華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 00816

Global Offering

Joint Global Coordinators and Joint Sponsors

中信証券國際 CITIC Securities International UBS BofA Merrill Lynch

Joint Bookrunners and Joint Lead Managers

中信証券國際 CITIC Securities International UBS BofA Merrill Lynch CLSA ASIA-PACIFIC MARKETS

Joint Lead Managers

BOC INTERNATIONAL 建银国际 CCB International 農銀國際 ABC INTERNATIONAL Daiwa Capital Markets

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Global Offering

Number of Offer Shares under the Global Offering	:	**1,500,000,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**150,000,000 H Shares (subject to adjustment)**
Number of International Offer Shares	:	**1,350,000,000 H Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$1.76 per H Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing), plus brokerage of 1%, a SFC transaction levy of 0.003% and a Hong Kong Stock Exchange trading fee of 0.005%**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**00816**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix X to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The SFC and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date or such later date as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters) but in any event no later than June 26, 2012. The Offer Price will be not more than HK$1.76 per Offer Share and is expected to be not less than HK$1.60 per Offer Share. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$1.76 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price should be lower than HK$1.76. The Joint Global Coordinators (on behalf of the Underwriters) with our Company's consent may reduce the number of Hong Kong Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.hdfx.com.cn. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before June 26, 2012, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Shares. Such differences and risk factors are set out in the section headed "Risk Factors" and in "Appendix VII – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VIII – Summary of the Articles of Association" in this prospectus. Prior to making an investment decision, potential investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

Pursuant to the Underwriting Agreements, the Joint Global Coordinators (on behalf of the Underwriters) have the right in certain circumstances to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of such circumstances are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold, pledged or transferred within the United States except that Offer Shares may be offered, sold or delivered in the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act of 1933, as amended, and outside the United States in offshore transactions in reliance on Regulation S.

June 14, 2012

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on June 19, 2012
Application lists open[3]	11:45 a.m. on June 19, 2012
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on June 19, 2012
Latest time to give **electronic application instructions** to HKSCC[3 and 4]	12:00 noon on June 19, 2012
Latest time to complete payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on June 19, 2012
Application lists close	12:00 noon on June 19, 2012
Expected Price Determination Date[5]	June 20, 2012

(1) Announcement of:

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer Shares

will be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – Publication of Results" in this prospectus from	June 27, 2012

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – Publication of Results" in this prospectus from	June 27, 2012

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.hdfx.com.cn**[7] from . . . . June 27, 2012

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function . . . . June 27, 2012

H Share certificates in respect of wholly or partially successful applications will be dispatched or deposited into CCASS on or before[8 and 9] . . . . June 27, 2012

Refund checks (if applicable) will be dispatched on or before[9 and 10] . . . . June 27, 2012

White Form e-Refund Payment Instructions will be dispatched on or before[10] . . . . June 27, 2012

Dealings in H Shares on the Stock Exchange to commence on . . . . June 28, 2012

Notes:

(1) All dates and times refer to Hong Kong local time and dates unless otherwise stated.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on June 19, 2012, the application lists will not open and close on that day. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares – Effect of Bad Weather on the Opening of the Application Lists" in this prospectus. If the application lists do not open and close on June 19, 2012, the dates mentioned above may be affected. Our Company will make a press announcement in such event.

(3) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(4) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications when the application lists will close.

(5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about June 20, 2012, and in any event no later than June 26, 2012. If, for any reason, the Offer Price is not agreed on or before June 26, 2012, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board – Results of Allotment" page on the Stock Exchange's website at **www.hkexnews.hk**.

(7) Neither our Company's website nor any of the information contained on our Company's website forms part of this prospectus.

(8) Our Company will not issue any temporary documents of title in respect of the Offer Shares. H Share certificates will only become valid certificates of title at 8:00 a.m. on June 28, 2012, provided that (i) the Global Offering has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with their respective terms. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as possible thereafter.

(9) Applicants who apply on **WHITE** Application Forms or through **White Form eIPO** service for 1,000,000 H Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect any refund checks (where applicable) and H Share certificates in person may do so from our Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on June 27, 2012. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 H Shares or more under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund checks in person may collect their refund checks (if any) but may not elect to collect their H Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund checks for applicants who apply on **YELLOW** Application Forms is the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

Applicants who apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and whose applications are wholly or partially successful, may collect their H Share certificates in person from Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on June 27, 2012. For applicants who apply for less than 1,000,000 Hong Kong Offer Shares, H Share certificates will be sent to the address specified in their application instructions to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on June 27, 2012 by ordinary post and at their own risk.

Applicants being individuals who opt for personal collection must not authorize any person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by their authorized representatives with letters of authorization of their corporations stamped with the corporation's chops (bearing the name of the corporations). Both individuals and authorized representatives of corporations (as applicable) must produce, at the time of collection, evidence of identity and authority (as applicable) acceptable to our Company's H Share Registrar.

Uncollected H Share certificates and refund checks will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares – Despatch/Collection of H Share Certificates and Refund Monies" in this prospectus.

(10) e-Refund payment instructions or refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application. Applicants who paid the application monies from a single bank account may have e-Refund payment instructions, if any, dispatched to the application payment account on June 27, 2012. Applicants who used multi-bank accounts to pay the application monies may have refund checks (if any) dispatched to them on June 27, 2012. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund checks, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before cashing of your refund checks. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund checks.

For details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, and the procedures for application for the Hong Kong Offer Shares, you should read the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

This prospectus is issued by Huadian Fuxin Energy Corporation Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisers, or any other person or party involved in the Global Offering. Information contained in our website, located at www.hdfx.com.cn, does not form part of this prospectus.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto before you decide to invest in our Offer Shares.

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

OVERVIEW

We are a leading diversified clean energy company in China, primarily engaging in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China. We also hold minority interests in a large-scale distributed energy project in Guangdong province and a nuclear power plant in Fujian province, which is under construction. According to Frost & Sullivan, as of December 31, 2011, we were the largest hydropower company in Fujian province and in East China (including Fujian province) in terms of consolidated installed hydropower capacity and the fifth largest wind power company in China in terms of consolidated installed wind power capacity.

As a result of our strategy to expand our portfolio of clean energy projects, the segment assets and consolidated installed capacity of our hydropower, wind power and other clean energy businesses accounted for approximately 76.4% and 68.6% of our total segment assets and consolidated installed capacity as of December 31, 2011, respectively, while the aggregate adjusted segment operating profit of these business segments accounted for 63.1% of our total adjusted segment operating profit in 2011. Although the segment revenue of our coal-fired power business represented a majority of our total revenue each year during the Track Record Period, our coal-fired power business only accounted for approximately 23.6% and 31.4% of our total segment assets and consolidated installed capacity as of December 31, 2011, respectively, and accounted for 36.9% of our total adjusted segment operating profit in 2011.

Our diversified portfolio of power generating assets has not only enabled us to broaden our growth prospects and benefit from various favorable government policies that encourage the development of different types of clean energy projects, but has also created synergies among different power generating assets and allowed us to diversify project-specific risks while maximizing profit. Our hydropower and coal-fired power businesses have generated significant revenue and cash flow to support our development of diversified power generating projects. On the other hand, our wind power and other clean energy businesses have benefited, and we expect will continue to benefit, from the regulatory support of the PRC government. We believe we are well positioned to expand our power generating assets with a primary focus on hydropower and wind power businesses.

We classify our business into four principal segments: hydropower, wind power, coal-fired power and other clean energy business.

Hydropower Business

As of December 31, 2011, we owned 36 hydropower projects in operation with a consolidated installed capacity of 2,223.4 MW, representing 34.1% of our total consolidated installed capacity. Meanwhile, we also had one hydropower expansion project under construction with a capacity under construction of 80.0 MW and a proposed expansion project under development with a prospective capacity of 110.0 MW.

As of December 31, 2011, we also owned seven large reservoirs that can store water for varying periods, from a dry season to a year or even longer. Of our 36 hydropower projects, 31 are cascade hydropower projects that are strategically located along the same rivers as our large reservoirs, representing 94.5% of our consolidated hydropower installed capacity as of December 31, 2011. The combination of large reservoirs and cascade hydropower projects could increase our ability to regulate water flow and enable us to maximize hydropower generation.

During the Track Record Period, we managed to grow our attributable installed hydropower capacity by 343.7 MW through nine acquisitions of mid- to small-sized hydropower projects and six equity interest increments in our existing hydropower subsidiaries or associates. Leveraging our over 50 years of operating history and leading position in the hydropower sector in East China, we plan to further expand our hydropower business through acquisitions and internal expansions.

We are involved in disputes with the relevant local government authority regarding the amount of resettlement compensation that our Mianhuatan Hydropower Project is required to pay. For more details, please refer to "Risk Factors – Risks Relating to Our Hydropower Business – The resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects" beginning on page 36 of this prospectus and "Business – Our Hydropower Business – Recent disputes involving the Mianhuatan Hydropower Project" beginning on page 184 of this prospectus.

Wind Power Business

As of December 31, 2011, we owned 36 wind power projects in operation with a consolidated installed capacity of 2,171.3 MW, representing 33.3% of our total consolidated installed capacity. Meanwhile, we also had 16 wind power projects under construction totaling 941.0 MW.

We also have a strong project pipeline for future development which we believe will provide us with a solid foundation for future growth. As of December 31, 2011, through entering into development agreements with local governments, we have secured rights to develop wind power projects in 21 provinces in China with approximately 40,000 MW of prospective capacity, including 667.5 MW of advanced pipeline projects, for which we have obtained construction approval, but construction has not yet begun; 1,367.0 MW of intermediate pipeline projects for which we have obtained preliminary government approval, but have not yet received construction approval; and approximately 38,000 MW of early pipeline projects for which we have entered into development agreements with local governments and started wind resource assessment. By leveraging our abundant wind resource reserves, we expect to increase our total installed wind power capacity to approximately 3,200 MW by the end of 2012.

As of December 31, 2011, all of our operating wind power projects were connected to local power grids. However, from time to time, we have to temporarily suspend some of our wind power projects located in certain areas in China, particularly Inner Mongolia and Gansu province, to accommodate the insufficient transmission capacity of the local power grids. Based on our management's estimate, our gross wind power generation would have increased by approximately 6.9%, 5.8% and 6.7% in 2009, 2010 and 2011, respectively, without the adverse effect of the transmission limitations on the local power grids. Depending on the progress of construction and upgrades to the grid infrastructure in Inner Mongolia and Gansu province, we expect that some of our wind power projects in certain areas may continue to experience transmission limitations in the near future. Please see "Risk Factors – Risks Relating to Our Wind Power Business – We rely on local grid companies for grid connection and electricity transmission" on page 39 of this prospectus.

Coal-fired Power Business

As part of our operating history, we also own and manage four coal-fired power plants in Fujian province. Historically, our coal-fired power plants in Fujian province have created synergies with our hydropower projects in the same region. For example, our Kemen Power Plant could generally increase power generation when local hydrological conditions become less favorable. Our coal-fired power business has also provided a significant source of revenue and cash flow to support our clean energy development.

As of December 31, 2011, our four coal-fired power plants in operation had a consolidated installed capacity of 2,050.0 MW, representing 31.4% of our total consolidated installed capacity. Our Kemen, Yong'an and Zhangping Power Plants are equipped with clean coal technologies, which are designed to reduce air pollution and increase coal utilization efficiency. Meanwhile, we also have two coal-fired generating units under construction, totaling 600.0 MW. After the completion of the two remaining generating units, which we expect to occur in late 2012, we do not intend to develop and construct additional coal-fired generating units in the near future.

In 2008, we decommissioned all of the obsolete generating units of our Yong'an and Zhangping Power Plants to reduce emissions and enhance operational efficiency. As a result, we received a one-time government grant of RMB135.0 million in 2010 as compensation, which we used principally to compensate our dismissed power plant workers.

Other Clean Energy Business

We develop or hold interests in other types of clean energy projects, including distributed energy, nuclear power, solar power and biomass energy projects. We believe that the operation of these other clean energy projects will generate a more diverse source of revenue and bring new growth prospects to our business. As of December 31, 2011, we:

- held a 43.0% equity interest in the 156.0 MW Guangzhou University Town Distributed Energy Project, which was developed by us. As of December 31, 2011, we have entered into development agreements with local governments to develop distributed energy projects in 15 provinces in China with approximately 6,500 MW of prospective capacity;

- held a 39.0% equity interest in the Fuqing Nuclear Power Plant located in Fujian province, with four 1,000.0 MW nuclear generating units under construction. We expect that the Fuqing Nuclear Power Plant will commission one generating unit each year from 2013 to 2016;

- owned eight operating solar power projects, totaling 79.4 MW; and

- owned two biomass energy projects under construction, totaling 25.3 MW, which we expect to commence operations in the second half of 2012.

We will also closely follow industry developments, market trends and regulatory policies involving nuclear, solar and biomass energy projects and selectively pursue opportunities to expand our other clean energy business.

Carbon Credit Transactions

In addition to selling electricity, we derive income from the sale of CERs to improve the economic viability of our clean energy projects. For the years ended December 31, 2009, 2010 and 2011, our net income from CDM projects was RMB30.6 million, RMB75.2 million and RMB153.4 million, respectively, representing 2.1%, 4.0% and 8.0%, respectively, of our operating profit during the same years.

Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol. We believe that the United Nations Climate Change Conference held in Durban in December 2011, which agreed to extend the Kyoto Protocol by five years, from 2013 to 2017, could result in additional growth potential for our clean energy projects beyond the first commitment period of the Kyoto Protocol which will end by the end of 2012. In addition, the process to register a clean energy project with the CDM EB is relatively complicated and uncertain. In February 2010, CDM EB rejected the applications for two wind power projects owned by Heilongjiang Huafu Power Investment Company Limited, a subsidiary which we acquired in December 2010, on the grounds of lacking “additionality” due to their perceived high level of on-grid tariff. As of the Latest Practicable Date, we have submitted the revised applications for these two wind power projects to the CDM EB. Please see "Risk Factors – Risks Relating to the Clean Energy Industry – Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB" on page 35 of this prospectus.

CONTROLLING SHAREHOLDER

Immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised, Huadian, our Controlling Shareholder, will hold 5,019,300,000 Shares, representing approximately 66.9% of the enlarged issued share capital of our Company. Huadian, through its listed and unlisted subsidiaries, has retained certain of its power generation business, which competes or is likely to compete with our business. Huadian will continue to operate its competing business after the Global Offering. As of December 31, 2011, Huadian's competing business primarily includes:

- two wind power projects under construction, totaling 99.0 MW of capacity under construction, which are owned by Huadian's unlisted subsidiaries;

- one coal-fired power plant in operation, totaling 1,200.0 MW, which is owned by one of Huadian's unlisted subsidiaries in Fujian province;

- equity interests in four listed companies, which are engaged in, among others, coal-fired power, hydropower and wind power generation; and

- various other clean energy power projects.

Our Directors hold the opinion that the competition between Huadian Group and us is limited. Please refer to "Relationship with Huadian Group – Delineation of Business and Competition" beginning on page 221 of this prospectus.

LIQUIDITY AND CAPITAL REQUIREMENTS

The clean energy industry is capital intensive and we are subject to risks associated with our ongoing need for significant capital expenditures to expand our business and financing for such expenditures. Due to the rapid expansion of our project portfolio during the Track Record Period, we have primarily relied on bank borrowings to fund a substantial portion of our capital requirements, and expect to continue to do so in the near future. Our interest-bearing borrowings increased from RMB21,426.3 million as of December 31, 2009 to RMB28,703.9 million as of December 31, 2010 and further increased to RMB30,242.4 million as of December 31, 2011. As a result, our gearing ratio (calculated as net debt divided by total equity; net debt includes interest-bearing borrowings less cash and cash equivalents) was 358.6%, 307.1% and 315.6%, respectively, as of December 31, 2009, 2010 and 2011. During the same periods, our return on assets (calculated as net profit divided by average total assets) was 1.6%, 2.0% and 1.3%, respectively. In addition, as of December 31, 2009, 2010 and 2011, our net current liabilities were RMB8,367.4 million, RMB9,295.3 million and RMB12,276.8 million, respectively. We may continue to have net current liabilities in the near future.

