentage of

Adjusted Revenue, depreciation and amortization costs increased from 14.0% in 2008 to 17.5% in 2009 primarily due to same reasons.

Personnel costs increased by 65.6%, from RMB72.1 million in 2008 to RMB119.4 million in 2009, primarily due to increased salaries and social insurance costs, as a result of an increased number of employees in line with our additional power plants and wind farms, and the expansion of business operations.

Other expenses increased by 70.7% from RMB196.8 million in 2008 to RMB335.9 million in 2009, primarily due to the expansion of our business.

Profit from operations

As a result of the foregoing, our profit from operations increased by 95.6% from RMB244.1 million in 2008 to RMB477.3 million in 2009.

Adjusted Operating Profit and Adjusted Operating Profit Margin

Our Adjusted Operating Profit increased by 55.5%, from RMB213.1 million in 2008 to RMB331.3 million in 2009, primarily due to increased sales of electricity from both our gas-fired power and wind power segments as well as increased sales of CERs and VERs. Our Adjusted Operating Profit Margin remained relatively stable at 11.8% in 2008 and 11.7% in 2009. Adjusted Operating Profit and Adjusted Operating Profit Margin are not standard measures under IFRSs.

Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin

The table below sets forth our Adjusted Segment Operating Profit / (Loss) and Adjusted Segment Operating Profit Margin by business segment as well as the reconciliation to profit from operations as reported on our consolidated statement of comprehensive income. Adjusted Segment Operating Profit is not a standard measure under IFRSs.

	Year ended December 31,			
	2008		2009	
	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)
		(RMB '000)		
Gas-fired power and heat energy generation segment	185,104	11.3	190,430	8.2
Wind power segment	8,336	7.2	144,984	38.6
Hydropower and other businesses	15,425	25.9	(11,717)	(7.9)
Total Adjusted Segment Operating Profit[(2)]	**208,865**	**11.5**	**323,697**	**11.4**
Less: Government grants and subsidies related to clean energy production	(471,327)		(434,290)	
Add: Other income	502,242		580,246	
Add: Unallocated[(1)]	4,284		7,647	
Profit from operations	**244,064**		**477,300**	

Notes:

(1) Unallocated includes dividend income from available-for-sale financial assets and fair value changes on held-for-trading financial assets.

(2) Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin are not standard measures under IFRSs. Please see "Financial Information—Basis of Presentation" and "Financial Information—Description of Key Statement of Comprehensive Income Line Items" regarding how these financial measures are calculated and other details.

Gas-fired power and heat energy generation segment

Adjusted Segment Operating Profit for our gas-fired power and heat energy generation segment increased by 2.9% from RMB185.1 million in 2008 to RMB190.4 million in 2009 primarily due to the increased sales of power from our Taiyanggong Power Plant. Adjusted Segment Operating Profit Margin decreased from 11.3% in 2008 to 8.2% in 2009 primarily due to the increase of depreciation and amortization costs in 2009 mainly attributable to the full-year depreciation charges on our Taiyanggong Power Plant and Jingqiao Power Plant Phase I, which completed construction and commenced operations in May 2008 and December 2008, respectively.

Wind power segment

Adjusted Segment Operating Profit for our wind power segment increased significantly from RMB8.3 million in 2008 to RMB145.0 million in 2009 primarily due to a substantial increase in the number of wind farms in operation. We had three wind farms in operation as at the end of 2008 compared to 11 wind farms as at the end of 2009. Adjusted Segment Operating Profit Margin increased significantly from 7.2% in 2008 to 38.6% in 2009 mainly due to the expansion of our wind power segment as more wind farms completed trial operation and started commercial operations in 2009.

Hydropower and other businesses

Adjusted Segment Operating profit for hydropower and other businesses was RMB15.4 million in 2008 compared to a RMB11.7 million loss in 2009. This loss in 2009 was primarily due to an increase in operating losses in our non-clean energy related business that we have divested through the Reorganization.

Interest income

Our interest income decreased by 18.0% from RMB21.9 million in 2008 to RMB18.0 million in 2009, primarily due to the decrease in interest from loans to the associates that do not conduct clean or renewable energy generation business, including Beijing Tejieneng Environmental Protection Technology Development Co., Ltd. (北京特潔能環保技術發展有限公司) and Beijing Orient Vacuum Electronic Co., Ltd. (北京京東方真空電器有限責任公司), both of which have been divested from our Group through the Reorganization.

Finance costs

Our finance costs increased by 39.6% from RMB214.3 million in 2008 to RMB299.2 million in 2009, primarily due to the initiation of the expensing of finance costs that were previously capitalized upon the commencement of operation of our power plants and wind farms in 2009.

Share of results of associates

Our share of the results of our associates increased by 56.6% from RMB9.9 million in 2008 to RMB15.6 million in 2009, primarily due to increased profits from our associates, in particular, from Beijing Tejieneng Environmental Protection Technology Development Co., Ltd. (北京特潔能環保技術發展有限公司) and Beijing Orient Vacuum Electronics Co., Ltd. (北京京東方真空電器有限責任公司), both of which have been divested from our Group through the Reorganization.

Share of results of jointly controlled entities

Our share of the results of our jointly controlled entities decreased from RMB7.6 million in 2008 to RMB5.1 million in 2009, primarily due to decreased profits of jointly controlled entities.

Profit before taxation

As a result of the foregoing, our profit before taxation increased by 213.3% from RMB69.2 million in 2008 to RMB216.7 million in 2009.

Income tax expense

Our income tax expense decreased by 10.8% from RMB20.0 million in 2008 to RMB17.8 million in 2009, and our effective tax rate decreased from 28.8% in 2008 to 8.2% in 2009, primarily due to an increase in deferred tax credits, which mainly include exemptions or reductions in income tax attributable to our wind farms that commenced operations in 2009, which were eligible to enjoy preferential tax treatment pursuant to the relevant PRC regulations.

Profit for the year

As a result of the foregoing, our profit for the year increased by 304.1% from RMB49.2 million in 2008 to RMB198.9 million in 2009. As a percentage of our Adjusted Revenue, profit for the year increased from 2.7% in 2008 to 7.0%, primarily due to the expansion of our wind power segment and gas-fired power and heat energy generation segment in 2009.

Profit for the year attributable to equity owners of the Company

Profit for the period attributable to equity owners of the Company increased by 299.5% from RMB45.0 million in 2008 to RMB179.6 million in 2009.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal sources of liquidity to date have been cash generated from our operations, bank loans, government grants and contributions from our shareholders. Our principal uses of cash primarily include capital expenditures to fund the expansion of our business and working capital.

As at December 31, 2008, 2009 and 2010, we had cash and cash equivalents of RMB569.5 million, RMB753.9 million and RMB558.8 million, respectively.

Net Current Liabilities

The following table sets forth our current assets and current liabilities as at the dates indicated.

	As at December 31,			As at April 30,
	2008	2009	2010	2011
		(RMB'000)		
Current assets				
Inventories	85,841	35,032	35,103	39,205
Trade and bill receivables	301,718	849,787	1,157,357	519,895
Other receivables, deposits and prepayments	126,472	85,419	105,727	175,305
Amounts due from related parties	14,773	100,497	16,240	5,223
Loan to jointly controlled entities	—	—	40,604	—
Prepaid lease payments	703	1,040	1,294	1,332
Value-added tax recoverable	2,584	178,763	245,434	268,483
Held-to-maturity financial asset	20,000	—	—	—
Restricted bank deposits	68	13,979	—	—
Cash and cash equivalents	569,513	753,899	558,825	1,754,941
	1,121,672	2,018,416	2,160,584	2,764,384
Assets classified as held for sale	—	—	282,398	—
	1,121,672	2,018,416	2,442,982	2,764,384
Current liabilities				
Trade and other payables	1,317,322	1,563,497	1,644,320	1,100,959
Amounts due to related parties	246,297	97,594	157,605	135,526
Bank and other borrowings—due within one year	2,718,222	3,599,122	2,731,300	4,645,564
Income tax payable	2,046	9,251	43,495	19,319
Deferred income—current portion	19,936	27,859	90,576	45,044
	4,303,823	5,297,323	4,667,296	5,946,412
Liabilities associated with assets classified as held for sale	—	—	176,147	—
	4,303,823	5,297,323	4,843,443	5,946,412
Net current liabilities	(3,182,151)	(3,278,907)	(2,400,461)	(3,182,028)

We recorded net current liabilities of RMB3,182.2 million, RMB3,278.9 million and RMB2,400.5 million as at December 31, 2008, 2009 and 2010, respectively. As at April 30, 2011, being the latest practicable date such information is available to us, our net current liabilities were RMB3,182.0 million. Our net current liability position during the Track Record Period mainly reflected the high levels of the current portion of our bank borrowings. These borrowings were primarily used to finance the expansion of our wind power segment and gas fired power business. Our net current liability position also reflected significant trade and other payables mainly related to the purchase of wind turbines in connection with the expansion of our wind farms. Our net current liabilities decreased from December 31, 2009 to December 31, 2010, as a result of a decrease in our current bank and other borrowings. See "—Indebtedness" in this Financial Information section. Our net current liabilities increased by RMB781.6 million from December 31, 2010 to April 30, 2011 primarily due to increased short-term bank loans to replace the repayment of our long term entrusted loans from BEIH.

We expect that we may record net current liabilities in the future in connection with the expansion of our business. Please also refer to the section headed "Risk Factors—Risks relating to Our Overall Business—We recorded net current liabilities during the Track Record Period". We intend to finance our future capital expenditure requirements mainly with borrowings, proceeds from this Global Offering, cash from operating activities and other existing cash resources.

We have not experienced any material obstacle in obtaining financing despite our increase in capital expenditures and the net current liability position for the following reasons:

- We have maintained long-term relationships with domestic and foreign financial institutions from which we are able to obtain banking facilities on competitive terms to fund our business expansion. As at April 30, 2011, being the latest practicable date such information is available to us, we had unutilized banking facilities of RMB8,638 million.

- We obtained most of our banking facilities from reputable commercial banks in the PRC and our good credit history has been recognized by various PRC financial institutions. During the Track Record Period, we have not experienced any material difficulty in renewing our short-term loans from our principal banks upon maturity of the existing term loans. We believe that we will be able to roll over our existing short-term loans upon maturity, if necessary based on our past repayment and credit history. As at April 30, 2011, being the latest practicable date such information is available to us, we received a credit rating of AA+ from Agricultural Bank of China, Beijing Branch (中國農業銀行北京市分行), which is an Independent Third Party.

- Our existing cash resources improved during the Track Record Period. Our cash generated from operating activities slightly decreased from RMB386.2 million for the year ended December 31, 2008 to RMB270.4 million for the year ended December 31, 2009, but increased to RMB1,538.2 million for the year ended December 31, 2010. Our cash and cash equivalents as at December 31, 2010 was RMB558.8 million.

Taking into account the bank facilities available to us, our existing cash resources, cash generated from operating activities and amounts from other sources of funds we expect to raise (including the proceeds from the Global Offering), our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

Our current ratio (as calculated by dividing our current assets by current liabilities) was 0.26, 0.38 and 0.50 as at December 31, 2008, December 31, 2009 and December 31, 2010, respectively. The increase in our current ratio between December 31, 2008 and 2009 primarily reflected increased current assets from trade and bills receivable from greater sales of energy, while the increase in current liabilities, mainly resulting from increased borrowings and trade and other payables, grew as at a slower pace. The increase in our current ratio between December 31, 2009 and December 31, 2010 primarily reflected increased current assets from trade and bills receivable from greater sales of energy while current liabilities decreased from lower portion of current bank and other borrowings reflecting lower new borrowings as compared to 2009.

CASH FLOW

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

Selected Cash Flow Statement Data	Year ended December 31, 2008	2009	2010
		(RMB '000)	
Net cash generated from/(used in) operating activities	386,220	270,371	1,538,215
Net cash used in investing activities	(3,643,263)	(6,133,941)	(1,931,902)
Net cash generated from financing activities	3,456,216	6,047,940	201,290
Net increase (decrease) in cash and cash equivalents	199,173	184,370	(192,397)
Cash and cash equivalents at the end of year/period	569,513	753,899	558,825

Cash generated from operating activities

Cash inflow from operating activities are primarily through the receipt of payments for the sale of electricity and heat energy. Our cash outflow from operating activities is used primarily for the purchase of fuel, personnel costs and other operating expenses related to our power generating facilities and other operating and administration expenses.

Our net cash generated from operating activities was RMB1,538.2 million in 2010, reflecting cash generated from operations of RMB1,608.1 million and income tax paid of RMB69.9 million, while our operating cash flows before movements in working capital was RMB1,728.6 million. The net increase in working capital usage of RMB120.5 million primarily reflected, among other things, an increase of RMB342.2 million in trade and bills receivable, primarily due to a significant increase in sales in line with our business expansion partly offset by a decrease in other receivables, deposits and prepayments of RMB155.9 million due to a decrease in VAT receivables as we utilized such receivables to offset output VAT liability in the wind power segment.

Our net cash generated from operating activities was RMB270.4 million in 2009, reflecting cash generated from operations of RMB306.8 million and income tax paid of RMB36.4 million, while our operating cash flows before movements in working capital was RMB986.1 million. The net increase in working capital usage of RMB679.4 million primarily reflected: (i) an increase of RMB582.3 million in trade and bills receivable, primarily due to a significant increase in sales in line with our business expansion; (ii) an increase of RMB57.2 million in other receivables, deposits and prepayments, primarily due to the increase in prepayment in relation to the construction of hydropower plants and receivables due from Beijing Yuanshen Energy-saving Technology Co., Ltd. (北京源深節能技術有限責任公司) as the result of the divesture of this entity during our Reorganization; and (iii) a decrease of RMB64.5 million in amounts due to related parties, representing our amount due to Jingfeng Thermal Power, in relation to the leasing agreements under which, Jingfeng Thermal Power leased plants and office space to Jingfeng Power, our subsidiary.