To fund our business expansion, we expect to incur approximately RMB10.3 billion and RMB10.0 billion of capital expenditures in 2012 and 2013, respectively, and make approximately RMB800.0 million of financial investments to fund the construction of the Fuqing Nuclear Power Plant each year from 2012 to 2014. As of April 30, 2012, we had committed unutilized banking facilities of approximately RMB14.8 billion (without any guarantee or security provided by our Controlling Shareholder) and none of our existing indebtedness includes any financial covenant that could potentially limit our ability to incur new indebtedness. We have not experienced, and do not expect to experience, any material difficulties in obtaining new financing from banks or renewing our existing borrowings, despite the tightening monetary policy in China, the euro zone sovereign debt crisis, and global economic uncertainties.

COMPETITIVE STRENGTHS

We believe that our leading market position and strong performance are largely attributable to the following principal competitive strengths:

- The largest hydropower company in East China and the largest power generation company in Fujian province;
- Fast growth in the wind power business;
- A pioneer in the PRC distributed energy business;
- A diversified portfolio of power generating assets; and
- Experienced and professional senior management team supported by highly skilled employees.

OUR STRATEGY

We plan to further expand the scale of our portfolio of power generating assets with a primary focus on the wind power and hydropower businesses. We aim to strengthen our position as a leading diversified clean energy company in China with global prominence. Key elements of our strategy are:

- Capture market opportunities to expand our wind power business;
- Explore acquisition opportunities to expand our hydropower business;
- Capitalize on our first-mover advantage in the distributed energy business;
- Continue to invest in the nuclear power business; and
- Continue to control costs and improve profitability.

KEY OPERATING AND FINANCIAL INFORMATION

The following table sets forth our key historical operating information:

	As of or for the year ended December 31,		
	2009	2010	2011
Consolidated installed capacity[1] (MW)			
Hydropower	2,146.1	2,199.4	2,223.4
Wind power	471.0	1,333.8	2,171.3
Coal-fired power	2,650.0	2,650.0	2,050.0[2]
Other clean energy	157.4	167.4	79.4[3]
Total	**5,424.5**	**6,350.6**	**6,524.1**
Attributable installed capacity[4] (MW)			
Hydropower	1,468.5	1,612.8	1,627.2
Wind power	471.0	1,227.8	1,955.3
Coal-fired power	2,690.4	2,690.4	2,090.4
Other clean energy	476.5	485.5	527.2
Total	**5,106.4**	**6,016.5**	**6,200.1**
Average installed capacity[5] (MW)			
Hydropower	2,096.8	2,180.0	2,219.4
Wind power	287.5	596.9	1,498.2
Coal-fired power	2,650.0	2,650.0	1,600.0
Gross generation[6] (MWh)			
Hydropower	4,988,735.2	8,752,561.7	5,733,170.5
Wind power	783,768.3	1,332,182.6	3,104,354.5
Coal-fired power[7]	12,223,212.1	10,964,419.5	8,042,908.3
Other clean energy	168,119.5	692,960.1	446,512.8
Total	**18,163,835.1**	**21,742,123.9**	**17,326,946.1**
Net generation[8] (MWh)			
Hydropower	4,903,329.7	8,622,963.3	5,647,097.5
Wind power[9]	558,300.0	1,204,624.9	2,514,431.0
Coal-fired power[10]	15,902,516.3	14,045,451.6	11,119,728.9
− Self-generation	11,481,728.7	10,326,702.6	7,586,978.9
– Substituted generation	4,420,787.6	3,718,749.0	3,532,750.0
Other clean energy	165,381.8	680,827.0	438,417.9
Total	**21,529,527.8**	**24,553,866.8**	**19,719,675.3**
Average utilization hours[11]			
Hydropower	2,379.3	4,015.0	2,583.2
Wind power	2,726.2	2,232.0	2,072.0
Coal-fired power[12]	4,942.5	4,466.5	6,045.2

(1) Consolidated installed capacity refers to the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects.

(2) In January 2011, we divested Kemen II of two coal-fired generating units totaling 1,200.0 MW of installed capacity, and, therefore, the total installed and attributable installed capacity of our coal-fired power business decreased.

(3) We disposed of 12.0% of our equity interest in the Guangzhou University Town Distributed Energy Project to our Controlling Shareholder in August 2011, upon which we ceased to own a controlling interest in this project.

(4) Attributable installed capacity refers to the amount of installed capacity calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity.

(5) Average installed capacity refers to the aggregate amount of consolidated installed capacity for more than half a month in each month in a specified period divided by the number of months in such period.

(6) Gross generation refers to the total amount of electricity produced by a power generating project during a specified period.

(7) Gross generation of our coal-fired power business refers to the self-generation of our coal-fired power plants, which did not include the substituted generation purchased by our coal-fired plants under the substituted generation arrangements. Please see "Business – Pricing and Sales – Coal-fired Power Business" beginning on page 206 in this prospectus for a discussion about the difference between self-generation and substituted generation.

(8) For our hydropower, wind power and other clean energy projects, net generation refers to the amount of electricity sold to local grid companies and equals gross generation less electricity consumed by a power generating project in the course of power generation and transmission.

(9) The difference between our gross wind power generation and net wind power generation also includes the electricity generated during the construction and testing of a wind power project and such difference, as measured by magnitude, is comparable to that of other wind power producers in China.

(10) A coal-fired power plant's net generation also includes the substituted generation it purchased from other coal-fired power plants under the substituted generation arrangements.

(11) Average utilization hours primarily reflect the total average generating hours of our power generating assets and are calculated by dividing the gross generation in a period by the average consolidated installed capacity in the same period.

(12) The average utilization hours of our coal-fired power business during the Track Record Period include only the average utilization hours of our Kemen Power Plant because (i) as a back-up power plant in Fujian province, our Shaowu Power Plant only generates electricity when the regional grid system is overburdened and this plant purchased most of its electricity for sale from other coal-fired power plants under the substituted generation arrangements during the Track Record Period; and (ii) our Yong'an and Zhangping Power Plants only commenced operations at the end of December 2011.

The following table sets forth the key measurements of our profitability for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
	(RMB in millions, except percentages)		
Segment Revenue			
– Hydropower	1,244.9	2,206.4	1,440.9
– Wind power	234.2	549.6	1,214.5
– Coal-fired power	5,759.5	4,990.8	4,119.0
– Other clean energy	110.6	457.5	322.1
Total reportable segment revenue	**7,349.2**	**8,204.3**	**7,096.5**
Service concession construction revenue	–	193.3	43.9
Unallocated	–	–	7.1
Revenue	**7,349.2**	**8,397.6**	**7,147.5**
Adjusted revenue(1)(*)	**7,349.2**	**8,204.3**	**7,103.6**
Operating profit	**1,491.3**	**1,899.0**	**1,916.7**
Adjusted operating profit(2)(*)	**1,445.5**	**1,662.7**	**1,610.8**
Adjusted operating margin(3)(*)	**19.7%**	**20.3%**	**22.7%**
Adjusted segment operating profit(4)(*)			
– Hydropower	384.7	1,143.4	440.7
– Wind power	98.6	278.4	582.6
– Coal-fired power	1,017.8	244.8	632.5
– Other clean energy	13.4	81.8	58.8
Total(5)	**1,514.5**	**1,748.4**	**1,714.6**
Adjusted segment operating margin (%)(6)(*)			
– Hydropower	30.9%	51.8%	30.6%
– Wind power	42.1%	50.7%	48.0%
– Coal-fired power	17.7%	4.9%	15.4%
– Other clean energy	12.1%	17.9%	18.3%

(1) Adjusted revenue = Revenue – Service concession construction revenue.

(2) Adjusted operating profit = Operating profit – Service concession construction revenue + Service concession construction cost – Other net income. As we subcontracted all of the construction work for such concession project to third-party contractors, we also recognized costs relating to the construction work in the same amount as our service concession construction revenue. As a result, recognition of the service concession construction revenue and service concession construction costs has no net effect on our operating profit or adjusted operating profit.

(3) Adjusted operating margin = Adjusted operating profit/Adjusted revenue.

(4) Adjusted segment operating profit = Segment operating profit – other net income attributable to this business segment.

(5) The difference between the total adjusted segment operating profit and adjusted operating profit is our unallocated headquarter and corporate operating profit.

(6) Adjusted segment operating margin = Adjusted segment operating profit/Segment revenue.

* Adjusted revenue, adjusted operating profit, adjusted segment operating profit, adjusted operating margin and adjusted segment operating margin are not standard measurements under IFRS, but we present them because we believe that, after excluding the effects of service concession construction revenue and other net income, such measurements provide a more useful indicator of our profitability and results of operations. Prospective investors should be aware that the adjusted measurements presented in this prospectus may not be comparable to similarly titled measures used by other companies.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,338.7 million (assuming an Offer Price of HK$1.68 per Offer Share, being the mid-point of the indicative Offer Price range), before any exercise of the Over-allotment Option and after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering. Assuming we receive the estimated net proceeds as described above, we intend to use the net proceeds for the following purposes:

- approximately 40.0%, or approximately HK$935.5 million, will be used for the development and construction of various types of clean energy projects, among which:

  (i) approximately 20.0% of the above, or approximately HK$187.1 million, will be used for the acquisition and development of hydropower projects;

  (ii) approximately 40.0% of the above, or approximately HK$374.2 million, will be used for the development and construction of wind power projects; and

  (iii) approximately 40.0% of the above, or approximately HK$374.2 million, will be used for equity investments in the Fuqing Nuclear Power Plant under construction in which we hold a 39.0% equity interest;

- approximately 30.0%, or approximately HK$701.6 million, will be used for the purchase of wind turbines, gas turbines and other key equipment;

- approximately 20.0%, or approximately HK$467.7 million will be used to repay five short-term borrowings from domestic banks and financial institutions, including, Agriculture Bank of China, China Construction Bank and Huaxia Bank, with the aggregate principal amount of approximately RMB500.0 million at an annual interest rate of 6.56% to 7.22%, all of which will mature before December 31, 2012; and

- approximately 10.0%, or approximately HK$233.9 million, will be used for working capital and other general corporate uses.

For further details, please see “Future Plans and Use of Proceeds − Use of Proceeds” beginning on page 353 of this prospectus.

OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option will not be exercised.

	Based on an Offer Price of HK$1.60	**Based on an Offer Price of HK$1.76**
Market capitalization of our Shares[(1)]	HK$12,000 million	HK$13,200 million
Unaudited pro forma adjusted net tangible asset value per Share[(2)]	HK$1.40	HK$1.43

(1) The calculation of market capitalization is based on 1,500,000,000 H Shares expected to be issued under the Global Offering, and assuming that 7,500,000,000 Shares are issued and outstanding following the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 7,500,000,000 Shares are in issue following the Global Offering.

PROFIT FORECAST FOR THE SIX-MONTH PERIOD ENDING JUNE 30, 2012

Forecast consolidated profit attributable to equity owners of the Company[(1)]. . . . . not less than RMB776.0 million (approximately HK$951.6 million)[(3)]

Unaudited pro forma forecast earnings per Share[(2)] . . . . .not less than RMB0.10 (approximately HK$0.13)[(3)]

(1) The bases and assumptions on which the above profit forecast has been prepared are summarized in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity owners of the Company for the six months ending June 30, 2012 based on the actual unaudited consolidated results for the four months ended April 30, 2012 and the forecast consolidated results for the remaining two months ending June 30, 2012.

(2) The calculation of the unaudited pro forma forecast earnings per share is based on the actual unaudited consolidated profit for the four months ended April 30, 2012 and the forecast consolidated results for the remaining two months ending June 30, 2012 attributable to equity owners of the Company, assuming that a total of 7,500,000,000 Shares had been in issue during the period. The calculation of the unaudited pro forma forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The translation of Renminbi into Hong Kong dollars was made at the rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

INTERIM REPORT

As the profit forecast appearing in this prospectus covers a period which ends at a half year-end of our Company on June 30, 2012, our interim report for the six months ended June 30, 2012 will be audited pursuant to Rule 11.18 of the Listing Rules if our H Shares are listed on the Hong Kong Stock Exchange.

DIVIDEND POLICY AND SPECIAL DISTRIBUTION

After the Global Offering, we may distribute dividends in the form of cash or by other means that we consider appropriate. We expect to distribute no less than 20.0% of our annual distributable earnings as dividends. There is, however, no assurance that we will be able to declare dividends of such an amount or any amount each year or in any year. For further details, please see "Financial Information − Dividend Policy" on page 348 of this prospectus.

We agreed to declare a special distribution to Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital in the amount of our distributable profit for the period from January 31, 2011 to August 19, 2011 (the "Special Distribution"). We estimate the Special Distribution to be approximately RMB261.0 million based on our unaudited distributable profit for the same period. The actual amount of the Special Distribution will be determined based on our audited consolidated financial statements after the Listing. We will make an announcement on the result of this special audit and the amount of Special Distribution before actual payment. We expect to pay such Special Distribution from cash generated from our operating activities.

Our Directors believe that we have sufficient working capital for the full payment of the Special Distribution and our other working capital requirements in the next 12 months from the date of this prospectus. The holders of our H Shares are not entitled to share the Special Distribution. Any distributable profit for distribution to our shareholders after the Global Offering will exclude the Special Distribution. You should not rely on the Special Distribution as an indication of our future dividends distribution policy or practice.

SUMMARY RISK FACTORS

Our business is subject to numerous risks described in the section entitled "Risk Factors" beginning on page 34 of this prospectus. As different investors may have different interpretations and standards for determining materiality of a risk, you are cautioned that you should read the whole section entitled "Risk Factors" of this prospectus carefully before making an investment in our H Shares. Some of the major risks we face include:

- Our clean energy business depends on support from PRC government's policies and regulations.

- Our hydropower business is dependent on hydrological conditions.

- The resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects.

- Our wind power business is highly dependent on wind conditions.

- We rely on local grid companies for grid connection and electricity transmission.

- An increase in coal prices and a disruption in coal supply or its transportation could materially adversely affect our coal-fired power business.

- We operate in a capital-intensive business, and a significant increase in capital expenditures could have a material adverse effect on our business, financial condition or results of operations.