Our net cash generated from operating activities was RMB386.2 million in 2008, reflecting cash generated from operations of RMB410.4 million and income tax paid of RMB24.1 million, while our operating cash flows before movements in working capital was RMB496.6 million. The net increase in working capital usage of RMB86.2 million primarily reflected an increase of RMB243.9 million in trade and bill receivables, primarily due to the increase in the sale of electricity as our wind farm business and gas-fired power and heat energy generation segment expanded. This was partially offset by (i) an increase of RMB105.6 million in trade and other payables, primarily due to an increase of gas consumption as the result of the commencement of operations of Jingqiao Power Plant Phase I and Taiyanggong Power Plant and the increase of purchase of spare parts and equipment for our wind farms; and (ii) an increase in amounts due to related parties of RMB74.7 million, primarily representing the amount due to Jingfeng Thermal Power for leasing agreements under which Jingfeng Thermal Power leased the plant and office to Jingfeng Power, our subsidiary.

Cash from / used in investing activities

Our cash inflow from investing activities primarily consists of interest and dividends received as well as proceeds from the disposal of property, plant and equipment. Our cash outflow from investing activities consists of, among other things, cash paid for the acquisition of property, plant and equipment, and cash paid for the acquisition of intangible assets.

In 2010, our net cash used in investing activities was RMB1,931.9 million, and primarily consisted of RMB1,644.9 million in cash paid for the acquisition of property, plant and equipment, which was primarily used for construction in progress relating to wind farms under construction, including Lumingshan Wind Farm Phase II, Huolinhe Wind Farm Phase II, Xinganmeng Keyouzhongqi Wind Farm Phase I, Chifengqigan Wind Farm Phase I and Zheligentu Wind Farm Phase II.

In 2009, our net cash used in investing activities was RMB6,133.9 million, primarily consisting of RMB3,592.1 million in cash paid for the acquisition of property, plant and equipment, which was primarily used to pay for construction of our wind farms and was to a lesser extent due to RMB2,302.3 million in cash paid for the acquisition of intangible assets, which represented purchases of concession rights for wind power concession construction projects in Inner Mongolia, including the Wulanyiligeng Wind Farm. For more information about our wind farms, including the dates of commencement of operations and the consolidated installed capacities of our wind farms, see the section headed “Business—Our Wind Power Business”.

In 2008, our net cash used in investing activities was RMB3,643.3 million, primarily consisting of (i) RMB2,679.6 million in cash paid for the acquisition of property, plant and equipment, which was primarily used to pay for construction in progress relating to the wind farms that commenced construction in 2008 and two gas-fired power plants that completed construction and commenced operations in 2008 and (ii) RMB1,023.2 million in cash paid for the acquisition of intangible assets, primarily consisting of payments for concession rights for wind power concession construction projects including Wulanyiligeng Wind Farm and Zheligentu Wind Farm Phase I.

Cash from / used in financing activities

Our cash inflow from financing activities primarily consists of new bank loans and capital contributions from shareholders. Our cash outflow from financing activities primarily consists of interest paid on bank loans and repayments of bank loans.

In 2010, our net cash generated from financing activities was RMB201.3 million. The net cash inflow primarily consisted of new bank loans raised of RMB5,523.0 million, which were primarily used for construction of our wind farms and gas-fired power plants and RMB1,243.7 million received as capital contributions from our strategic investors, being BSAMAC, BDHG, Shenghui, BEETI and Barclays. Please refer to the section headed "Our History, Reorganization and Corporate Structure" for details. These amounts were partially offset by RMB5,815.5 million for the repayment of bank loans and to a lesser extent by interest payments of RMB496.2 million.

In 2009, our net cash generated from financing activities was RMB6,047.9 million. The net cash inflow primarily consisted of (i) new bank loans raised of RMB11,531.4 million, which were primarily used for construction of our wind farms and gas-fired power plants and (ii) RMB944.8 million received as capital contributions to our company from BEIH and to certain of our wind farms and hydropower projects from Beijing Jingneng International, all of which were subsidiaries of Beijing Jingneng International before the Reorganization. These cash inflows were partially offset by repayments of bank loans of RMB5,887.8 million, RMB456.3 million in interest payments and RMB84.2 million of cash paid to related parties for the repayment of loans.

In 2008, our net cash generated from financing activities was RMB3,456.2 million. The net cash inflow primarily consisted of (i) new bank loans raised of RMB5,650.6 million, primarily for the construction of our wind farms and gas-fired power plants and (ii) RMB1,045.0 million received as capital contributions from Beijing Jingneng International to certain of our wind farms and hydropower projects, all of which were subsidiaries of Beijing Jingneng International before the Reorganization. These cash inflows were partially offset by RMB2,901.3 million for the repayment of bank loans and interest paid on our bank loans of RMB359.5 million.

CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Inventories

Our inventories are not material as we do not carry inventories for sale in the ordinary course of our business. During the Track Record Period, our inventories consisted of (i) materials and spare parts and (ii) goods held for sale. As at December 31, 2008, 2009 and 2010, our inventories were RMB85.8 million, RMB35.0 million and RMB35.1 million, respectively. As at December 31, 2008, our inventories mainly consisted of goods held by customers and for sale, which consisted of energy-saving equipment and other products. As at December 31, 2009 and December 31, 2010, our inventories mainly consisted of materials and spare parts for the maintenance of our power generation facilities.

Trade and bill receivables

Our trade and bill receivables are primarily from our sales to state-owned grid companies. The table below sets forth a summary of our trade debtors and bills receivable as at the dates indicated.

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Trade receivables	315,171	841,042	1,151,019
Bills receivable	921	8,745	6,472
	316,092	849,787	1,157,491
Allowance for doubtful debts	(14,374)	—	(134)
Total	301,718	849,787	1,157,357

Our trade and bills receivable increased from RMB301.7 million as at December 31, 2008 to RMB849.8 million as at December 31, 2009 and further to RMB1,157.4 million. The increases were mainly the result of our increased sales of electricity and heat energy during the Track Record Period. As of April 30, 2011, being the latest practicable date such information is available to us, we had received RMB957.4 million of the trade and bills receivable as at December 31, 2010.

We typically grant credit terms between 30 and 60 days for sales of electricity and heat energy. However, our wind power price premium received from grid companies is typically due within twelve months because the State Grid generally allocates the wind power price premium, which they collect from end users as a surcharge, to grid companies once a year and is settled to us twice a year. According to the requirements of the NDRC, the grid companies should settle the wind power price premium to power plants after it has received notice from NDRC, which is circulated every half year. Accordingly, the premium for the first half of year would normally be settled in the second half of the year, and the premium incurred in the second half of year would normally be paid in the first half of the following year. Therefore, the credit period would normally be no longer than 12 months. For sales other than electricity and heat energy, the credit period extended by us is typically within one year. Our major customers for our gas and wind power segments are state-owned grid companies, which we believe have high credit quality.

Our allowance for doubtful debts was RMB14.4 million as at December 31, 2008, which was mainly carried forward from 2007 and relate to our non-clean energy business. We divested our non-clean energy business at the end of 2009 as part of our Reorganization. We did not provide for allowances for doubtful debts as at December 31, 2009 and such amount was insignificant as of December 31, 2010 as our trade and bill receivables are primarily from our sales to PRC state-owned grid companies with good credit ratings. Moreover, the trade and bills receivable that have been outstanding between 60 to 365 days mainly relate to receivables for wind power price premiums receivable from state-owned grid companies as such amounts are normally settled twice a year.

The table below sets forth an aging analysis of our trade and bills receivable as at the periods indicated:

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Within 60 days	255,775	679,370	831,888
60 to 365 days	36,274	170,220	323,436
1 to 2 years	3,652	197	2,167
2 to 3 years	6,770	—	—
Over 3 years	13,621	—	—
Total	316,092	849,787	1,157,491

The table below sets forth an aging analysis of our trade and bills receivable by segment as at December 31, 2008, 2009 and 2010:

	As at December 31, 2008			
	Gas-fired power and heat energy generation segment	Wind power segment	Hydropower and other businesses	Total
		(RMB'000)		
Within 60 days	227,253	16,740	11,782	255,775
60 to 365 days	—	20,384	15,890	36,274
1 to 2 years	—	—	3,652	3,652
2 to 3 years	—	—	6,770	6,770
Over 3 years	—	—	13,621	13,621
Total	227,253	37,124	51,715	316,092

	As at December 31, 2009			
	Gas-fired power and heat energy generation segment	Wind power segment	Hydropower and other businesses	Total
		(RMB'000)		
Within 60 days	503,272	150,815	25,283	679,370
60 to 365 days	24,976	122,179	23,065	170,220
1 to 2 years	—	—	197	197
2 to 3 years	—	—	—	—
Over 3 years	—	—	—	—
Total	528,248	272,994	48,545	849,787

	As at December 31, 2010			
	Gas-fired power and heat energy generation segment	Wind power segment	Hydropower and other businesses	Total
		(RMB'000)		
Within 60 days	468,640	361,874	1,374	831,888
60 to 365 days	—	317,267	6,169	323,436
1 to 2 years	—	—	2,167	2,167
2 to 3 years	—	—	—	—
Over 3 years	—	—	—	—
Total	468,640	679,141	9,710	1,157,491

Trade and bills receivable that have been outstanding between 1 to 2 years as at December 31, 2010 was RMB2.2 million, which is insignificant, and relates to amounts due from the local grid company for electricity sales from our Heishui Sanlian hydropower plant.

As of the Latest Practicable Date, the outstanding amount had not yet been settled. We understand the local grid company will settle the outstanding amount after it receives relevant amounts from the government for on-selling the electricity to end-users at a price that was lower than their applicable on-grid tariffs. As such, we believe the outstanding amount of this receivable remains collectable.

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

	Year ended December 31,		
	2008	2009	2010
Trade and bills receivable turnover days[(1)]	49	87	100

Note:

(1) Trade and bills receivable turnover days equal the total net balance of trade and bills receivable at the beginning of a given period, plus the total net balance of trade and bills receivable at the end of a given period, divided by two, then divided by revenue (excluding revenue from concession construction arrangements) and multiplied by the numbers of days for the given period.

Our trade and bills receivable turnover days increased from 49 days for 2008, to 87 days in 2009 and further increased to 100 days in 2010. The increase in turnover days from 2008 to 2010, was primarily due to the increase in the proportion of trade and bills receivables from our wind power segment as compared to our total trade and bills receivable. Trade and bills receivable with respect to our wind power business as a percentage of our total trade and bills receivable increased from 11.7% as at December 31, 2008 to 32.1% as at December 31, 2009 and further to 58.7% as at December 31, 2010. Trade and bills receivable from our wind power segment generally has a longer collection period as the price premium is settled by local grid companies twice a year as discussed above. Moreover, receivables from wind power price premiums have increased as we generated more power from the operation of wind farms from 2008 to 2010.

Sales from our gas-fired power plants were historically sold to North China Grid. In 2010, we started to supply power to Beijing Electricity Power instead of North China Grid. See "Business—Our Gas-fired Power and Heat Energy Generation Business—Sale of Electricity and Heat Energy". Payment from North China Grid and Beijing Electricity Power is typically provided within 30 days from the end of the month.

The table below sets forth our other receivables and deposits as at the dates indicated.

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Other receivables and deposits, net of impairment	109,187	65,876	100,108
Advances to suppliers	17,285	19,543	5,619
Total	126,472	85,419	105,727

Other receivables and deposits mainly consist of (a) deposits and prepayments in relation to the construction of hydropower plants as we are generally required to make prepayments to construction contractors before they agree to commence work in the remote areas where the hydropower plants are usually located, (b) deposits to local government for potential damage to the local environment that may be caused by the construction of hydropower plants and (c) prepayments relating to the construction of power transportation systems (incurred when we needed to build power transportation systems at our own cost for timely connection to power grid) which will be repaid by the grid companies at a later stage. Our other receivables and deposits, net of impairment, decreased from RMB126.5 million as at December 31, 2008 to RMB85.4 million as at December 31, 2009, primarily due to the divesture of certain entities pursuant to our reorganization in 2008. Our other receivables, deposits increased from RMB85.4 million as at December 31, 2009 to RMB105.7 million as at December 31, 2010, primarily due to the increase in prepayment in relation to the construction of hydropower plants.

Value-added tax recoverable—current portion

As at December 31, 2008, 2009 and 2010, our value-added tax recoverable was RMB2.6 million, RMB178.8 million and RMB245.4 million, respectively. Value-added tax recoverable represents our estimate of the carrying amount of value-added tax recoverable which can be recovered by deducting the output of value-added tax on future revenue. The significant increase in value-added tax recoverable from December 31, 2008 to December 31, 2010 was primarily because the input VAT relating to acquisition of property, plant and equipment and intangible assets, was deductible from output VAT from January 1, 2009. Prior to January 1, 2009, such input VAT was recorded as a part of the related assets.

Trade and other payables

The table below sets forth our trade and other payables as at the dates indicated.

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Bills payable[1]	—	—	694,411
Trade payables	1,016,249	1,459,391	819,950
Advance received from customers	3,878	9,690	9,830
Salary and staff welfares	13,699	19,639	37,827
Non-income tax related tax payables	39,221	30,334	35,889
Accrued interests payable	7,691	10,081	14,964
Dividends payables	10,003	—	—
Other payables	31,412	34,362	31,449
Other current liabilities	195,169	—	—
Total	1,317,322	1,563,497	1,644,320

Note:

(1) Represents bank acceptance notes and includes notes issued to BIEE, a related party, amounting to RMB470,000,000 relating to our purchase of wind power related equipment. BIEE has been the centralized procurement and tendering platform for a number of wind farms developed and operated by New Energy since April 2010. See "Connected Transactions—Non-exempt Continuing Connected Transactions". The remaining amount of the bank acceptance notes were issued to independent third-parties mainly to finance the purchase of equipment relating to the construction of phase 2 of the Jingqiao Power Plant.