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s) or, where the context so requires, any of them that is used in connection with the Hong Kong Public Offering
"Articles of Association" or "Articles"	the articles of association of the Company adopted on June 4, 2012, as amended from time to time, a summary of which is set out in Appendix VIII to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of directors of the Company
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"China" or "PRC"	the People's Republic of China, and for the sole purpose of this prospectus and by reference to region, excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong Special Administrative Region of the PRC
"ChinaCoal"	China National Coal Group Corp. (中國中煤能源集團有限公司), a state-owned enterprise in the PRC coal industry and an Independent Third Party
"Company" or "our Company"	Huadian Fuxin Energy Corporation Limited (華電福新能源股份有限公司), a joint stock limited company incorporated in the PRC on August 19, 2011 and converted from the predecessor Huadian Fuxin Energy Co., Ltd. (華電福新能源有限公司) (previously known as Huadian Fujian) through the Reorganization and, except where the context otherwise requires, its predecessor
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto in the Listing Rules and refers to Huadian
"CPECG"	China Power Engineering Consulting Group Technology Development Co., Ltd. (中國電力工程顧問集團科技開發有限公司), a company incorporated in the PRC and a Shareholder
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Datong Capital"	Fujian Datong Chuangye Capital Co., Ltd. (福建省大同創業投資有限公司), a company incorporated in the PRC and a Shareholder

"Director(s)"	the director(s) of our Company
"Dispatch Regulations"	the Regulations on the Administration of Power Grid Dispatching (電網調度管理條例) issued by the State Council of the PRC, effective on November 1, 1993
"Domestic Shares"	ordinary shares of our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"East China"	the regions comprising Fujian, Zhejiang, Jiangxi, Anhui, Jiangsu, Shandong and Shanghai
"Eight Wind Power Bases"	the eight geographic regions in China, as planned by the PRC government, where wind power projects are most concentrated, comprising Xinjiang, Gansu, West Inner Mongolia, East Inner Mongolia, Jilin, Hebei, Jiangsu and Shandong
"EIT"	the enterprise income tax of the PRC
"Electric Power Law"	Electric Power Law of the PRC (中華人民共和國電力法), adopted by the Standing Committee of the Eighth National People's Congress (第八屆全國人民代表大會常務委員會) on December 28, 1995, effective as of April 1, 1996, and amended on August 27, 2009
"Euros" or "EUR"	the lawful currency of the European Union
"Existing Business"	clean energy businesses, including hydropower in Fujian province; wind power, distributed energy, nuclear power, solar power and biomass energy throughout China; and coal-fired power in Fujian province
"Gamesa"	Gamesa Corporación Tecnológica (歌美颯集團), an Independent Third Party to our Company
"GDP"	gross domestic product (except as otherwise specified, all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
"Global Offering"	the Hong Kong Public Offering and the International Offering

"Goldwind"	Xinjiang Goldwind Science & Tech Co., Ltd. (新疆金風科技股份有限公司), a company incorporated in the PRC and an Independent Third Party
"Green Application Form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"H Shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering by the Company of initially 150,000,000 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus) for cash at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement, dated June 13, 2012, relating to the Hong Kong Public Offering and entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and the Company as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses" in this prospectus
"Huadian"	China Huadian Corporation (中國華電集團公司), a state-owned company incorporated in the PRC and the Controlling Shareholder of our Company
"Huadian Coal"	Huadian Coal Industry Group Co., Ltd. (華電煤業集團公司), a company incorporated in the PRC and a subsidiary of Huadian
"Huadian Energy"	Huadian Energy Co., Ltd. (華電能源股份有限公司), a company incorporated in the PRC, a former shareholder of our Company with 44.8% of its equity interest being held by Huadian
"Huadian Engineering"	China Huadian Engineering (Group) Co., Ltd. (中國華電工程(集團)有限公司), a company incorporated in the PRC, in which Huadian is interested in 100% of the equity interest and our Shareholder
"Huadian Finance"	China Huadian Finance Corporation Limited (中國華電集團財務有限公司), a subsidiary of Huadian
"Huadian Fujian"	Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), a company incorporated in the PRC and the predecessor of Huadian Fuxin Energy Co., Ltd.
"Huadian Group"	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
"Huadian Inner Mongolia"	Huadian Inner Mongolia Energy Co., Ltd. (華電內蒙古能源有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Huadian
"Huadian International"	Huadian Power International Co., Ltd. (華電國際電力股份有限公司), a company incorporated in the PRC, a former shareholder of our Company with 47.21% of its equity interest being held by Huadian

"Huadian New Energy"	Huadian New Energy Development Co. Ltd. (華電新能源發展有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of our Company
"Huadian Nujiang"	Huadian Nujiang River Hydropower Development Co., Ltd. (華電怒江水電開發有限公司), a company incorporated in the PRC with 51.0% of its equity interest being held by Huadian
"Huagang Power"	Shanghai Huagang Wind Power Company Limited (上海華港風力發電有限公司), a company incorporated in the PRC with 50.0% of its equity interest being held by Huadian New Energy
"IASB"	the International Accounting Standards Board
"IFRS"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the IASB, and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	party(ies) not connected with any of the Directors, Supervisors, chief executive, Substantial Shareholders of the Company or any of its subsidiaries or any of their respective associates
"International Offer Shares"	the H Shares offered pursuant to the International Offering
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, as further described in the section headed "Structure of the Global Offering" in this prospectus, and in the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S as further described in the section headed "Structure of the Global Offering" in this prospectus

"International Purchase Agreement"	the purchase agreement expected to be entered into on or about June 20, 2012 by, among others, the Joint Global Coordinators, the Joint Bookrunners, the International Underwriters and the Company in respect of the International Offering, as further described in the section headed "Underwriting – International Offering"
"International Underwriters"	the group of international underwriters expected to enter into the International Purchase Agreement to underwrite the International Offering
"Joint Bookrunners"	CITIC Securities Corporate Finance (HK) Limited UBS AG, Hong Kong Branch Merrill Lynch International CLSA Limited
"Joint Global Coordinators"	CITIC Securities Corporate Finance (HK) Limited UBS AG, Hong Kong Branch Merrill Lynch International
"Joint Lead Managers"	CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch Far East Limited, CLSA Limited, BOCI Asia Limited, CCBI International Capital Limited, ABCI Securities Company Limited and Daiwa Capital Markets Hong Kong Limited for the Hong Kong Public Offering, and CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited, BOCI Asia Limited, CCBI International Capital Limited, ABCI Securities Company Limited and Daiwa Capital Markets Hong Kong Limited for the International Offering
"Joint Sponsors"	CITIC Securities Corporate Finance (HK) Limited UBS AG, Hong Kong Branch Merrill Lynch Far East Limited
"Kemen"	Fujian Kemen Power Generation Co., Ltd. (福建省可門發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of our Company
"Kemen II"	Fujian Kemen Power Stage II Generation Co., Ltd. (福建省可門二期發電有限責任公司), a company incorporated in the PRC and currently a wholly-owned subsidiary of Huadian

"Kunlun Natural Gas Company"	PetroChina Kunlun Natural Gas Utilization Co., Ltd (中石油昆崙天然氣利用有限公司), a company incorporated in the PRC and an Independent Third Party
"Kunlun Trust"	Kunlun Trust Co., Ltd. (昆崙信託有限責任公司), a company incorporated in the PRC and a Shareholder
"Latest Practicable Date"	June 8, 2012, the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about June 28, 2012, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Main Board"	the Main Board of the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and China Society of Economic Reform on August 27, 1994, as amended, supplemented or otherwise modified from time to time
"MEP"	Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部), formerly known as State Environmental Protection Administration (國家環境保護總局) ("SEPA")
"Mianhuatan Hydropower"	Fujian Mianhuatan Hydropower Development Co., Ltd., a company incorporated in the PRC with 60.0% of its equity interest being held by the Company

"MLR"	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Non-Competition Agreement"	the non-competition agreement, dated June 4, 2012, entered into between Huadian and our Company
"Non-PRC Resident Enterprise"	as defined under the New EIT Law, a company established pursuant to a non-PRC law with their de facto management conducted outside the PRC, but which have established organizations or premises in the PRC, or which have generated income within the PRC without having established organizations or premises in the PRC
"NSSF"	National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
"O&M"	Operation and Maintenance
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section headed "Structure of the Global Offering – Pricing and Allocation"
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option granted by the Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, pursuant to the International Purchase Agreement

"PBOC"	People's Bank of China (中國人民銀行)
"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC government"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Price Determination Date"	the date, expected to be on or about June 20, 2012 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Global Coordinators (on behalf of the Underwriters) and we may agree, but in any event no later than June 26, 2012
"Promoters"	the promoters of the Company, namely Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital
"provincial DRC" or "DRC"	the provincial development and reform commission of the PRC
"Qianyuan Power"	Guizhou Qianyuan Power Co., Ltd. (貴州黔源電力股份有限公司), a company incorporated in the PRC and a subsidiary of Huadian
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the Securities Act
"Renewable Energy Law"	Renewable Energy Law of the PRC (中華人民共和國可再生能源法), adopted by the Standing Committee of the Tenth National People's Congress on February 28, 2005, and effective on January 1, 2006, and amended by The Amendments to Renewable Energy Law of the PRC, effective on April 1, 2010
"Renminbi" or "RMB"	the lawful currency of the PRC

"Reorganization"	the reorganization arrangements undergone by the Group in preparation for the Listing as described in the section headed "History, Reorganization and Corporate Structure – Reorganization" to this prospectus
"Rule 144A"	Rule 144A under the Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (國家外匯管理局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (國家稅務總局)
"SAWS"	State Administration of Work Safety of the PRC (中華人民共和國國家安全生產監督管理總局)
"Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SERC"	State Electricity Regulatory Commission of the PRC (國家電力監管委員會)
"SETC"	State Economic and Trade Commission of the PRC (中華人民共和國國家經濟貿易委員會), a former ministry of the PRC government that was dissolved in 2003
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Institute"	Shanghai Investigation, Design & Research Institute, an Independent Third Party
"Shareholder(s)"	holder(s) of our Shares
"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares

"Shenhua Group"	Shenhua Group Corporation Limited (神華集團有限責任公司), a company incorporated in the PRC and an Independent Third Party
"Shenyang Jinshan"	Shenyang Jinshan Energy Co., Ltd. (瀋陽金山能源股份有限公司), a company incorporated in the PRC with 29.8% of its equity interest indirectly being held by Huadian
"Sinovel"	Sinovel Wind Group Co., Ltd (華鋭風電科技(集團)股份有限公司), a company incorporated in the PRC and an Independent Third Party
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994
"Stabilizing Manager"	CITIC Securities Corporate Finance (HK) Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiaries"	has the meaning ascribed thereto in section 2 of the Hong Kong Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed thereto in the Listing Rules
"Supervisor(s)"	supervisor(s) of our Company
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
"Track Record Period"	the three years ended December 31, 2009, 2010 and 2011
"Underwriters"	the International Underwriters and the Hong Kong Underwriters
"Underwriting Agreements"	the International Purchase Agreement and the Hong Kong Underwriting Agreement

"United Kingdom" or "U.K."	the United Kingdom of Great Britain and Northern Ireland
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"we," "us" or the "Group"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Wujiang Hydropower"	Guizhou Wujiang Hydropower Development Co., Ltd. (貴州烏江水電開發有限責任公司), a company incorporated in the PRC, a Shareholder with 51.0% of its equity interest being held by Huadian
"Xingye Capital"	Industrial Innovation Capital Management Co., Ltd. (興業創新資本管理有限公司), a company incorporated in the PRC and a Shareholder

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in the prospectus in both the Chinese and English languages, and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Group and our business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"attributable installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"auxiliary electricity"	electricity consumed by a power generating project in the course of power generation and transmission
"availability factor"	the amount of time that a power generator is able to produce electricity over a certain period, divided by the amount of time in such period
"average installed capacity"	the aggregate amount of consolidated installed capacity for more than half a month in each month in a specified period (in MW) divided by the number of months in such period
"average utilization hours"	the gross generation in a specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"capacity"	if used alone, is an abbreviated form of installed capacity for operating projects, capacity under construction for projects under construction or prospective capacity for pipeline projects (as the case may be), usually denominated in MW
"capacity under construction"	the total capacity of our power generating projects under construction, usually denominated in MW
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits

"CDM EB"	the CDM Executive Board, which supervises the clean development mechanism under the authority and guidance of the Conference of the Parties to the United Nations Framework Convention on Climate Change
"CERs"	Certified Emission Reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a designated operating entity under the Kyoto Protocol
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects. As of December 31, 2011, all of our operating wind power projects were connected to local power grids
"dispatch"	as a noun, the schedule of production for all the generating units on a power system, generally varying at short notice to match production with power requirements. As a verb, to direct a power project to operate
"distributed energy"	energy generated by smaller-scale power generators distributed near the end users. Such power generators can use natural gas to provide heating and cooling in addition to electricity. Distributed energy generation generally produces low pollution and high efficiency. It reduces the amount of energy lost in transmitting electricity because of the proximity between power generation and consumption
"DOE"	the designated operating entity accredited for monitoring CDM projects under the Kyoto Protocol
"gearing ratio"	calculated as net debt divided by total equity; net debt includes interest-bearing borrowings less cash and cash equivalents
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period
"GW"	gigawatt, a unit of power. 1 GW = 1,000 MW

"GWh"	gigawatt-hour, a unit of energy. 1 GWh = 1 million kWh
"installed capacity"	the rated output of power generating projects that have started to produce electricity, usually denominated in MW
"kg"	kilogram, a unit of weight. 1 kg = 1,000 g
"km"	kilometer, a unit of length. 1 km = 1,000 m
"kV"	kilovolt, a unit of voltage. 1 kV = 1,000 volts
"kW"	kilowatt, a unit of power. 1 kW = 1,000 watts
"kWh"	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"Kyoto Protocol"	a protocol to the United Nations Framework Convention on Climate Change, effective on February 16, 2005
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"net generation"	for our hydropower, wind power and other clean energy projects, net generation refers to the amount of electricity sold to local grid companies and equals gross generation less electricity consumed by a power generating project in the course of power generation and transmission. For our coal-fired power plants, net generation also includes the substituted generation it purchased from other coal-fired power plants under the substituted generation arrangements, in addition to its gross generation less electricity consumed in the course of power generation and transmission. For our wind power projects, the difference between our gross wind power generation and net wind power generation includes the electricity generated during the construction and testing of a wind power project and such difference, as measured by magnitude, is also comparable to that of other wind power producers in China

"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh
"pipeline projects"	power generating projects that we reserved for future development after entering into development agreements with local PRC governments
"PPA"	a power purchase agreement entered into between a power producer and a power grid company
"prospective capacity"	the capacity of pipeline projects reserved for future development
"reservoir storage"	an open-air storage area of a reservoir where water is collected and stored for a period, such as a season, a year or even longer so that it may be utilized for producing electricity
"self-generation"	net generation produced by our own coal-fired power plants
"smart grid"	generally used in the power industry to refer to a new type of power grid based on an integrated, high-speed two-way communication network, which is expected to lead to improvements in the reliability, compatibility, safety and efficiency of the power grids and cost reduction through the application of advanced sensor and measurement technologies, equipment technologies, control methods and decision-making support systems
"substituted generation"	net generation purchased pursuant to a substituted generation arrangement that allows a coal-fired power plant to buy the electricity generation of other coal-fired power plants and then to resell such generation to local power grids
"technically exploitable capacity"	the amount of the gross theoretical capacity that can be exploited within the limits of current technology
"ton"	metric ton
"TWh"	terawatt-hour, a unit of energy. 1 TWh = 1 billion kWh

"water-flow regulating capabilities"	the ability of a reservoir to regulate water flow in the river primarily based on capacity of reservoir storage and the water flow in the river. Seasonal, annual or multi-year regulating reservoir refers to a reservoir that can store water for a season, a year or more than a year, respectively
"weighted average on-grid tariff"	sales of electricity in a period divided by the corresponding net generation in such period
"%"	per cent.
"sq. m." or "m^2"	square meter(s)
"m^3"	cubic meter(s)

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our ability to successfully implement our business plan and strategies;
- PRC government's policies and regulatory framework supporting the clean energy industry;
- future development and other trends in the PRC hydropower, wind power and coal-fired power industries;
- cost, fluctuations in the price and availability of coal, wind turbines and other key equipment;
- changes to our expansion plans and estimated capital expenditures;
- our operations and business prospects;
- our financial condition and performance;
- the competitive markets for our products and the actions and development of our competitors;
- our dividend policy;
- general political and economic conditions, including those related to the PRC;
- exchange rate fluctuations;
- developments in the industries and markets in which we operate;
- regulations and restrictions, including tariffs and environmental regulations; and
- macroeconomic measures taken by the PRC government to manage economic growth.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under the section headed "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section and the risk and uncertainties discussed in the section entitled "Risk Factors."

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that we are a company incorporated in the PRC and most of our operations are conducted in the PRC which is governed by a legal and regulatory environment that may differ significantly from that of other countries. For more information concerning the PRC and certain related matters discussed below, please see "Regulatory Environment," "Appendix VII – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VIII – Summary of the Articles of Association."

RISKS RELATING TO THE CLEAN ENERGY INDUSTRY

Our clean energy business depends on support from PRC government's policies and regulations.

The development and profitability of our clean energy projects is significantly dependent on policies and regulations that support such development in China. Since 2005, the PRC government has promulgated a series of laws and regulations, including the Renewable Energy Law, which provides preferential measures to support the development of renewable energy projects. These preferential measures include, among others, mandatory grid connection and the guaranteed purchase of all the electricity generated from clean energy projects (subject to periodic transmission limitations in certain areas in China), subsidized on-grid tariffs and tax incentives, such as VAT refunds. In addition, the PRC government also encourages major state-owned commercial banks in China to provide debt financing with relatively low interest rates and on favorable terms to clean energy companies.

As the regulatory framework in the PRC for clean energy projects is relatively new and evolving, the implementation and enforcement of these policies, laws and regulations involve uncertainties and may differ from region to region in the PRC. Any reduction, discontinuation or unfavorable application of policies and economic incentives for companies that operate clean energy projects could materially and adversely affect our business, financial condition, results of operations and prospects. Furthermore, if these favorable policies and incentives are changed or discontinued to our detriment before our clean energy projects become cost-effective in a non-subsidized market environment, we could be forced to compete directly against companies that produce electricity from fossil fuel energy sources and other more established clean energy companies, which may enjoy significant cost advantages over us. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB.