Trade payables primarily consist of payables to our natural gas supplier, wind turbine suppliers and for construction services. Trade payables increased from RMB1,016.2 million as at December 31, 2008 to RMB1,459.4 million as at December 31, 2009, primarily due to the increased purchase of wind turbines and construction activity as the result of the increased number of wind farms under construction. Trade payables decreased to RMB820.0

million as at December 31, 2010, primarily due to a lower number of wind farms under construction in 2010 than in 2009. As of April 30, 2011, being the latest practicable date such information is available to us, we had settled RMB291.2 million of our trade payables due as at December 31, 2010.

Other current liabilities represented other designated funds entrust to us by the PRC Government to be transferred to the designated users pursuant to respective projects, at the time when we were a non-incorporated stated-owned enterprise. We accounted for the relevant investments as loan receivables and relevant funds received from the PRC government as other non-current liabilities. In preparation of the Listing, BEIH approved the transfer of RMB81.4 million to our capital reserves. The remaining designated funds were derecognized when subsidiaries holding these funds were transferred to BEIH through the Reorganization.

The table below sets forth our trade payables by nature as at the dates indicated:

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Payables for gas purchases	128,418	124,246	107,102
Payables for material purchases	7,594	4,265	18,228
Payables for equipment purchases	705,831	969,636	392,370
Payables for construction services	136,214	356,660	287,358
Others	38,192	4,584	14,892
Total trade payables	1,016,249	1,459,391	819,950

Trade payables primarily consist of payables for gas purchases, payables for equipment purchases and payables for construction services. The following describes our credit arrangements with respect to these payables:

- With respect to our payables for gas purchases, our natural gas supplier, Beijing Gas Group, usually grants us a credit period to settle payments within 30 days.

- Payables for equipment purchases, such as wind turbines, are usually settled based on contractual arrangements. Generally, 10% to 40% of the contract amount is paid as an advance with another 60% to 80% due within 30 days after the equipment has been received and inspected. Another 5% to 35% of the contract amount is due within 15 days after installation of the equipment, testing and inspection. The remaining 5% to 10% is usually paid upon the expiration of the quality assurance period, which is usually within 24 to 36 months from the date of final testing.

- Payables for construction services are also settled based on contractual arrangements. Generally 10% to 25% of the contract amount is paid as an advance within 7 to 30 days after the contract is signed. 65% to 85% of the amounts due for construction services are based on the actual construction progress to the total contractual cost as verified monthly or quarterly, depending on the contract. Once verified, the amount is due anywhere between 10 to 30 days. The remaining 5% to 10% of the contractual amount is normally reserved until a 24 month quality assurance period has elapsed.

The balances for our quality assurance payables were RMB142 million as at December 31, 2009 and RMB230.3 million as at December 31, 2010.

The table below sets forth an aging analysis of our trade payables as at the dates indicated:

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Within 30 days	128,418	124,246	39,691
31-365 days	823,191	1,256,965	447,513
1 to 2 years	51,392	52,748	289,980
2 to 3 years	12,877	20,841	24,333
Over 3 years	371	4,591	18,433
	1,016,249	1,459,391	819,950

We generally make monthly payment for the gas we purchased in accordance with purchase agreements. Amounts in our trade payables aging analysis due within 31-365 days mainly relate to costs associated with the construction of our power plants and the purchase of equipment. The following table shows our trade payable turnover days relating to our gas purchases for the years indicated:

	Year ended December 31,		
	2008	2009	2010
Trade payables turnover days for gas purchases(1)	27	32	21

Note:

(1) Trade payables turnover days are calculated equal the total net balance of trade payables for gas purchases at the beginning of a given period, plus the total net balance of trade payables for gas purchases at the end of a given period, divided by two, then divided by gas consumption costs of our Group, and then multiplied by the number of days for the given period.

Trade payable turnover days for gas purchases decreased from 32 days in 2009 to 21 days in 2010 mainly due to our slightly faster settlement of payables with gas suppliers as we generated greater operating cash flow as a result of the expansion of our gas-fired power business.

Interests in associates

The table below set out details of our interests in associates as at the date specified:

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Investment in associates			
Unlisted equity investments, at cost	147,008	1,293,755	947,681
Share of post-acquisition profits (losses) and other comprehensive income (losses), net of dividend declared	39,914	(2,718)	172,670
Subtotal	186,922	1,291,037	1,120,351
Loans to associates	84,949	110,582	109,961
Total	**271,871**	**1,401,619**	**1,230,312**

Our interests in associates mainly consist of our investments in associates and loans to associates. We had interests in associates of RMB271.9 million, RMB1,401.6 million and RMB1,230.3 million as at December 31, 2008 and 2009 and 2010, respectively. Our interests in associates increased significantly from December 31, 2008 to December 31, 2009, primarily due to our increased shareholding in BEIH International. Our interests in associates primarily represent the increase of unlisted equity investments as the result of the increase of our share of the profits of Beijing Jingneng International. We increased our shareholding in Beijing Jingneng International in 2009 from 10.72% as at December 31, 2008 to a 20% interest, following which, we no longer included Beijing Jingneng International in our consolidated statements of financial position as an available for sale financial asset, and instead accounted for Beijing Jingneng International as an associate. Loans to associates will not be settled prior to our Listing and are not expected to be settled by December 31, 2011. See Note 20 to the Accountants' Report in Appendix I. For further information about our shareholding in associates, see Note 48 to the Accountants' Report in Appendix I.

Related party balances

Amounts due to related parties

We had amounts due to related parties of RMB246.3 million, RMB97.6 million and RMB157.6 million as at December 31, 2008, 2009 and 2010, respectively. As at December 31, 2008, 2009 and 2010, our amounts due to related parties included amounts of RMB101.7 million and RMB64.2 million and RMB3.0 million, respectively, due to Beijing Jingneng International, which primarily relate to borrowings for our working capital used in our wind power projects and hydropower projects. As at December 31, 2010 our amount due to Jingfeng Thermal Power was RMB23.9 million, in relation to the leasing agreements under which Jingfeng Thermal Power leased the plant and office to Jingfeng Power, our subsidiary. As at December 31, 2010, our amount due to BEIH was RMB95.0 million, which mainly represented dividends payable to BEIH. We will have settled all non-trade payable and financing balances prior to Listing.

Amounts due from related parties

We had amounts due from related parties of RMB14.8 million, RMB100.5 million and RMB16.2 million as at December 31, 2008, 2009 and 2010, respectively. Historically, our amounts due from related parties primarily included dividends receivable from our associates, Beijing Zhongyou Huafu Petrochemical Co., Ltd. (北京中油華富石油化工有限責任公司), or Beijing Zhongyou, and Beijing Tejieneng Environmental Protection Technology Development Co., Ltd. (北京特潔能環保技術發展有限公司), or Beijing Tejieneng, of RMB3.3 million and RMB3.4 million, respectively, as at December 31, 2008; and dividends receivable from Beijing Zhongyou, Beijing Tejieneng and Beijing Petrochemical, of RMB3.3 million, RMB3.4 million and RMB5.7 million, as at December 31, 2009, respectively. As at December 31, 2009, we also had an amount of RMB86.6 million due from Beijing Yuanshen Energy-saving Technology Co., Ltd. (北京源深節能技術有限責任公司) relating to the divestiture of assets and liabilities to Beijing Yuanshen Energy-saving Technology Co., Ltd. as part of the Reorganization. As at December 31, 2010, we have collected the full amount of all such outstanding amounts.

As at December 31, 2010, our amounts due from related parties primarily included an amount due from Inner Mongolia Dai Dian Real Estate Development Co. Ltd. (內蒙古岱電房地產開發公司) of RMB10.4 million as at December 31, 2010, which relate to the advance payment for property purchase.

Deposits in a non-bank institution

We had deposits in a non-bank institution, BEIH Finance, of RMB103.0 million, RMB100.8 million and RMB183.7 million as at December 31, 2008, 2009 and 2010, respectively. In accordance with the finance service agreements between us and BEIH Finance, a non-bank financial institution approved by China Banking Regulatory Commission (中國銀行業監督管理委員會), we included certain amount of deposits in BEIH Finance. For further information about our deposits in such related non-bank financial institution denominated in RMB, see note 31 to the Accountants' Report in Appendix I.

With respect to the related party transactions as set out in note 43 of the Accountants' Report attached as Appendix I, the Directors confirm that these transactions were conducted on normal commercial terms and in the ordinary and usual course of the Company's business.

INDEBTEDNESS

Bank and other borrowings

The table below sets forth our bank and other borrowings as at the dates indicated.

	Effective interest rate	As at December 31,			As at April 30,
		2008	2009	2010	2011
	(%)		*(RMB'000)*		*(Unaudited)*
Current					
Short-term bank loans:					
Unsecured(1)	3.66-8.22	820,000	2,000,000	1,620,000	3,728,261
Short-term other borrowings:					
Unsecured(1)	3.66-8.22	930,000	910,000	420,000	285,000
Current portion of long-term bank loans:					
Unsecured(1)	4.86-7.84	967,222	274,122	616,300	612,303
Secured(2)	5.94-6.40	1,000	15,000	15,000	20,000
Current portion of long-term other borrowings:					
Unsecured	4.86-7.84	—	400,000	60,000	—
Total current portion		2,718,222	3,599,122	2,731,300	4,645,564
Non-current					
Long-term bank loans:					
Unsecured(1)	4.86-7.84	2,950,778	5,565,056	5,689,437	6,399,083
Secured(2)	5.94-6.40	99,000	326,000	311,000	306,000
Long-term other borrowings:					
Unsecured(1)	4.86-7.84	744,945	2,570,000	2,883,000	1,133,000
Total non-current portion		3,794,723	8,461,056	8,883,437	7,838,083
Total borrowings		**6,512,945**	**12,060,178**	**11,614,737**	**12,483,647**

Notes:

(1) Our unsecured borrowings include:

(i) borrowings of RMB4,250,000,000, RMB6,554,178,000, RMB97,500,000, and RMB65,000,000 as at December 31, 2008, 2009, 2010, and four months ended April 30, 2011, respectively, which were guaranteed by the entities not within the Group;

(ii) borrowings of nil, nil, RMB2,264,737,000 and RMB2,338,236,000 as at December 31, 2008, 2009, 2010, and four months ended April 30, 2011 respectively, were guaranteed by us. The total guarantee provided by us, including the unutilized guarantee, is RMB2,731,167,000.

(2) Our secured borrowings include:

(i) borrowings of RMB100,000,000, RMB341,000,000, RMB326,000,000, and RMB326,000,000 as at December 31, 2008, 2009, 2010, and four months ended April 30, 2011 respectively, which were guaranteed and pledged by a right to receive the wind power electricity sale consideration in a subsidiary of New Energy. The relevant pledged account receivable balances were nil, RMB13,790,000, RMB40,587,000, and RMB29,103,000 as at December 31, 2008, 2009, 2010, and four months ended April 30, 2011 respectively.

The table below sets forth an aging analysis of our borrowings as at the periods indicated:

	As at December 31,			As at April 30,
	2008	2009	2010	2011
				(Unaudited)
	(RMB'000)			
Current:				
Within 1 year	2,718,222	3,599,122	2,731,300	4,645,564
Non-current:				
1 to 2 years	993,068	665,583	2,035,777	1,873,713
2 to 3 years	623,122	1,675,993	2,146,777	1,624,497
3 to 5 years	844,733	1,846,620	998,553	1,085,053
Over 5 years	1,333,800	4,272,860	3,702,330	3,254,820
Total long-term borrowings	3,794,723	8,461,056	8,883,437	7,838,083
Total borrowings	**6,512,945**	**12,060,178**	**11,614,737**	**12,483,647**

Our bank loans carry variable rates based on the interest rates quoted by the PBOC. The effective interest rates on our bank loans ranged from 5.10% to 8.22%, and 4.39% to 7.47% per annum in 2008 and 2009 respectively, and from 4.62% to 7.47% for the year ended December 31, 2010.

Our borrowings increased from RMB6,512.9 million as at December 31, 2008 to RMB12,060.2 million as at December 31, 2009. Our borrowings decreased to RMB11,614.7 million as at December 31, 2010. The increase in our borrowings from December 31, 2008 to December 31, 2009 was primarily for the purchase of property, plant and equipment, primarily due to our addition of a number of wind farms, purchases of intangible assets, which primarily represented purchases of concession construction rights, and our increased working capital needs as a result of our business expansion. Our borrowings decreased as at December 31, 2010, primarily due to a decrease in our borrowings from BEIH Finance, due to our lower capital needs as a result of the development of fewer projects in 2010 compared to 2009.

As at April 30, 2011, being the latest practicable date for determining our indebtedness, we had outstanding loans from a related non-bank financial institution of RMB1,418 million and bank borrowings of RMB11,066 million (of which RMB326 million was secured by a right to receive the wind power electricity sale consideration in a subsidiary). We also provided RMB629 million guarantees in respect of bank facilities granted to a jointly controlled entity and RMB153 million guarantees in respect of bank facilities granted to a subsidiary of BEIH. As at April 30, 2011 we had RMB8,638 million of unutilized banking facilities. We expect to continue to rely on bank loans to fund a portion of our capital requirements in relation with the expansion of our business.

Save as disclosed in this prospectus, as of April 30, 2011, being the latest practicable date for determining our indebtedness, apart from intra-group liabilities, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

The table below sets forth our loans and borrowings as at the dates indicated.