Under the Kyoto Protocol, which the PRC government ratified in August 2002, public or private entities can purchase CERs that we generate from our CDM projects and use these CERs to comply with their domestic emission reduction targets or sell them on the open market. For the years ended December 31, 2009, 2010 and 2011, our net income from CDM projects was RMB30.6 million, RMB75.2 million and RMB153.4 million, respectively, representing 2.1%, 4.0% and 8.0%, respectively, of our operating profit during those years.

Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol. The United Nations Climate Change Conference held in December 2011 concluded with the decision to extend the Kyoto Protocol by five years, from 2013 to 2017. However, it is uncertain whether the participating countries will reach a universal legal agreement and agree to a binding successor to the Kyoto Protocol. If the Kyoto Protocol is not renewed or replaced by another legally binding agreement before its expiration on December 31, 2017, or if the PRC government discontinues its support for CDM arrangements, it could have a material adverse effect on our income from sales of CERs.

In addition, we need to go through a rigorous and complicated process to register our clean energy projects with the CDM EB in order to receive CER credits, including obtaining approval from the NDRC and validation from a DOE accredited for monitoring CDM projects under the Kyoto Protocol. For a clean energy project to be recognized as a qualified project, it must satisfy certain requirements, which include establishing that reductions in emissions are additional to any that would occur in the absence of the project activity, a concept known as "additionality." Since the process to register a clean energy project with the CDM EB is relatively complicated, the timing and outcome of our registration applications are uncertain. Historically, the CDM EB has made decisions not to register certain clean energy projects as CDM projects. In February 2010, CDM EB rejected the applications for two wind power projects owned by Heilongjiang Huafu Power Investment Company Limited, a subsidiary which we acquired in December 2010, on the grounds of lacking "additionality" due to their perceived high level of on-grid tariff. As of the Latest Practicable Date, we have submitted the revised applications for these two wind power projects to the CDM EB. We cannot assure you that the CDM EB will not further decline any of our pending or future applications for CDM projects. Furthermore, should there be any material changes to the verification standards or registration policies, we may be unable to register our wind and other clean energy projects as CDM projects in the future, which, in turn, could have a material adverse effect on our income from the sales of CERs, financial condition and results of operations.

RISKS RELATING TO OUR HYDROPOWER BUSINESS

Our hydropower business is dependent on hydrological conditions.

Our hydropower projects are dependent upon hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. We cannot assure you that water flow at our project sites will be consistent with our expectations, or that climatic and environmental conditions will not change significantly from the prevailing conditions at the time our projections were made. Water flow varies each year or season and depends primarily on the levels of precipitation and seasonal changes.

All of our hydropower projects in operation are located in Fujian province. Our hydropower generation normally peaks from April to October when the levels of precipitation in Fujian province increase and the hydrological conditions prevailing at our project sites become more favorable. Our existing and future hydropower projects may be subject to substantial variations in climatic and hydrological conditions, which may reduce water flow and thus our ability to generate electricity.

While we have selected and will continue to select our hydropower projects primarily based on their projected outputs, the actual water flow required to produce those outputs may not be sustained. For example, the utilization hours of some of our hydropower projects in 2009 were below our forecasts due to low levels of precipitation during that year in Fujian province. If hydrological conditions result in droughts or other conditions that negatively impact our hydropower generation, our hydropower business and results of operations could be materially and adversely affected.

The resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects.

The construction of dams and reservoirs for a hydropower project typically increases the water-level at the hydropower project site, and therefore requires the relocation and resettlement of residents in the reservoir area surrounding the project site. The relevant PRC local government authority is responsible for the relocation and resettlement of such residents, but the hydropower project's owner is responsible for paying associated resettlement compensation. In accordance with PRC law, a hydropower company in China is required to take into account the costs to be incurred by the relevant local authority for relocation and resettlement of residents in its investment costs. Accordingly, resettlement compensation costs are included in a hydropower project's construction cost, which the NDRC will consider in determining the on-grid tariff for such project.

The local government may dispute or request adjustment of the amount of resettlement compensation we allocate for a hydropower project, even after the hydropower project commences operations. The PRC government may adopt more stringent standards and impose more obligations on hydropower companies regarding the resettlement of relocated residents.

In addition, we may also face opposition from local interest and environmental groups due to the impact of our hydropower projects. Any of the above could cause significant cost increases and/or construction delays of a hydropower project, which may materially and adversely affect our cash flow and financial position.

We are involved in disputes with the local relocation and resettlement authority regarding the amount of resettlement compensation that our Mianhuatan Hydropower Project is required to pay. For more details, please refer to "Business – Our Hydropower Business – Our hydropower project portfolio – Recent disputes involving the Mianhuatan Hydropower Project." We engaged the Shanghai Institute, the original third party design institute for this hydropower project, to assess the need for us to pay any additional resettlement compensation to the relevant local government authority. In April 2012, the Shanghai Institute issued a draft assessment report and estimated that the additional compensation for which we would be responsible ranged from approximately RMB479.2 million to approximately RMB889.5 million. Fujian DRC received a copy of this draft assessment report in May 2012 and is in the process of reviewing such report and we expect the Shanghai Institute to amend its draft report subsequent to Fujian DRC's review and feedback. The NDRC will review the amended assessment report and ultimately determine the adjusted resettlement compensation for which we will be responsible. Depending on the outcome of the government review and approval process, we may be required to pay additional compensation if the approved adjustment is higher than the RMB390.0 million we have prepaid from 2009 to 2011, or we may receive a refund if the approved adjustment is less than such amount. However, we cannot assure you that such review and approval process could be completed by the end of 2013 as we currently anticipate.

We have made a provision of RMB40.0 million, in connection with this dispute, on our consolidated balance sheets as of December 31, 2011. Both the RMB390.0 million that we prepaid to the local government from 2009 to 2011 and the RMB40.0 million provision have been treated as capitalized expenses on our financial statements in accordance with our accounting policies and such capitalized expenses are amortized over 55 years.

If, and to the extent that, the additional compensation the NDRC requires us to pay an amount exceeding the RMB430.0 million that we have prepaid and provisioned, Huadian undertakes, without any time limit, to indemnify us against such losses, claims, charges and expenses directly or indirectly incurred by us arising from the relocation and resettlement of local residents in relation to our Mianhuatan Hydropower Project. Our PRC legal advisers have confirmed that this undertaking given by Huadian is legally valid and enforceable under PRC law. Based on the undertaking from Huadian, our Directors estimate that our maximum financial exposure arising from this dispute is RMB40.0 million (in addition to the RMB390.0 million prepaid from 2009 to 2011), which will be paid from our working capital.

The operation of our hydropower projects and customer demand for our power may be vulnerable to disruptions caused by natural and man-made disasters, which may materially and adversely affect our results of operations.

Our hydropower projects could be required to cease operation in the event of a drought, or even be damaged by a flood. Water supply to our hydropower projects and reservoirs are vulnerable to natural disasters, including, but not limited to, earthquakes, typhoons, storms, tornadoes and floods, as well as disasters caused by human actions and other deliberate or inadvertent actions which may affect the availability of water flow to our hydropower projects.

Fujian province, where all of our operating hydropower projects are located, is a region in China with relatively high seismic risk. Earthquakes and other natural disasters are unpredictable and can significantly damage our access to water flow, our key equipment and the property of our electricity end-users. Under such circumstances, market demand for power in general may be adversely affected, reducing the need for the electricity we produce, and we may be unable to continue the operation of our projects or to produce the level of electricity we anticipate. The insurance coverage we maintain may not be adequate to compensate us for all damages and economic losses which may arise in connection with these natural disasters. We cannot assure you that our hydropower business will not be subject to disruptions caused by such disasters, which may materially and adversely affect our results of operations.

We may encounter difficulties in identifying suitable acquisition opportunities.

As part of our business strategy, we intend to expand our hydropower business by acquiring mid- to small-sized hydropower projects in Fujian province. Our ability to implement our acquisition strategy will depend on a number of factors, in particular, our ability to identify suitable acquisition targets and to reach agreements with sellers for acceptable consideration and with commercially reasonable terms. As our competitors may also aim to acquire mid- to small-sized hydropower projects in Fujian province, we expect that identifying and acquiring hydropower projects with commercially reasonable terms may become increasingly difficult in the future.

If we are unable to acquire suitable hydropower projects in Fujian province, our hydropower business will continue to remain dependent upon a limited number of existing hydropower projects, which could limit our ability to expand our hydropower business.

Assumptions applied to our investment analyses and feasibility studies may not be accurate, and thus our actual return on investments, operational results, and the growth of our hydropower business may be materially and adversely affected.

In performing investment analysis and feasibility studies for our acquisition targets, we consider factors such as: (i) demand for power and growth potential in Fujian province, (ii) the increase in power generation capacity in Fujian province, (iii) the average on-grid tariff of hydropower projects of similar types and capacity, (iv) the quality of transmission systems to the local power grids, (v) the facilities and technology at the hydropower project and (vi) the ability to retain existing debt financing for the plant or obtain new financing. However, much of the information we rely on in preparing these analyses is provided by the sellers of the projects. As a result, the assumptions we use to perform our internal investment analyses and feasibility studies may not be accurate or complete. If any one of our observations or assumptions proves to be inaccurate, our estimated return on investment, operational results and our growth may be materially adversely affected.

RISKS RELATING TO OUR WIND POWER BUSINESS

Our wind power business is highly dependent on wind conditions.

The amounts of electricity and revenue generated at a wind power project are highly dependent on wind conditions, which vary across seasons and regions and are difficult to predict. Wind turbines will only operate within certain wind speed ranges. If wind speed falls outside the wind speed ranges, which vary by turbine model and manufacturer, the amount of electricity we generate will decrease or cease. We cannot assure you that the wind conditions at any given wind site will always fall within such ranges.

We base our investment decisions for each wind power project on the feasibility studies conducted onsite before starting construction. However, actual climatic conditions at a wind site, particularly wind conditions, may not conform to the findings of these feasibility studies, and, therefore, our wind power projects may not meet anticipated production levels, which could adversely affect our projected profitability. For example, in 2011, wind conditions at certain wind power projects in Inner Mongolia were below our projections, which caused our average utilization hours to decrease.

In general, for wind power projects located in north China, their power generation normally peaks in winter when local wind speed peaks, and bottoms out in summer when local wind speed reaches its lowest level. If the seasonal fluctuations in wind conditions do not conform to our historical observations or correspond to our assumptions, it may result in unexpected fluctuations in the power generation of our wind power projects and, consequently, our results of operations.

We rely on local grid companies for grid connection and electricity transmission.

We must obtain a local grid company's consent to connect our wind power projects to its power grids before construction. External factors that affect such consent include, among others, the availability of power grids with adequate transmission capacity, the progress of grid construction or system upgrades, the distance between our preferred wind sites and the local grids, and the cost of additional interconnection facilities. Furthermore, wind power projects and other clean energy facilities of our competitors located near our wind power projects may compete with us to secure grid connection. Many of these factors are beyond our control. As a result, we may not be able to obtain all necessary consents from local grid companies in a timely manner, or at all. Any failure to obtain a grid company's consent for grid connection may delay the operation of our wind power projects, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We also rely on local grid companies for electricity transmission and dispatch services. Our revenue depends largely upon the sale of electricity which is subject to dispatch to power grids, which is controlled by the dispatch centers of the local grid companies. The current PRC regulatory framework requires grid companies in China to purchase the full amount of electricity generated by wind power projects that meet the grid connection standards within the coverage of their grids. However, dispatch centers may consider various factors when dispatching electricity, including, among others, local demand for electricity, interconnection agreements between power grids and the transmission capacity of the power grids. In addition, the applicable PRC laws require wind power producers to co-operate with grid companies to ensure the safety of power grids. As a result, the transmission and dispatch of the full output of our wind power projects may be curtailed due to various transmission limitations, such as grid congestion, restrictions on transmission capacity and restrictions on electricity dispatch.

Some of our wind power projects are located in remote areas, particularly Inner Mongolia and Gansu province, where the local power grids may have insufficient transmission capacity to deliver all the potential electricity that our wind power projects could generate when operating under full load, especially during peak seasons, such as winter. Various transmission limitations, due primarily to the underdevelopment of the local power grids, may curtail our electricity generation, impairing our ability to fully capitalize on a particular wind power project's potential. As such, we may temporarily suspend some of our operating wind turbines to accommodate the transmission limitations from time to time. Such events have adversely affected our ability to generate electricity, and in turn, our revenue. Based on our management's estimate, our gross wind power generation would have increased by approximately 6.9%, 5.8% and 6.7% in 2009, 2010 and 2011, respectively, without the adverse effect of the transmission limitations on the local power grids. Depending on the progress of construction and upgrades to the grid infrastructure in Inner Mongolia and Gansu province, we expect that some of our wind power projects in the remote areas may continue to experience transmission limitations in the near future, which may materially and adversely affect our business, financial condition and results of operations.

In addition, the PPAs that we entered into with local grid companies have not specifically provided for any compensation from the respective local grid companies for any financial losses caused by transmission limitations and we did not receive such compensation from grid companies during the Track Record Period. Any future transmission limitations in the existing grids may reduce our electricity generation, which in turn could have a material adverse effect on our business, financial condition and results of operations.

The growth of our wind power business depends upon our ability to convert our pipeline projects into operating projects.

We started our wind power business in 2007, and our rapid growth and expansion of our total installed wind power capacity have placed, and are expected to continue to place, significant demands on our capital, management, administrative and human resources. The prospects of our wind power business must be considered in light of the risks and uncertainties encountered by rapidly growing companies competing in rapidly evolving markets. We may not be successful in completing our pipeline wind power projects as anticipated, or at all. Our consolidated installed wind power capacity increased from 471.0 MW as of December 31, 2009 to 1,333.8 MW as of December 31, 2010, and further increased to 2,171.3 MW as of December 31, 2011, representing a CAGR of 114.7%. As part of our business strategy, we aim to increase our consolidated installed wind power capacity to approximately 3,200 MW by the end of 2012.

The development and construction of wind power projects involves numerous risks and uncertainties. These risks and uncertainties may prevent some projects from progressing to construction, cause us to fail to meet the targets of our development plan, and prevent us from achieving our goals. Our ability to develop wind power projects is dependent on, among other things, the availability of sufficient external financing and transmission lines with adequate capacity, the negotiation and signing of PPAs, turbine procurement and weather conditions, all of which may be beyond our control. In addition, we may decide not to proceed with a pipeline project that we deem unsuitable for development. Finally, those wind power projects that are constructed may not meet our return expectations due to schedule delays, cost overruns or revenue shortfalls or they may not generate the production levels that we anticipate or result in revenue in the originally anticipated time period.

Our electricity generation and results of operations are dependent on the operating performance of our wind turbines.

The profitability of our wind power business depends upon the operating performance of our wind turbines. Non-performance or under-performance of our wind turbines will have a direct negative effect on a wind farm's financial condition and results of operations.

As of December 31, 2011, we purchased approximately 50.1% of our wind turbines from Sinovel, Goldwind and Gamesa. Our reliance on a limited number of suppliers may expose us to certain risks such as difficulty in finding alternative suppliers at comparable prices and quality in the event that we lose one or more of our primary wind turbine suppliers. In addition, some domestically manufactured wind turbines, in particular new models, have relatively short track records, and the operating performance of these new models may not be comparable to that of wind turbines made by leading international brands with more established operating histories. Wind power projects using newly developed wind turbines may experience performance and availability shortfalls. Furthermore, wind turbine quality testing and certification by professional third parties is a relatively new concept in China, and mandatory requirements for quality testing and certification of domestically manufactured wind turbines using international standards are not fully established.

Our purchase agreements with turbine suppliers generally include warranty terms, covering two to five years after each wind turbine successfully completes a non-stop trial run. Indemnification payable by the turbine suppliers under these agreements is typically capped at a portion of the total purchase price of the turbines. Any losses in excess of these indemnification caps will be our responsibility. Therefore, we cannot assure you that such indemnification will be adequate to cover any potential adverse effect on our financial performance due to non-performance or under-performance of wind turbines.