	As at December 31,			As at April 30,
	2008	2009	2010	2011
				(unaudited)
		(RMB'000)		
Bank loans	4,838,000	8,180,178	8,251,737	11,065,647
Other borrowings from:				
ultimate holding company[(1)]	—	1,950,000	1,665,000	—
a related non-bank financial institution[(2)]	1,570,000	1,730,000	1,698,000	1,418,000
other non-related entity[(3)]	—	200,000	—	—
local government[(4)]	104,945	—	—	—
	1,674,945	3,880,000	3,363,000	1,418,000
Total borrowings	6,512,945	12,060,178	11,614,737	12,483,647

Notes:

(1) Other borrowings from ultimate holding company represented entrusted loans from BEIH. The loans are unsecured and include (i) RMB150,000,000 carried variable interest rates by reference to the interest rate promulgated by the PBOC and was repaid in 2010; (ii) RMB950,000,000 carried variable interest rate by reference to the interest rate promulgated by the PBOC and repayable on December 27, 2012; (iii) RMB150,000,000 carried fixed interest rate of 5.14% and repayable on December 27, 2012; and (iv) RMB700,000,000 carried variable interest rate by reference to the interest rate promulgated by the PBOC and repayable on December 27, 2014. An early repayment of RMB135,000,000 was also made in 2010. The Group wholly repaid the borrowings from BEIH as at April 30, 2011. The interest expenses attributed to above entrusted loan were RMB nil, RMB534,000, RMB102,879,000, and RMB20,604,000 for the years ended by December 31, 2008, 2009, 2010, and four months ended April 30, 2011 respectively.

(2) Other borrowings from a related non-bank financial institution represented loans from BEIH Finance. The loans are unsecured, and carried interest at beneficial rates higher than 90% of the prevailing interest rates promulgated by PBOC and variable by reference to the interest rates promulgated by PBOC. The loans were repayable no more than three years. The interest expenses attributed to above loans from BEIH Finance were RMB56,529,000, RMB83,285,000, RMB93,037,000, and RMB20,602,000 for the years ended by December 31, 2008, 2009, 2010, and four months ended April 30, 2011 respectively.

(3) Other borrowings from other non-related entity represented the loan from Anhui Guoyuan Trust Co., Ltd (安徽國元信託有限公司), an independent third party. It was unsecured, carried interest at rate of 5.58% per annum and was repaid in January 2010.

(4) Other borrowings from local government represented a loan from the finance bureau of the Beijing government under a financial program between the PRC government and the World Bank in order to promote energy efficiency. Under that loan arrangement in 1998, the Finance Bureau of Beijing Government provided a loan of US$21,000,000 to Beijing Yuanshen Energy-saving Technology Co., Ltd. (北京源深節能技術有限責任公司), or Beijing Yuanshen. The loan was secured by restricted bank deposits for a designated fund as mentioned in Note 30 of the Accountants' Report in Appendix I, and carried interest rate by reference to the London Interbank offered Rate ("LIBOR") and was repayable on May 15, 2018. As set out in Note 2(c) of the Accountants' Report in Appendix I, Beijing Yuanshen was transferred to BEIH on December 31, 2009 and accordingly we derecognized the corresponding financial liability.

Our borrowings have generally increased during the Track Record Period, with the funds mainly being used to fund the capital expenditures associates with the expansion of our business. As a result, our gearing ratio (which is calculated by dividing (i) the net debt[2] by (ii) net debt plus total equity (including non-controlling interests)) increased from 59.8% in as at December 31, 2008 to 67.2% as at December 31, 2009. Our gearing ratio decreased to 61.6% as at December 31, 2010, primarily due to the capital injection by strategic investors of RMB1,243.7 million and decreased borrowings. From December 31, 2008 to December 31, 2009, our gearing ratio increased primarily due to the increase in borrowings outpacing the increase in equity.

Our Directors confirm that there has not been a material change in our indebtedness position since April 30, 2011.

2 Net debt is calculated as the sum of the bank and other borrowings and amounts due to related parties then subtracting cash and cash equivalents.

CAPITAL EXPENDITURES AND COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure

Our capital expenditures mainly relate to the additions of property, plant and equipment and intangible assets arising from the concession projects and amounted to RMB3,891.2 million, RMB6,608.9 million and RMB1,575.3 million in 2008, 2009 and 2010, respectively. Historically, our capital expenditures were primarily used for the construction of wind power projects, gas-fired power plants and purchase of related property, plant and equipment. We expect our capital expenditures in 2011 to consist principally of similar types of items.

We financed our capital expenditures mainly through a combination of bank borrowings, borrowings from BEIH and BEIH Finance, cash from operations and capital contributions from BEIH. In the future, we expect to finance our projects with the proceeds of the Global Offering and bank borrowings, supplemented by equity financings and other financing resources.

Capital Commitments and Operating Leasing Commitments

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

	As at December 31,		
	2008	2009	2010
		(RMB'000)	
Capital commitments			
Contracted but not provided for:			
Acquisition or construction of non-current assets	4,450,261	739,191	2,060,295
Operating lease commitments			
Within 1 year	18,006	18,006	600
After 1 year but within 5 years	18,606	2,400	2,580
After 5 years	11,523	9,723	8,943
	48,135	30,129	12,123

Our capital commitments were made in connection with the acquisition or construction of property, plant and equipment, which mainly relate to the expansion of wind power and gas-fired power and heat energy generation segment. Operating lease commitments represent our rentals payable for certain operating and office premises. Leases are negotiated for an average term of one to two years and the rental payments are fixed at the date of the signing of the lease agreements.

OFF BALANCE SHEET ARRANGEMENTS

Contingent Liabilities

As at December 31, 2008, 2009 and 2010, we had contingent liabilities of RMB40.0 million, RMB240.0 million and RMB589.4 million, respectively, which were guarantees associated with banking facilities provided to associates and jointly controlled entities for its business operations. For details, see note 41 to the Accountants' Report in Appendix I.

Except to disclosed above, we had no off-balance sheet arrangements as at December 31, 2010. Our Directors confirm that there was no material change in our commitments and contingent liabilities since December 31, 2010.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to interest rate, foreign currency exchange rate, and other price risks in the normal course of our business. Our exposure to these risks, and the financial risk management policies and practices we use to manage these risks, are described below.

Interest rate risk management

We are exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on restricted bank deposits, loans to associates and jointly controlled entities, cash and cash equivalent, and bank and other borrowings carried at prevailing market interest based on the interest rates quoted by the PBOC or LIBOR plus a premium or less a discount.

Our fair value interest rate risk mainly included bank borrowings and held-to-maturity financial assets carried at a fixed interest rate.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of each reporting period. For those financial instruments bearing prevailing interest rate, the analysis is prepared assuming the amount of balances outstanding at the end of each reporting period was outstanding for the whole year or period.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, our profit for the years ended December 31, 2008, 2009 and 2010 would have decreased (increased) by RMB6,336,000, RMB13,384,000 and RMB22,201,000, respectively.

Foreign currency risk management

Currency risk

As at December 31, 2010, we have certain assets denominated in foreign currencies, including bank deposits of RMB8.2 million (in Euros). We have not entered into any forward contract to hedge against these foreign currencies risk exposure. However, we will consider to hedge these balances should the need arise.