Our wind power business is subject to the fluctuation of wind turbine prices.

The cost of wind turbines normally represents 55-65% of the total cost of a wind power project, thus directly affecting the profitability of our wind power business. Turbine prices are largely dependent on market demand. Historically, the combined effect of a limited number of qualified turbine suppliers, rising commodity prices and the increasing demand for turbines has led to escalating turbine prices. Expanded turbine production capacity, the global financial crisis and increased competition among turbine suppliers in the PRC and overseas have significantly reduced turbine prices since 2008. We are exposed to changes in the market prices of wind turbines when we negotiate new supply agreements. If turbine prices increase significantly or if we are unable to purchase wind turbines at prices commercially acceptable to us, construction costs of our wind power business may increase, our expansion plans could be hindered and our results of operations would be materially and adversely affected.

Any reductions in the on-grid tariffs for our wind power projects could materially and adversely affect our results of operations.

The NDRC issued the Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power (《關於完善風力發電上網電價政策的通知》) on July 20, 2009, which applies to all wind power projects approved after August 1, 2009 and, according to which, the previous on-grid tariff as determined by “government guided price” has been replaced by “government fixed price.” Specifically, the PRC is categorized into four wind resource zones, and the same standard on-grid tariff (including VAT) applies to all wind power projects in the same zone. We cannot assure you that government fixed on-grid tariffs for wind power projects will not decrease in the future. Any reductions in the on-grid tariffs for our existing and future wind power projects, or our failure to mitigate such reductions by increasing installed capacity or operating efficiency, could materially and adversely affect our business, financial condition and results of operations.

To expand our wind power business, we must find, and obtain land use rights for, suitable wind sites.

There are a limited number of geographic locations that provide suitable conditions for developing and operating wind farms. Factors affecting the suitability of these locations include local wind resources, topographic constraints and the proximity to, and availability of, grid connections and related infrastructure. Even if we have identified a suitable wind site, our ability to obtain requisite land use rights, with respect to the site, is subject to growing competition from other wind power producers that may have better access to local government support, financial or other resources to locate and obtain land use rights of such sites. Our competitors may impede our development efforts by acquiring control of all or a portion of a wind site we seek to develop. If a competitor were to obtain land use rights critical to our project development efforts, we could incur losses as a result of stranded development costs.

If we are unable to find, or obtain land use rights for, suitable wind sites, we might be unable to construct new projects and commence operations on a timely basis or at all, which could have a material adverse effect on our business, financial condition and results of operations.

Technological changes in the wind power industry could render existing wind power projects and technologies uncompetitive or obsolete.

The wind power industry is characterized by rapid change. The latest industry technologies, such as "large-capacity" wind turbine, "variable pitch blades and variable speed" technology and "low voltage ride through" and "active and reactive power control" technology, may result in lower costs of equipment, higher utilization and operating efficiency, as well as more stable electricity generation. New technology may render existing wind energy projects and technologies uncompetitive or obsolete. The upgrade of new equipment may be expensive to carry out. As such, our failure to timely adopt new or upgrade existing technologies, as they are developed, could have a material adverse affect on our business, financial condition, results of operations and prospects.

Our wind power business has a limited operating history and its historical growth is not an indication of our future results of operations.

We started our wind power business in 2007 and, therefore, our wind power business has a relatively limited operating history. Our total installed wind power capacity increased from 471.0 MW as of December 31, 2009 to 1,333.8 MW as of December 31, 2010 and further increased to 2,171.3 MW as of December 31, 2011, representing a CAGR of 114.7%, while the segment revenue from our wind power business grew at a CAGR of 127.7% from 2009 to 2011. However, the historical operating results of this developing business may also make it difficult to evaluate our current business and future prospects. We cannot assure you that our wind power business will continue to grow rapidly and that we will succeed in achieving our business objectives. Our wind power business may not achieve a similar growth rate or maintain similar profitability in the future, which, in turn, could adversely affect our results of operations and financial condition.

RISKS RELATING TO OUR COAL-FIRED POWER BUSINESS

An increase in coal prices and a disruption in coal supply or its transportation could materially adversely affect our coal-fired power business.

Our coal-fired power plants are fueled by coal. For the years ended December 31, 2009, 2010 and 2011, costs of coal represented 70.1%, 69.2% and 73.1%, respectively, of the operating expenses (excluding costs of substituted electricity) of our coal-fired power business. As such, our results of operation are sensitive to the fluctuation of coal prices. We negotiate coal prices applicable to our coal-fired power plants with our coal suppliers, and the coal prices are subject to other factors, such as market conditions, government quota, applicable VAT and the cost of transportation. The price of coal we purchased for electricity generation is subject to market fluctuations and has been volatile. For the years ended December 31, 2009, 2010 and 2011, the average price of standard coal (7,000 kcal/kg) per ton we purchased was RMB673.3, RMB757.3 and RMB728.0, respectively. In December 2011, the NDRC announced a price cap of RMB800 per ton (including VAT) on the market price for thermal coal of 5,500 kcal/kg in China, however, we cannot assure you that the market price of coal will not further increase in the future.

In addition, because the on-grid tariff for our coal-fired power plants is reviewed and approved by the government based on various factors, our ability to pass on coal price increases to our customers and electricity end-users through on-grid tariff increases is limited. In December 2004, the NDRC issued a pricing mechanism to mitigate the adverse effects of increased coal costs on coal-fired power producers by linking the on-grid tariff for coal-fired power plant with the prevailing market price of coal. Since adjustments to on-grid tariffs in relation to coal price increases are subject to government approval and various other factors, any increase in coal prices may not necessarily result in higher on-grid tariffs. If the costs of coal increase significantly in the future and we are not allowed by the government to pass the effect of such increases on our customers, our business, results of operations and financial condition could be materially and adversely affected.

During the Track Record Period, we relied primarily on coal supplies from our connected persons, including Huadian Coal and its subsidiaries. Since January 1, 2012, we have ceased our connected transactions with Huadian Coal and its subsidiaries. We intend to purchase a substantial portion of our coal supplies, through third-party coal distributors, from major coal suppliers in China, pursuant to key supply agreements, and the remainder in the open market. During the Track Record Period, we did not experience any shutdowns or reduced electricity generation caused by inadequate coal supply or transportation services, but in the event of national coal supply shortfalls, any change in our principal coal distributors or suppliers, the untimely delivery by our principal coal distributors or suppliers, or their inability to meet our quantity or quality requirements, our business operations may be adversely and materially affected. Currently, China's freight transportation infrastructure is inadequate to support the coal transportation demand in China. Delivery disruption could occur for a variety of reasons beyond our control, including transportation bottlenecks, accidents and natural disasters. We cannot assure you that we can avoid disruption in, or unavailability of, coal transportation services, which would have a material adverse effect on our business, financial condition or results of operations.

Reductions in planned generation or on-grid tariff may adversely affect our results of operations.

Our profitability depends, in part, upon each of our coal-fired power plants generating electricity at a level sufficient to meet or exceed our planned generation, which, in turn, will be subject to local demand for electricity and the dispatching to the grids by the dispatch centers of the local grid companies. We cannot assure you that the dispatch centers will dispatch the full amount of the planned generation of our coal-fired power plants. A reduction in the amount of electricity dispatched by the local grid companies in relation to our power plant's planned generation could have an adverse effect on the profitability of our operations. However, we did not encounter any such event during the Track Record Period.

The on-grid tariff for our coal-fired power plants is reviewed and approved by the NDRC with reference to average cost of comparable generating units, adding tax and a reasonable return. However, if there is any further significant reduction in our on-grid tariffs, or if the local pricing authorities are unable to raise tariffs to cover any increase of our operating costs (in particular coal costs), it could have a material adverse effect on our business, financial condition or results of operations.

If the PRC government adopts new and stricter environmental laws and additional capital expenditure is required for complying with such laws, the operation of our coal-fired power business may be adversely affected and we may be required to make additional investment in order to comply with these environmental laws.

Our coal-fired power plants discharge pollutants into the environment. We are subject to central and local government environmental protection laws and regulations, which currently impose base-level discharge fees for various polluting substances and graduated schedules of fees for the discharge of waste substances. The amount of discharge fees is determined by the local environmental protection authority based on periodic inspections of the type and volume of pollution discharges. In addition, such environmental protection laws and regulations also set goals for the overall control on the discharge volume of key polluting substances. These laws and regulations impose fines for violations of laws, regulations or decrees and provide for the possible closure by the central government or local government of any coal-fired power plant which fails to comply with orders requiring it to cease or cure certain activities causing environmental damage.

We attach great importance to the environmental-related matters of our existing coal-fired power plants and our coal-fired power plants under construction. For example, our Kemen Power Plant is equipped with two supercritical coal-fired power generators and constructed with air pollution control measures, such as desulfurization and dedusting systems, in order to achieve the clean utilization of coal. In addition, the new coal-fired generating units at our Yong'an and Zhangping Power Plants are equipped with the latest combustion technology to reduce pollution and increase operating efficiency. We believe our environmental protection systems and facilities for the coal-fired power plants are adequate for us to comply with applicable central government and local government environmental protection laws and regulations. However, the PRC government may impose new, stricter laws and regulations which would require additional expenditure on environmental protection.

China is a party to the Framework Convention on Climate Change ("Climate Change Convention"), which is intended to limit or capture emissions of "greenhouse" gases, such as carbon dioxide. Ceilings on such emissions could limit the production of electricity from fossil fuels, particularly coal, or increase the costs of such production. At present, ceilings on the emissions of "greenhouse" gases have not been assigned to developing countries under the Climate Change Convention. Therefore, we do not expect the Climate Change Convention to have a major effect on us in the short-term because China, as a developing country, is not obligated to reduce its emissions of "greenhouse" gases at present, and the PRC government has not adopted relevant control standards and policies. If the PRC government were to agree to such ceilings, or otherwise reduce its reliance on coal-fired power plants, our coal-fired power business could be adversely affected.

RISKS RELATING TO OUR OTHER CLEAN ENERGY BUSINESS

Our distributed energy projects and other natural gas-fired power projects depend on a sufficient and timely supply of natural gas.

Our distributed energy projects and other natural gas-fired power projects are fueled by natural gas. As such, the sufficient and timely supply of natural gas is essential to our distributed energy business. The failure by a local gas station to supply natural gas that could satisfy our quality, quantity and cost requirements in a timely manner could impair our ability to generate electricity from our distributed energy projects. If we fail to maintain our relationships with our natural gas suppliers or fail to develop new relationships with other gas suppliers, we may have to suspend our distributed energy generation or produce electricity at a higher cost, which could adversely affect our distributed energy business and other natural gas-fired power projects.

Our ownership interest in a nuclear power plant subjects us to risks and liabilities uniquely associated with this type of project.

We own a minority interest in the Fuqing Nuclear Power Plant in Fujian province that is currently under construction. As part of our strategy, we intend to increase our equity interest in the follow-up projects of the Fuqing Nuclear Power Plant in order to obtain controlling rights after we receive the government approval for operating a nuclear power plant. Therefore, we are subject to risks and liabilities uniquely associated with a nuclear power plant, which include, among others:

- the potential harmful effects on the environment and human health resulting from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials such as spent nuclear fuel;

- the higher risk of seismic activity in Fujian province, which may affect the construction and operations of the Fuqing Nuclear Power Plant and its follow-up projects;

- limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with nuclear operations; and

- uncertainties with respect to contingencies and assessment amounts if our insurance coverage is inadequate.

We cannot assure you that the risk mitigation measures to be adopted by the Fuqing Nuclear Power Plant and its follow-up projects will be adequate if and when these risks are triggered. If a major nuclear incident were to occur, it could harm our reputation, results of operations, financial condition and prospects.

RISKS RELATING TO OUR BUSINESS OPERATIONS

Greenfield projects and projects under construction present substantial development, construction and start-up risks, which could materially and adversely affect our results of operations, financial condition and growth prospects.

Greenfield projects and projects under construction present substantial development, construction and start-up risk. The development and construction of power generating projects, particularly wind power and hydropower projects, is time-consuming and complicated and requires significant capital investment. In connection with the development and construction of our power generating projects, we will seek to obtain government permits and approvals, sufficient financing, land purchase or leasing agreements, equipment procurement and construction contracts, as well as operation and maintenance agreements. We may suffer significant construction delays or construction cost increases as a result of a variety of factors, including:

- delays in obtaining various regulatory approvals, licenses or permits from different governmental authorities at various levels, the environmental permits and permits to use the relevant land;
- delays caused by, and increased costs of, relocating local residents attributable to the construction of reservoirs and large hydropower projects;
- failure to receive adequate bank loans on favorable terms;
- shortages or increases in the cost of key equipment (such as wind turbines), materials or labor;
- failure to secure interconnection to transmission lines;
- adverse hydrological or wind conditions, or natural disasters, accidents or other unforeseen events;
- unforeseen engineering, design, environmental or geological problems;
- opposition of local interests and environmental organizations; and
- strikes and labor disputes.

Any of these factors may cause delays in the completion of our projects under construction and may increase the cost of pipeline projects. If we are unable to complete the projects as planned, the costs incurred in connection with such projects may not be recoverable. Even if we complete these projects, as a result of project delays, cost overruns, changes in market circumstances or other reasons, we may not be able to achieve the intended economic benefits or demonstrate the commercial viability of these projects, which may materially and adversely affect our results of operations, financial condition and growth prospects.

The operations of our power generating projects may be adversely affected by the failure of key equipment, civil structures or transmission systems, which could result in lost revenues and increased maintenance costs.

The breakdown of power generating equipment, or failure of other key equipment or of a civil structure in one or more of our power generating projects, could disrupt the generation of electricity and result in our revenues being lower than we expected. Furthermore, any breakdown or failure of our transmission systems could disrupt the transmission of electricity by a power generating project to the local power grid. In addition, if the power grid fails, we will not be able to deliver our power until the grid carries out the necessary repairs. Some of our power generating projects were constructed many years ago. Older generating equipment may require significant capital expenditure to keep operating efficiently. Such equipment is also likely to require periodic upgrades and improvements. The breakdown or failure of our power generating projects may also prevent us from fulfilling our obligations under the applicable PPAs, which, in certain situations, could result in the termination of these agreements or incurring liability for liquidated damages. These events may reduce our ability to generate power, resulting in loss of revenues and increased maintenance costs.

We rely on a limited number of key customers.

We sell electricity to our key customers, the local grid companies, based on the PPAs we enter into with them. Currently, we sell electricity generated by our power generating assets to the local grid companies, rather than selling directly to any industrial or residential end-users. Therefore, we are highly dependent upon such companies fulfilling their obligations under the PPAs. For the years ended December 31, 2009, 2010 and 2011, our electricity sales to our five largest customers accounted for 98.6%, 97.3% and 89.9%, respectively, of our total revenue (excluding service concession construction revenue) during those years. During the same periods, in particular, our electricity sales to our single largest customer accounted for 92.2%, 84.2% and 74.5%, respectively, of our total revenue (excluding service concession construction revenue).

We cannot assure you that the grid companies will comply with the applicable PRC regulatory framework by purchasing all the electricity generation from clean energy sources and making full and timely payments according to the on-grid tariffs approved, or fixed by, the PRC government. Furthermore, our key customers, with whom we have entered into PPAs, may not comply with their contractual obligations under the PPAs or become subject to insolvency or liquidation proceedings during the term of the relevant PPA. An inability or failure by such customers to meet their statutory purchase obligations or contractual commitments or the insolvency or liquidation of our key customers could have a material adverse effect on our business, financial position and results of operations.

Our hydropower and coal-fired power businesses are concentrated in Fujian province.

During the Track Record Period, all of our hydropower projects and coal-fired power plants in operation were developed and constructed in Fujian province and substantially all of our revenue from these two business segments was derived from the sale of electricity in Fujian province. As of December 31, 2011, 65.9% of our power generating assets, based on installed capacity, were located in Fujian province. As such, the operations of our hydropower and coal-fired power businesses are subject to risks specific to Fujian province, including detrimental changes in, among other things, the on-grid tariffs for hydro or coal-fired power, transmission capacity of regional power grids, climatic and hydrological conditions, regional demand for electricity, and local government policies. Any of these changes could have a material adverse effect on our business, financial position and results of operations.

We operate in a capital-intensive business, and a significant increase in capital expenditures could have a material adverse effect on our business, financial condition or results of operations.

We have significant construction and capital expenditure requirements, and the recovery of the capital investment in a power generating project occurs over a long period of time. In particular, the capital expenditures required to develop and construct a power generating project generally vary based on the cost of the necessary fixed assets, such as wind and gas turbines. The price of such key equipment and/or civil construction works may increase if the market demand for such equipment or works is greater than the available supply, or if the prices of key component commodities and raw materials used to build such equipment were to increase. Other factors affecting the amount of capital investment required include, among other things, finance expenses. A significant increase in the costs of developing and constructing our power generating projects could have a material adverse effect on our ability to achieve our targets and on our business, financial condition and results of operations.

To fund our business expansion, we expect to incur approximately RMB10.3 billion and RMB10.0 billion of capital expenditures in 2012 and 2013, respectively, and contribute approximately RMB800.0 million of financial investments to the Fuqing Nuclear Power Plant each year from 2012 to 2014. Historically, we have financed our power generating projects with a combination of bank borrowings and operating cash flow. We cannot assure you that, at the time of developing our new projects, we will be able to secure financing from the above mentioned sources on commercially viable terms to fund our planned capital requirements. If we fail to obtain adequate financing, our ability to expand our business may be hindered and the prospects of our future operations may be materially and adversely affected.

Our borrowing levels, interest payment obligations and net current liabilities could limit the funds available to us for various business purposes.

Due to the rapid expansion of our business during the Track Record Period, we have relied on bank borrowings to fund a substantial portion of our capital requirements, and expect to continue to do so in the foreseeable future. Our borrowings were RMB21,426.3 million, RMB28,703.9 million and RMB30,242.4 million as of December 31, 2009, 2010 and 2011, respectively. As a result, our gearing ratio was 358.6%, 307.1% and 315.6%, respectively, as of December 31, 2009, 2010 and 2011.

As of December 31, 2009, 2010 and 2011, our net current liabilities amounted to RMB8,367.4 million, RMB9,295.3 million and RMB12,276.8 million, respectively. We may continue to have net current liabilities in the near future. Our leverage and the high level of net current liabilities could constrain our operational flexibility and have significant adverse consequences, which include (i) requiring us to use a substantial portion of our cash flow from operations to service our debt, thereby reducing the cash flow available for working capital, capital expenditure or other general corporate uses, (ii) increasing our exposure to interest rate fluctuations and (iii) limiting our ability to obtain, and increasing the cost of, additional financing to fund future working capital, capital expenditures or general corporate uses.

We cannot assure you that we will always be able to raise necessary funding to finance our current liabilities and other debt obligations. Our business, prospects and financial condition may be materially and adversely affected if our cash flow and capital resources are insufficient to finance our debt obligations.

Our business may be affected by fluctuations in interest rates.

We are exposed to interest rate risk resulting from fluctuations in interest rates on our loans. Changes in interest rates affect our finance expenses and, ultimately, our results of operations. As we rely heavily on external financing to support the expansion of our business, we are sensitive to the cost of capital in securing these loans. Our finance expenses were RMB945.0 million, RMB984.6 million and RMB1,266.3 million for the years ended December 31, 2009, 2010 and 2011, respectively. During the Track Record Period, the PBOC raised the benchmark lending rates in China several times. Lending interest rates may increase in the future if the PRC government decides to further tighten its monetary policy. If the PBOC were to continue to raise benchmark lending rates, our finance expenses would increase, which would have a material adverse effect on our business, financial condition and results of operations.

We do not possess the title certificates or construction permits in respect of certain land and buildings we own or occupy.

Title defects to land and building ownership in the PRC is not uncommon, partly due to the on-going application process necessary to obtain land use rights and building ownership certificates where government approval at different levels is involved. As of December 31, 2011, we or our landlord had not obtained proper land use rights for 22 parcels of land, representing 10.8% of the total site area which we owned and leased. In addition, we had not obtained proper building ownership certificates for 43 buildings, representing 9.5% of the total gross floor area of the buildings we owned.

We are currently in the process of applying for, and obtaining, land use rights certificates and building ownership certificates for most of the land and buildings that have title defects. Based on the advice from our PRC legal advisers, our Directors are uncertain whether we can obtain the relevant certificates or permits in a timely manner, or at all. In addition, we cannot assure you that our use and occupation of the relevant land and buildings will not be challenged. If we cannot obtain the relevant certificates or permits in a timely manner and our legal right to use or occupy the relevant land and buildings is challenged, our operations or construction on the affected land or in the affected buildings could be interrupted, which, in turn, could have an adverse effect on our business, financial condition and results of operations.

We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of power generating projects.

The development, construction and operation of our power generating projects are highly regulated and subject to strict PRC laws and regulations. These laws and regulations relate to, among other things, project approvals and other government approvals and licensing requirements for power generation companies, building and construction of new projects, landscape conservation and electricity dispatch and transmission.

In particular, before we construct and operate our power generating projects, we must first obtain operational and construction permits from various authorities. Procedures for granting such permits vary by region to region, and certain projects may not timely receive their operational or construction permits for a variety of reasons. Further, third parties may challenge a decision to grant us operational and construction permits in some provinces after local authorities have granted us such permits. Finally, we must comply with laws and regulations, as well as the conditions contained in the operational and construction permits. Failure to do the above may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licenses or permits. These factors could have an adverse effect on our business, financial condition and results of operations.

We may fail to manage successfully the assets, projects and associate entities in which we have minority interests, as well as our relationships with local partners.

We may not be able to execute successfully or fully our business strategy with respect to assets, projects or associate entities in which we have equity interests of less than 50.0%. For example, we hold a minority interest in a distributed energy project in operation and a nuclear power plant under construction. Our control over such assets, projects and associate entities is generally subject to the terms of applicable agreements and arrangements. In addition, for some of our clean energy projects, we conduct our project development activities through one or more joint venture companies with local partners. In general, local partners may be involved in sourcing new projects and carrying out various activities during the development phase. We generally enter into such partnerships where we believe we are able to benefit from the strong local insight and experience of local partners.

If other equity owners or our local partners fail to perform their respective obligations or otherwise breach the terms and conditions of our shareholding arrangements or partnerships, it could have a material adverse effect on our business, financial condition and results of operations.

We rely on external parties for the construction of our projects and external equipment suppliers and our in-house technical team to maintain our key equipment.

We generally contract with third-party contractors, suppliers and civil engineering firms with established track records for the construction of our power generating projects. The successful completion of these projects depends on the ability of these suppliers, contractors and civil engineers to perform their contractual obligations, and is subject to factors beyond our control, including actions or omissions by these suppliers, contractors and civil engineers. Any setbacks, delays in construction or the delivery of supplies, or any deficiencies relating to the work performed by suppliers, contractors and civil engineers that we engage, may result in delays in the completion of a project and other unforeseen construction costs or budget overruns. This could materially and adversely affect our business, financial condition, results of operations and prospects. In addition, failure to complete construction according to specifications can result in reduced efficiency, higher operating costs and reduced earnings.

We rely on suppliers of wind turbines and other key equipment to provide part of the operational and maintenance services. According to our equipment purchase agreements, our suppliers generally cover inspection and maintenance services and component repair or replacement during the warranty period. Our in-house technical team will continue to perform part of the operational and maintenance activities following the expiration of such terms. If our external equipment suppliers or our in-house technical team fails to provide inspection, maintenance or repair works for our key equipment and systems in a timely manner or at all, our power generation and business operations could be interrupted or delayed, possibly without warning. The occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations.

Future acquisitions may be expensive and may ultimately fail.

In addition to organic growth, our current strategy involves growth through acquisitions of complementary businesses, assets and entry into strategic alliances. We may be unable to continue to implement our growth strategy, or our strategy may ultimately be unsuccessful. Any potential acquisition or alliance may result in significant transaction costs, increased interest and amortization expenses, increased depreciation expenses and increased operating expenses, any of which could have a material adverse effect on our operating results. Acquisitions may entail integration and management of the new businesses to realize economies of scale and control costs, as well as other risks, including diversion of management resources otherwise available for ongoing development of our business, and risks associated with entering new markets. Although we will from time to time consider potential investment opportunities or potential acquisition targets, as of the Latest Practicable Date, we had not identified any definitive investment or acquisition targets nor had we entered into any definitive agreements with respect to any acquisitions or strategic investments.

We may be unable to identify suitable acquisition candidates, obtain financing on acceptable terms or consummate any future acquisitions. Further, any acquisitions or alliances may expose us to the risk of unanticipated business uncertainties or legal liabilities relating to those acquired businesses or alliances for which the sellers of the acquired business or alliance partners may not indemnify us. Future acquisitions may also cause us to issue securities that will have a dilutive effect on our shareholders. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with changes in preferential tax treatment.

We are subject to various PRC taxes, including the current statutory PRC enterprise income tax rate of 25.0%, as determined in accordance with the relevant PRC tax rules and regulations. However, PRC tax laws and regulations provide certain preferential tax treatments applicable to different enterprises, industries and locations. Some of our subsidiaries are currently taxed at preferential rates due to the nature of our business activities and/or the location of our projects. In addition, our subsidiaries engaged in wind power generation were also entitled to a 50.0% refund of the VAT levied on their electricity sales. For the years ended December 31, 2009, 2010 and 2011, our weighted average effective tax rate was 21.9%, 16.5% and 13.0%, respectively. The decrease in our weighted average effective tax rate during the Track Record Period was due primarily to an increase in the number of subsidiary companies established which started to enjoy preferential tax treatments due to their location in western China and/or their business of developing wind power projects. Any change or elimination of such preferential tax treatments may materially and adversely affect our results of operations and financial condition.

We depend on certain senior managers and key employees.

Our success has been substantially attributable to the role played by a group of our senior management and key employees. Our future success depends significantly on the full involvement of these key executives and employees and our ability to continue to retain and recruit high-level personnel with advanced degrees. Further, competition for qualified personnel with relevant expertise in the PRC is intense due to the scarcity of qualified individuals in the rapidly growing clean energy industry. We may need to offer higher compensation and other benefits to attract and retain key personnel. Our inability to retain such key executives and employees, or, alternatively to adequately replace them or hire qualified new executives and employees as our business grows, could adversely affect our ability to achieve our objectives and business strategy, and thereby have a material adverse effect on our business, financial condition and results of operations.

We face competition from companies utilizing other clean energy, as well as companies utilizing conventional energy sources.

We may encounter competition from producers of electricity from other clean energy sources. In particular, other clean energy technologies may become more competitive and attractive. Competition from such producers may increase if the technology used to generate electricity from these other clean energy sources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy sources. While our clean energy business includes hydropower, wind power and other clean energy projects, we cannot assure you that we will successfully develop projects utilizing such other clean energy sources and successfully adjust our project portfolio. If we were unable to maintain and increase our competitiveness in the future, or our efforts to incorporate more competitive clean energy projects into our portfolio or compete against other clean power companies are unsuccessful, our business, financial condition, or results of operations could be adversely affected.

In addition, clean energy resources, such as hydropower and wind power, compete with conventional energy resources, including petroleum and coal. Recent volatility in the price of conventional energy resources, in particular, oil and coal, have enhanced the price competitiveness of electricity generated from clean energy resources compared to conventional energy resources. However, technological progress in the exploitation of other energy resources or discovery of large new deposits of oil or coal could decrease the price of those fuels, rendering the price of clean energy resources less attractive. As a result, demand for clean energy could decline, which would materially and adversely affect our business, financial condition and results of operations.

Our assets and operations are subject to hazards customary to the power industry, and we may not have adequate insurance to cover all these hazards.

Our main assets include, among other things, hydropower generators, wind turbines, coal-fired power generators, transformers and interconnection infrastructure. Operating these assets involves risks and hazards that may adversely affect our operations, including equipment failure, natural disasters, environmental hazards and industrial accidents. These hazards can cause significant personal injury or death, severe damage to, and destruction of, property, plant and equipment, contamination of, or damage to, the environment and suspension of our business operations. We may also face civil liabilities or fines in the ordinary course of business as a result of damages suffered by third parties, which may require us to make indemnification payments in accordance with applicable laws.

In addition, the operation of our power generating projects may be interrupted upon the occurrence of any of the following events:

- supply interruptions;
- the breakdown or failure of equipment or processes;
- difficulty or inability to find suitable replacement parts for equipment;

- unplanned outages or disruption in the transmission of electricity generated due to system failures;
- permit and other regulatory issues, license revocation and changes in legal requirements;
- unforeseen engineering and environmental problems; or
- unanticipated cost overruns.

We cannot assure you that we will be able to adequately control the impact of these events. In accordance with industry practice in China, we do not carry business interruption insurance. We have entered into insurance policies to cover certain other risks associated with our business. While we believe this insurance coverage is commensurate with our business structure and risk profile, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise. In addition, our insurers review our insurance policies annually, and we cannot assure you that we will be able to renew these policies on similar, or otherwise acceptable, terms, if at all. If we were to incur a serious uninsured loss, or a loss that significantly exceeded the limits of our insurance policies, our business, financial condition and results of operations could be materially and adversely affected.

We will continue to be controlled by Huadian, whose interests may differ from those of our other shareholders.

Upon the completion of the Global Offering, Huadian will own, directly and indirectly, an aggregate of approximately 70.5% of our Shares, assuming no exercise of the Over-allotment Option (or approximately 68.2% if the Over-allotment Option is exercised in full). Subject to our Articles of Association and applicable laws and regulations, Huadian will, through its representatives on our Board or by voting at the general meetings of shareholders, be able to influence our major policy decisions, including our senior management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment to our Articles of Association and other actions that require the approval of our Board of Directors and shareholders. It is possible that differences in opinion may arise between Huadian and any of the remaining shareholders from time to time. We cannot guarantee that Huadian will influence our Company to pursue actions that are in the best interests of the other shareholders.

In addition, Huadian has retained certain of its power generating business which competes or is likely to compete with our business. Huadian will continue to operate its competing business after the Global Offering, which may materially and adversely affect our business and growth prospects. Please refer to “Relationship with Huadian Group – Delineation of Business and Competition” in this prospectus.

RISKS RELATING TO THE PRC

Economic, political and social conditions in the PRC and government policies could affect our business and prospects.

A substantial majority of our assets are located in the PRC, and a substantial majority is derived from our revenue from our businesses in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, the level of economic development, growth rate, foreign exchange controls and resources allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in the PRC are still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adjusted or modified, or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not benefit from some of these measures.

The PRC government has the power to implement macroeconomic measures affecting the PRC economy. For example, to mitigate the negative impact from the global financial crisis and economic downturn in 2008, the PRC government implemented a series of macroeconomic measures and a moderately loose monetary policy between September 2008 to the end of 2009, which included announcing an RMB4.0 trillion economic stimulus package and reducing benchmark interest rates. In 2010 and 2011, the PRC government introduced a number of monetary-tightening measures to curb the overheated real estate markets and increasing inflation in the PRC. The PBOC announced several increases in benchmark interest rates for general lending and the deposit reserve ratio for commercial banks in the PRC.

In recent years, the PRC has been one of the world's fastest growing economies as measured by GDP growth. However, the PRC may not be able to sustain historical growth rates. For example, the sub-prime mortgage crisis that broke out in the United States in 2008 affected global financial markets and caused significant turmoil in the global financial and credit markets. From the second half of 2008 to mid-2009, the world's largest economies, including the economies of the United States, Europe and Japan, fell into severe recessions, and economic growth in the PRC, India and other emerging economies also experienced a slowdown. The GDP growth in the PRC declined from 14.2% in 2007 to 9.2% in 2009. Recent global market and economic conditions, such as the on-going sovereign debt crisis in the euro zone, the rating downgrade of the United States and heightened volatility in the major stock markets, have been challenging. Future uncertainties in the PRC and global economy may adversely affect our financial condition and results of operations.

The PRC legal system has inherent uncertainties that could limit the legal protections available to you.

We are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. While prior court decisions may be cited for reference, they have limited precedential value. Since 1979, the PRC government has promulgated laws, rules and regulations dealing with economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws, rules and regulations are relatively new, and because of the relatively limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws, rules and regulations involve significant uncertainties.