Currency sensitivity

Over the Track Record Period, we were exposed to exchange rate fluctuation on US$ and EUR. The following table details our sensitivity to a 5% strengthening of RMB against US$ and EUR. 5% represents management's assessment of the possible change in US$ and EUR. For a 5% weakening of RMB against US$, there would be an equal and opposite impact on the profit:

	Years ended December 31,		
	2008	2009	2010
		(RMB'000)	
Increase (decrease) in profit (US$)	5,447	5,031	—
Increase (decrease) in profit (EUR)	28	451	627

Credit risk management

Our credit risk is primarily attributable to our trade and bill receivables, other receivables, amounts due from related parties, held-to-maturity financial assets, restricted bank deposits, bank balances and cash, deposits in a non-bank financial institution and financial guarantee contracts. At the end of each reporting period, our maximum exposure to credit risk, which will cause a financial loss due to failure to discharge an obligation by the counterparties, is the carrying amount of the respective recognized financial assets stated in our statements of financial position.

In order to minimize credit risk, we have a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, we consider that our credit risk is significantly reduced.

Credit risk on trade receivables is concentrated on a limited number of power grids. However, our management, having considered the strong financial background and good creditability of the power grids believes there is no significant credit risk. As at December 31, 2008, 2009 and 2010, 59%, 42% and 47% of our total trade receivables were due from our largest customer, respectively and 93%, 95% and 97% of our total trade receivables were due from the five largest customers, respectively.

The credit risk on the financial guarantee contract is limited due to the strong financial capacity of the counterparty.

Liquidity risk

We have net current liabilities as at December 31, 2008 and 2009 and June 30, 2010, which expose us to liquidity risk. In order to mitigate the liquidity risk, we regularly monitor the operating cash flow to help ensure sufficient liquidity requirements in the short and long term.

We manage liquidity risk by maintaining a level of cash and cash equivalents sufficient to finance our operations and mitigate the effects of fluctuations in cash flows. We monitor the utilization of bank borrowings from time to time. We monitor the utilization of bank borrowings and ensure compliance with loan covenants. As of April 30, 2011, being the latest practicable date such information is available to us, we had available unutilized banking facilities of RMB8,638 million. Please see note 45 “Financial Instruments—Liquidity Risk” in the Accountants’ Report in Appendix I for further details on our liquidity risks.

Effects of Inflation

Inflation in the PRC has not materially impact of our results of operations in recent years. According to the National Bureau of Statistics of China (國家統計局), the consumer price index in the PRC increased by 5.9% in 2008, decreased by 0.7% in 2009 and increased by 3.3% in 2010. Although there can be no assurance as to the impact in future periods, inflation has not had a significant effect on our business during the Track Record Period.

DIVIDEND POLICY

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

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

SPECIAL DISTRIBUTION

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

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

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

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

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

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

DISTRIBUTABLE RESERVES

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

PROPERTY INTEREST AND PROPERTY VALUATION

Particulars of our property interests are set out in Appendix IV. Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as at March 31, 2011. A summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV.

The table below sets forth the reconciliation of aggregate amounts of buildings and structures from our audited consolidated financial statements as at December 31, 2010 to the unaudited net book value of our property interests as at March 31, 2011:

	(RMB in millions)
Net book value of our property interests as at December 31, 2010[1]	1,520.3
Addition	10.5
Depreciation	(15.8)
Disposal	—
Net book value as at March 31, 2011	1,515.0
Valuation surplus as at March 31, 2011	483.1
Valuation as at March 31, 2011 per "Appendix IV—Property Valuation"[2]	1,998.1

Notes:

(1) For the purpose of this reconciliation, buildings (classified in property, plant and equipment as well as in concession rights) and prepaid lease payments are included.

(2) This balance included the aggregate capital value of property interests as at March 31, 2011 of RMB1,433.8 million as stated on page IV-10 of Appendix IV to this prospectus and the aggregate value of RMB564.3 million for reference purpose as set out in the notes of valuation certificates of Appendix IV to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

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

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

	Adjusted consolidated net tangible assets attributable to equity holders of the Company as at December 31, 2010(1)	Add: Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company(6)(7)	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)(4)(5)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$
Based on an offer price of HK$1.63 per Share	2,877.9	2,750.6	5,628.5	0.79	0.95
Based on an offer price of HK$2.08 per Share	2,877.9	3,526.4	6,404.3	0.90	1.08

Notes:

(1) We have calculated the adjusted consolidated net tangible assets attributable to owners of the Company as of December 31, 2010 based on the audited consolidated net assets attributable to the equity owners of the Company of RMB6,684.2 million after deducting our intangible asset of RMB3,806.3 million. Our intangible asset mainly consisted of concession rights for wind power service concession projects, amounting to RMB3,668.7 million as of December 31, 2010.

(2) The estimated net proceeds from the Global Offering are based on indicative Offer Prices of HK$1.63 and HK$2.08 per H Share, respectively, after deducting underwriting fees and other related expenses payable by the Company. Estimated net offering proceeds do not take into account any H Shares that we may issue upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted at the PBOC Rate from Hong Kong dollars into Renminbi at an exchange rate of RMB0.83373 to HK$1.00 prevailing on June 3, 2011.

(3) We calculated the unaudited pro forma adjusted consolidated net tangible assets per Share after the adjustments referred to in the preceding paragraphs and on the basis that 7,142,840,000 Shares are in issue assuming that the Global Offering had been completed on December 31, 2010. The unaudited pro forma adjusted consolidated net tangible assets do not take into account any H Shares that we may issue upon the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the adjusted net tangible assets per Share will decrease.

(4) Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as of March 31, 2011, of which the property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus or deficit of properties included in building held for own use, assets under construction and land use rights will not be incorporated in our Company's financial statements for the year ending December 31, 2011. If such revaluation surplus is incorporated in our Company's financial statements for the year ending December 31, 2011, the annual depreciation charges would increase by approximately RMB14 million.

(5) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.83373 to HK$1.00, the PBOC Rate prevailing on June 3, 2011. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

(6) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company do not take into account the Special Dividends, details of which are disclosed in the section headed "Financial Information—Special distribution" in this prospectus. If the Special Distribution of RMB500 million have been included in the above calculation, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company would have been decreased.

(7) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company to reflect any trading results or other transactions of the Group that were entered into subsequent to December 31, 2010.

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

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

Notes:

(1) We describe the bases on which we prepared the above profit forecast in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 is based on the above forecasted consolidated profit attributable to our equity holders for the year ending December 31, 2011, assuming that a total of 7,142,840,000 Shares were in issue during the year ending December 31, 2011, without taking into account any H Shares issued upon exercise of the Over-allotment Option.

(3) The forecasted consolidated profit attributable to equity holders of our Company and unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 are converted at the PBOC Rate from Renminbi into Hong Kong dollars at an exchange rate of RMB0.83373 to HK$1.00 prevailing on June 3, 2011.

Profit Forecast Sensitivity Analysis

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

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

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

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

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

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as disclosed in this prospectus, we confirm that, as at the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

DIRECTORS' CONFIRMATION OF NO MATERIAL ADVERSE CHANGE

As at the date of this prospectus, the Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of the Company since December 31, 2010, the date of the latest audited financial statements of the Company.

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