Our Articles of Association provide that disputes between holders of H Shares and us, our Directors, Supervisors or senior officers or holders of A Shares, arising out of our Articles of Association or any rights or obligations conferred or imposed upon us by the Company Law and related rules and regulations concerning our affairs, are to be resolved through arbitration rather than by a court of law. A claimant may elect to submit a dispute to either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Center in accordance with its applicable rules. Awards that are made by the PRC arbitral authorities are recognized under the Arbitration Ordinance of Hong Kong and can be enforced in Hong Kong. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements. However, to our knowledge, no action has been brought in the PRC by any holder of H shares to enforce an arbitral award and no assurance can be given as to the outcome of any action brought in the PRC by any holder of H shares to enforce a Hong Kong arbitral award made in favor of holders of H shares. Moreover, to our knowledge, there has not been any published report of judicial enforcement in the PRC by holders of H shares of their rights under the articles of association of any PRC issuer or the Company Law.

In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish among minority and controlling shareholders in terms of their rights and protections and our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and substantially all of our assets and our subsidiaries are located in the PRC. In addition, most of our Directors, Supervisors and executive officers reside within the PRC and the assets of our Directors and officers are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon most of our Directors, Supervisors and executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the

United Kingdom, Japan or most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible. In addition, although we will be subject to the Hong Kong Listing Rules and the Takeovers Code upon the listing of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules.

You may be subject to PRC taxation.

Under applicable PRC tax laws, the dividends we pay to non-PRC resident individual holders of H shares ("non-resident individual holders"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are both subject to PRC individual income tax at a rate of 20.0%, unless reduced by applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares are both subject to PRC enterprise income tax at a rate of 10.0%, unless reduced by applicable tax treaties or arrangements.

Pursuant to the Circular on Questions Concerning Tax on the Profits Earned by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners from the Transfer of Shares (Equity Interests) and on Dividend Income (Guo Shui Fa No. [1993] 045) (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知(國稅發[1993]045號)) issued by the SAT, non-resident individual holders were temporarily exempted from PRC individual income tax for the dividends or bonuses paid by issuers of H shares. However, such circular was repealed by the Announcement on the List of Fully or Partially Invalid and Repealed Tax Regulatory Documents (關於公佈全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告) dated January 4, 2011. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax following the Repeal of Guo Shui Fa [1993] No. 045 (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知), dated June 28, 2011, issued by the SAT, dividends paid by H share companies in the PRC to a non-resident individual holder are subject to PRC individual income tax at the rates determined in accordance with applicable tax treaties or arrangements between the PRC and the shareholder's resident jurisdiction, which range from 5.0% to 20.0%. The Circular states that the tax rate is generally applicable to dividend income as stipulated in relevant tax treaties or arrangements. Therefore, we can withhold 10.0% of the dividend without seeking prior consent from the PRC tax authorities. Any non-resident individual holder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in relevant tax treaties or arrangements, is lower than 10.0% shall be entitled to a refund of the excess tax withheld by us. However, such refund shall be subject to the approval of the PRC tax authority. For a non-resident individual holder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in relevant tax treaties or arrangements, is more than 10.0% but less than 20.0%, we will withhold the individual income tax at the applicable tax rate without seeking prior consent from the PRC tax authorities. For a non-resident individual holder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in relevant tax treaties or arrangements, is 20.0% or where there is no relevant tax treaty or arrangement with the PRC, we can withhold the individual income tax at the rate of 20.0%.

Despite the arrangements mentioned above, there are significant uncertainties as to the interpretation and application of applicable PRC tax laws and rules due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-resident individual holders will be subject to PRC individual income tax at a flat rate of 20.0%.

In addition, it is also unclear whether and how the PRC individual income tax and enterprise income tax on gains realized by non-resident holders of H shares through the sale, or transfer by other means, of H shares will be collected by the PRC tax authorities in the future, although such tax has not been collected by the PRC tax authorities in practice.

Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sale or transfers of the H Shares. For additional information, please see "Appendix VI – Taxation and Foreign Exchange" to this prospectus.

Government control of currency conversion may adversely affect the value of your investments.

Most of our revenue is denominated in Renminbi, which is also our reporting currency. Renminbi is not a freely convertible currency. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on declared dividends, if any, on our H Shares. Under China's existing foreign exchange regulations, following the completion of this Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with various procedural requirements.

However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, we might not be able to pay dividends to the holders of our H Shares in foreign currencies. On the other hand, foreign exchange transactions under capital accounts in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect our ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

Future fluctuations in the value of the Renminbi could have a material adverse effect on our financial condition and results of operations.

While we conduct substantially all of our business operations in the PRC and most of our revenue was denominated in Renminbi, we also derive foreign currencies denominated revenue, such as from the sales of CERs, and we convert Renminbi into foreign currencies to make investments and acquisitions overseas or pay dividends to our shareholders. A portion of our revenue, expenses and bank borrowings are denominated in U.S. dollars and other foreign currencies, although our functional currency is the Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the U.S. dollar, could affect our profitability and may result in foreign currency exchange losses of our foreign currency-denominated assets and liabilities.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's, as well as, and international, political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and the U.S. dollar, has been based on rates set daily by the PBOC, based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On April 16, 2012, the PBOC enlarged the previous floating band of the trading prices of the Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5% to 1% in order to further improve the managed floating RMB exchange rate regime based on market supply and demand with reference to a basket of currencies. From July 21, 2005 to May 31, 2012, the value of the Renminbi appreciated by approximately 28.0% against the U.S. dollar. On June 19, 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the U.S. dollar. We cannot assure you that the Renminbi will not experience significant appreciation against the U.S. dollar in the future.

Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk. As a result, any significant increase in the value of the Renminbi against foreign currencies could reduce the value of our foreign currency-denominated revenue and assets. Following the Global Offering, our exposure to risks associated with foreign currency fluctuations will further increase as the net proceeds from the Global Offering are expected to be deposited in currencies other than Renminbi until we obtain the necessary approvals from relevant PRC regulatory authorities to convert the same into Renminbi.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in China may have a material adverse effect on our business operations, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus or H1N1 influenza, may materially and adversely affect our business and results of operations. In 2009, there were reports of the occurrence of H1N1 influenza in certain regions of the world, including the PRC and Hong Kong, where we operate our business. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, adversely affect the local demand for electricity and our business. Moreover, the PRC has experienced natural disasters like earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC government or other countries in response to such contagious diseases, will not seriously disrupt our operations or those of our customers, which may have a material and adverse effect on our business and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and the liquidity and market price of our H Shares may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. The initial issue price range for our H Shares was the result of negotiations among us and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied for listing of, and permission to deal in, our H Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering. In addition, the Global Offering may not result in the development of an active and liquid public trading market for our H Shares. Furthermore, the price and trading volume of our H Shares may be volatile. Factors such as the following may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;

- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of additional H Shares by us or other shareholders.

Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares.

Future sales by our shareholders of substantial amounts of our H Shares or other securities relating to our H Shares in the public markets after the Global Offering, or the perception that these sales may occur, could adversely affect market prices. Please see the section entitled "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering" of this prospectus for a more detailed discussion of restrictions that may apply to future sales of our Shares.

After these restrictions lapse, the market price of our H Shares may decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur. This could also materially adversely affect our ability to raise capital at a time and at a price we deem appropriate.

Investors will experience dilution in pro forma adjusted net tangible assets because the Offer Price is higher than our net tangible assets per Share.

Because the Offer Price of our H Shares is higher than the net tangible assets per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of HK$1.42 per H Share (assuming an Offer Price of HK$1.68 per H Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). If we issue additional Shares in the future, purchasers of our H Shares may experience further dilution in their ownership percentage.

Certain facts and statistics derived from government sources contained in this prospectus may not be reliable.

We have derived certain facts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the power industry, from various government publications or communications with various government agencies that we believe to be reliable. While our Directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the underwriters or any of our or their respective affiliates or advisers and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled in or outside the PRC. The facts and other statistics include the facts and statistics included in the sections entitled "Risk Factors," "Industry Overview," "Business" and "Appendix V – Independent Technical Report." Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to, or place on, such facts or statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us or the Global Offering, or of any assumptions underlying such projections, valuations or other forward-looking information included in, or referred to by, the press articles or other media. Accordingly, you are cautioned that, in making your decisions as to whether to purchase our Offer Shares, you should rely only on the financial, operational and other information included in this prospectus and the Application Forms. By applying to purchase our H Shares in this Global Offering, you will be deemed to have agreed that you will not rely on any information other than the information contained in this prospectus and the Application Forms.

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, the Company must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since our head office and substantially all of our business operations are based, managed and conducted in the PRC, we do not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong, for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Currently, all of our executive Directors reside in the PRC.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We have made arrangements to maintain effective communication between the Stock Exchange and us as follows:

(i) both of the Company's authorized representatives, Mr. Fang Zheng, a PRC resident, and Ms. Mok Ming Wai, a Hong Kong resident, will act as our principal channel of communication with the Stock Exchange. Although Mr. Fang Zheng resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, the authorized representatives of the Company will be able to meet with the relevant members of the Stock Exchange on short notice;

(ii) both of the authorized representatives of the Company have means of contacting all Directors (including our independent non-executive Directors) promptly at all times and when the Stock Exchange wishes to contact a Director for any reason;

(iii) each Director has provided his mobile phone number, office phone number, fax number and e-mail address to the authorized representatives of the Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of office, he will provide the phone number of the place of his accommodation to the authorized representatives;

(iv) each of our Directors who does not ordinarily reside in Hong Kong possesses valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(v) Ms. Mok Ming Wai, one of the Company's joint company secretaries, who is a Hong Kong resident, will, among other things, act as a channel of communication of the Company with the Stock Exchange and be available to answer enquiries from the Stock Exchange; and

(vi) the Company has appointed CITIC Securities Corporate Finance (HK) Limited as our compliance adviser who will serve as an additional channel of communication with the Stock Exchange from the Listing Date to the date when the Company dispatches our annual reports to our Shareholders for the first full financial year immediately after the listing of our H Shares. CITIC Securities Corporate Finance (HK) Limited will maintain constant contact with our authorized representatives, Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Rule 8.17

According to Rule 8.17 of the Listing Rules, the issuer must appoint a company secretary who satisfies Rule 3.28.

Rule 3.28

According to Rule 3.28 of the Listing Rules, the secretary of the Company must be a person who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

In assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Liu Lei as one of the joint company secretaries. Mr. Liu is experienced in handling administrative work and preparing meeting materials for the Board, and has a thorough understanding of the operation of the Board and our Company. However, Mr. Liu does not possess a qualification as stipulated in Rule 3.28 of the Listing Rules and may not be able to fulfill the requirements as stipulated under Rule 3.28 of the Listing Rules. As such, our Company has appointed Ms. Mok Ming Wai as the other joint company secretary who is able to fully comply with the requirements set out under Rule 3.28 of the Listing Rules.Over a period of three years from the Listing Date, our Company proposes to implement the following measures to assist Mr. Liu to become a company secretary with the requisite qualification as required under the Listing Rules:

Mr. Liu will endeavor to attend relevant training courses including briefing on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules organized by the Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time.

The Company has appointed Ms. Mok Ming Wai, who meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to assist Mr. Liu so as to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as a company secretary of the Company.

Mr. Liu will communicate regularly with Ms. Mok Ming Wai on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to us and our affairs. Ms. Mok Ming Wai will work closely with, and provide assistance to, Mr. Liu in the discharge of his duties as a joint company secretary, including organizing the Company's board meetings and shareholders' meetings.

Mr. Liu has been appointed for an initial period of three years from the date of listing of the H Shares, provided that he will be assisted by Ms. Mok Ming Wai. Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Mr. Liu and the need for on-going assistance would be made.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. The waiver will be revoked immediately if Ms. Mok Ming Wai ceases to provide assistance and guidance to Mr. Liu Lei. Upon the expiry of the initial three-year period, the qualifications of Mr. Liu will be re-evaluated to determine whether the requirements as stipulated in Rule 3.28 of the Listing Rules can be satisfied. In the event that Mr. Liu has obtained relevant experience under Rule 3.28 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement will no longer be required by the Company.

NON-EXEMPT CONNECTED TRANSACTIONS

Our Group has entered into, and expects to continue after the Listing, certain transactions which will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver under Rule 14A.42(3) of the Listing Rules from compliance with the announcement requirement or announcement and independent shareholders' approval requirements under the Listing Rules in respect of such non-exempt continuing connected transactions.

The details of such waiver are set out in the section headed "Connected Transactions" of this prospectus.

PUBLIC FLOAT REQUIREMENT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.08(1)(d) of the Listing Rules to accept a minimum public float percentage of 22% (or a higher percentage after the exercise of the Over-allotment Option). The above discretion is subject to the condition that we comply with the disclosure requirements under Rule 8.08(1)(d) of the Listing Rules and that we and the Joint Sponsors be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the Listing. We will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in its successive annual reports after the Listing. In addition, we will, with a view to ensuring compliance with our obligations under the Listing Rules in relation to the minimum number of Shares which must be in public hands, (i) monitor our register of members, relevant disclosures made under Part XV of the SFO and other relevant sources of information available to us and (ii) (if at any time we become aware that the number of Shares which are in public hands is less than such minimum number) take such steps as are legally available to us to restore the number of Shares in public hands to ensure the minimum percentage of public float prescribed by the Stock Exchange above is complied with.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS IN THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC APPROVAL

The CSRC issued its approval for the Global Offering and our application to list the H Shares on the Stock Exchange on April 1, 2012. In granting such approval, CSRC accepts no responsibility for our financial soundness nor the accuracy of any of the statements made or opinions expressed in this prospectus or the Application Forms. No other approvals are required to be obtained for the listing of the H Shares on the Stock Exchange.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as of any subsequent time.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the International Offering of initially 1,350,000,000 Offer Shares and the Hong Kong Public Offering of initially 150,000,000 Offer Shares, each subject to the re-allocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Offer Shares are fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Offer Shares are intended to be fully underwritten by the International Underwriters pursuant to the International Purchase Agreement, which is expected to be entered into on or around June 20, 2012. Further information regarding the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by the Company, the Underwriters and any of their respective directors, officers, employees, agents or representatives or any other persons involved in the Global Offering.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Hong Kong Offer Shares described in this prospectus and the related Application Forms.

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of Hong Kong Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, please see the sections entitled "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus and the relevant Application Forms.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to (i) the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and (ii) the H Shares which will be converted from Domestic Shares and transferred to the NSSF.

Dealings in the H Shares on the Stock Exchange are expected to commence on June 28, 2012. Except for our pending application to the Stock Exchange for the listing of, and permission to deal in the H shares, no part of the Company's share capital is listed or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future. All the Offer Shares will be registered on the H Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and/or dealing in the Offer Shares or exercising any rights attached to them. Our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscribing, purchasing, holding, disposing of, or dealing in, the Offer Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out under the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" of this prospectus and on the related Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

H SHARE REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

All of the H Shares issued pursuant to the Global Offering will be registered on the Company's H Share register of members to be maintained in Hong Kong by its H Share Registrar, Computershare Hong Kong Investor Services Limited. Our register of members will also be maintained by us at our legal address in the PRC. Dealings in the H Shares registered in our Company's H Share register of members will be subject to Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations, and the Articles of Association;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and each of us acting for ourselves and for each of our Directors, Supervisors, managers and officers agrees with each of our Shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive, See "Appendix VII – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VIII – Summary of Articles of Association" to this prospectus;

(iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

(iv) authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors and officers whereby such Directors, Supervisors and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in the Articles of Association.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence on June 28, 2012. H Shares will be traded in board lots of 2,000 H Shares each.

EXCHANGE RATE CONVERSION

For exchange rate translations throughout this prospectus, unless otherwise specified, amounts denominated in HK$, US$, RMB have been converted, for the purpose of this prospectus, based on the rates set out below (for the purpose of illustration only):

US$1.00: HK$7.7608 (the exchange rate set forth in the H.10 weekly statistical release of the Federal Reserve Board of the United States on June 1, 2012)

RMB1.00: HK$1.2263 (set by the PBOC for foreign exchange transactions prevailing on June 1, 2012)

We make no representations and none should be construed as being made, that any of the RMB, HK dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

LANGUAGE

The English names of PRC nationals, entities, departments, facilities, certificates, titles, laws and regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed thereon are due to rounding. Certain amounts and percentage figures included in this prospectus have also been subject to rounding adjustments, or have been rounded to one or two decimal places.

DIRECTORS AND SUPERVISORS

Name	Address	Nationality
Executive Directors		
Huang Xianpei (黃憲培), Chairman	Room 801, No. 2 Hebian Road Gulou District Fuzhou Fujian PRC	Chinese
Fang Zheng (方正), President	Room 1201, Unit 4 Building 4 No. 9 Chegongzhuang Avenue Xicheng District Beijing PRC	Chinese
Huang Shaoxiong (黃少雄)	Room 704, Building 47 No. 70, Jiangcuo Road Gulou District Fuzhou Fujian PRC	Chinese
Non-executive Directors		
Mao Xishu (毛錫書)	Room 1302, No. 39, Lane 600 Yingkou Road Yangpu District Shanghai PRC	Chinese
Wang Xuxiang (王緒祥)	No. 273, Xizhimennei Avenue Xicheng District Beijing PRC	Chinese
Zong Xiaolei (宗孝磊)	No. 101, Unit 4, Building 12 Liupukang No. 1 Zone Xicheng District Beijing PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Yeung Pak Sing (楊佰成)	Flat B, 2/F, Broadwood Park No. 38 Broadwood Road, Happy Valley Hong Kong PRC	Chinese
Zhang Bai (張白)	Room 401, No.16 Mishu Road Gulou District Fuzhou Fujian PRC	Chinese
Zhou Xiaoqian (周小謙)	Room 402, Unit 1, Building 9 Deshengli One District Xicheng District Beijing PRC	Chinese
Supervisors		
Li Changxu (李長旭)	No. 7, Unit 3, Building 1 Dajing Xicheng District Beijing PRC	Chinese
Yao Fei (姚飛)	Flat C, 22/F, Building 9 Madianguanchengnanyuan Haidian District Beijing PRC	Chinese
Huang Chunqi (黃春齊)	No. 201, Unit 3 Building 3 Nanluyuan Xicheng District Beijing PRC	Chinese

Name	Address	Nationality
Huang Yuanhong (黃源紅)	Room 1003, Unit 3 Building 3 Wanliuxingbiaojiayuan Haidian District Beijing PRC	Chinese
Hu Xiaohong (胡曉紅)	Sub-4, Unit 2, Building 4 No. 386, Yan'an Road Honghuagang District Zunyi Guizhou PRC	Chinese
Xu Jin (許進)	Room 806, Unit 14 No. 60 Chayuan Road Jin'an District Fuzhou Fujian PRC	Chinese

PARTIES INVOLVED

Joint Global Coordinators	**CITIC Securities Corporate Finance (HK) Limited** 26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
Joint Bookrunners	**CITIC Securities Corporate Finance (HK) Limited** 26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong

Joint Lead Managers

Hong Kong Public Offering
CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Merrill Lynch Far East Limited
15/F, Citibank Tower
3 Garden Road
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

BOCI Asia Limited
26 Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

CCBI International Capital Limited
34/F., Two Pacific Place
88 Queensway
Admiralty
Hong Kong

ABCI Securities Company Limited
Room 701, 7/F, One Pacific Place
88 Queensway
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28
One Pacific Place
88 Queensway
Hong Kong

International Offering
CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

BOCI Asia Limited
26 Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

CCBI International Capital Limited
34/F., Two Pacific Place
88 Queensway
Admiralty
Hong Kong

ABCI Securities Company Limited
Room 701, 7/F, One Pacific Place
88 Queensway
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28
One Pacific Place
88 Queensway
Hong Kong

Joint Sponsors	**CITIC Securities Corporate Finance (HK) Limited** 26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	Merrill Lynch Far East Limited 15/F, Citibank Tower 3 Garden Road Central Hong Kong
Auditors and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Legal Advisers to the Company	*As to Hong Kong law and United States law* **Clifford Chance** 28/F, Jardine House One Connaught Place Central Hong Kong
	As to PRC law **Jia Yuan Law Offices** F407-F408 Yuanyang Building 158 Fuxingmennei Avenue Beijing PRC
Legal Advisers to the Underwriters	*As to Hong Kong law and United States law* **Paul Hastings** 21-22/F Bank of China Tower 1 Garden Road Central Hong Kong

	As to PRC law **Grandall Law Firm (Beijing)** 9/F, Taikang Financial Tower No. 38 North Road East Third Ring Chaoyang District Beijing 100026 PRC
Receiving Bankers	**Bank of China (Hong Kong) Limited** 1 Garden Road Central Hong Kong
	CITIC Bank International Limited 232 Des Voeux Road Central Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Hong Kong
	Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong
Independent Property Valuer and Consultant	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Hong Kong
Independent Technical Consultant	**Mott MacDonald Limited** Suite 1005, Tower E Global Trade Center 36 North 3rd Ring Road East Beijing 100013 PRC
Industry Consultant	**Frost & Sullivan** Level 8, Two Exchange Square 8 Connaught Road Central Hong Kong

Registered office	25F, Yifa Plaza No. 111 Wusi Road Gulou District Fuzhou Fujian PRC
Head office in the PRC	1701, Building A Huadian Plaza No. 2 Xuanwumennei Road Xicheng District Beijing PRC
Principal place of business in Hong Kong	8th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
Company's website	www.hdfx.com.cn
Joint company secretaries	Liu Lei Mok Ming Wai (FCIS, FCS)
Authorized representatives	Fang Zheng Room 1201, Unit 4 Building 4 No. 9 Chegongzhuang Avenue Xicheng District Beijing PRC Mok Ming Wai 8th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong

Audit Committee	Zhang Bai (Independent Non-executive Director) (Chairman) Yeung Pak Sing (Independent Non-executive Director) Zong Xiaolei (Non-executive Director)
Nomination Committee	Zhou Xiaoqian (Independent Non-executive Director) (Chairman) Huang Xianpei (Executive Director and Chairman) Yeung Pak Sing (Independent Non-executive Director)
Remuneration and Assessment Committee	Zhou Xiaoqian (Independent Non-executive Director) (Chairman) Zhang Bai (Independent Non-executive Director) Huang Shaoxiong (Executive Director)
Strategic Committee	Fang Zheng (Executive Director and President) (Chairman) Mao Xishu (Non-executive Director) Zhou Xiaoqian (Independent Non-executive Director)
Compliance Adviser	CITIC Securities Corporate Finance (HK) Limited
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai Hong Kong

Principal Bankers	China Construction Bank Corporation (Fuzhou Chengbei Branch) No. 18 Guping Road Gulou District Fuzhou Fujian Province PRC
	China Development Bank Corporation (Fujian Branch) No. 111 Wusi Road Fuzhou Fujian Province PRC
	Agricultural Bank of China Limited (Headquarters) No. 28 Fuxingmennei Avenue Xicheng District Beijing PRC
	Postal Savings Bank of China No. 3 Financial Street Xicheng District Beijing PRC

This section contains information and statistics on the industry in which we operate. We have extracted and derived such information and statistics, in part, from various official or publicly available sources. We believe that the sources of this information are appropriate sources and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners or any other party involved in the Global Offering and no representation is given as to its accuracy. Such information may not be consistent with, and may not have been compiled with the same degree of accuracy or completeness as, other information compiled within or outside the PRC. Accordingly, the official government and other third party sources contained herein may not be accurate and should not be unduly relied upon.

OVERVIEW OF THE PRC ECONOMY AND POWER INDUSTRY

The PRC's real gross domestic product, or real "GDP," grew at a CAGR of 10.8% from 2006 to 2010 during the 11th Five-Year Plan period, making it one of the fastest growing economies in the world. Despite the global macroeconomic slowdown since 2008, the PRC's economy maintained high growth over the period, partially due to the PRC government's economic stimulus measure. According to the 12th Five-Year Plan, the PRC's real GDP growth is expected to achieve a CAGR of 7.0% from 2011 to 2015.

The following table shows that despite the PRC having a higher annual economic growth rate and per capita power generation growth rate than G7 countries from 2006 to 2010, it had lower per capita power generation than G7 countries.

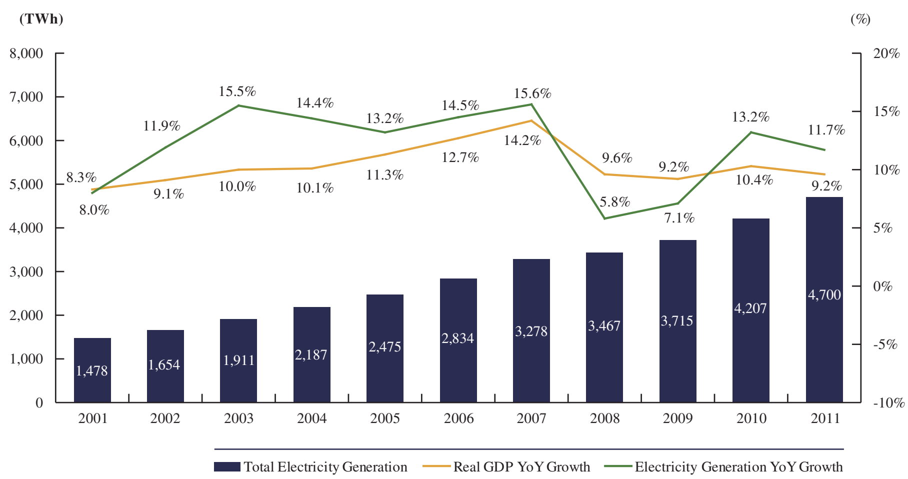
	2010 Per Capita Power Generation	Real GDP Growth Rate						Per Capita Power Generation Growth				
Countries		**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2006**	**2007**	**2008**	**2009**	**2010**
	(kWh)	(%)						(%)				
G7 Countries[(1)]	10,795	2.6	2.2	(0.4)	(4.0)	3.0	1.4	(0.2)	(1.0)	(0.5)	(5.4)	3.0
The PRC	3,152	12.7	14.2	9.6	9.2	10.4	9.2	14.7	15.1	5.2	6.6	13.2

Source: BP statistics review June 2011; International Monetary Fund, World Economic Outlook Database, April 2012; China Electricity Council.

(1) G7 countries include Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

As shown in the chart below, electricity generation in the PRC has been growing at a faster rate than real GDP from 2000 to 2007. In the years of 2008 and 2009, the growth rate of electricity generation was lower than real GDP growth, mainly due to the global financial crisis in these two years, which slowed down electricity demand growth in the PRC. In 2010 and 2011, electricity generation growth has recovered significantly and experienced an increase of 13.2% in 2010 and an increase of 11.7% in 2011 as the PRC's macroeconomic environment improved from 2009.

PRC Total Electricity Generation, Electricity Generation Growth and Real GDP Growth, 2000-2011



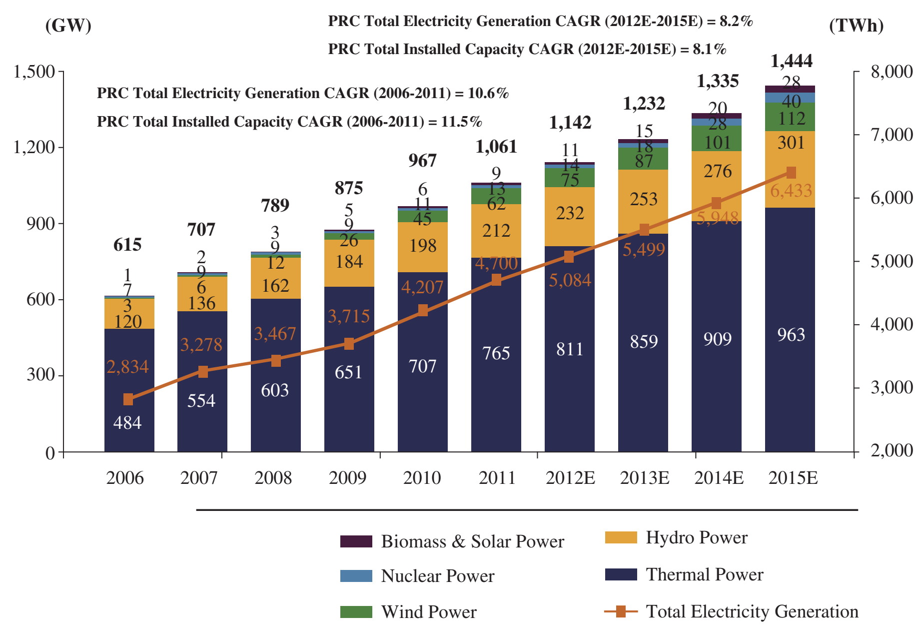
Source: PRC electricity generation data: 2001-2004 figures from China Electricity Power Yearbook; 2005-2011 figures from National Bureau of Statistics, Real GDP data from International Monetary Fund; World Economic Outlook Database, April 2012; Frost & Sullivan.

The PRC has surpassed the United States and become the world's largest primary energy user according to a BP Statistics review in 2011. The PRC power industry has experienced significant development and expansion, which was mainly driven by rapid industrialization, accelerating fixed assets investment and rising residential electricity demand due to increased per capita income.

Power Supply and Demand in the PRC

In terms of power supply, the PRC's power sector has experienced a significant increase in installed capacity and electricity generation in recent years. Installed capacity grew at a CAGR of 11.5% from 615 GW in 2006 to 1,061 GW in 2011, while electricity generation grew at a CAGR of 10.6% from 2,834 TWh in 2006 to 4,700 TWh in 2011. According to Frost & Sullivan, total installed capacity in the PRC is expected to grow at a CAGR of 8.1% between 2012 and 2015 and reach 1,444 GW in 2015. Similarly, total electricity generation is expected to grow at a CAGR of 8.2% and reach 6,433 TWh in 2015. The following chart shows data on installed capacity and the total electricity generation in the PRC from 2006 to 2015.

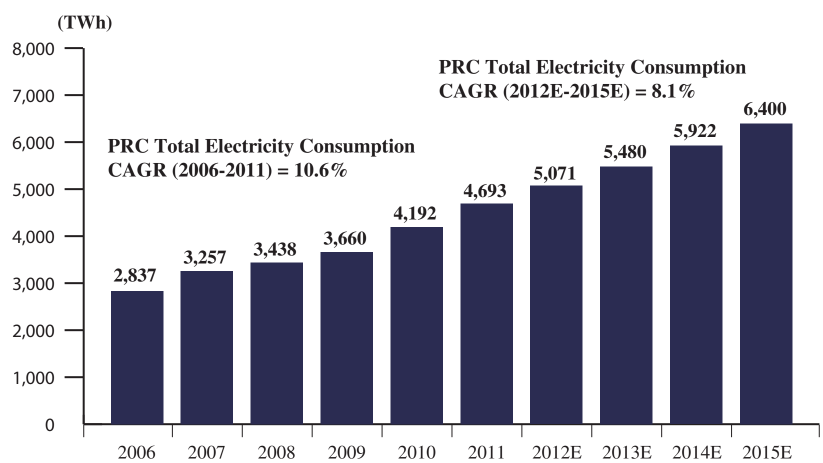
Total Installed Capacity and Electricity Generation in the PRC, 2006-2015



Source: PRC electricity generation data from National Bureau of Statistics of China; China Wind Energy Council; Frost & Sullivan.

In terms of power demand, electricity consumption in the PRC experienced significant growth in recent years driven by strong GDP growth, increasing industrial output and rising fixed asset investment. The following chart sets forth the volume and percentage growth rates of electricity consumption in the PRC for the periods indicated. Electricity consumption in the PRC has experienced significant CAGR of 10.6% from 2006 to 2011 and the growth trend is expected to continue at a CAGR of 8.1% between 2012 and 2015. Total electricity consumption is expected to reach 6,400 TWh by 2015.

Total Electricity Consumption in the PRC, 2006-2015



Source: *PRC electricity consumption data: 2006-2009 figures from China Electricity Council; 2010 & 2011 figure from China Electricity Council Express Report (中電聯電力快報); Frost & Sullivan.*

The following table summarizes the PRC's electricity consumption and electricity generation by region in 2011.

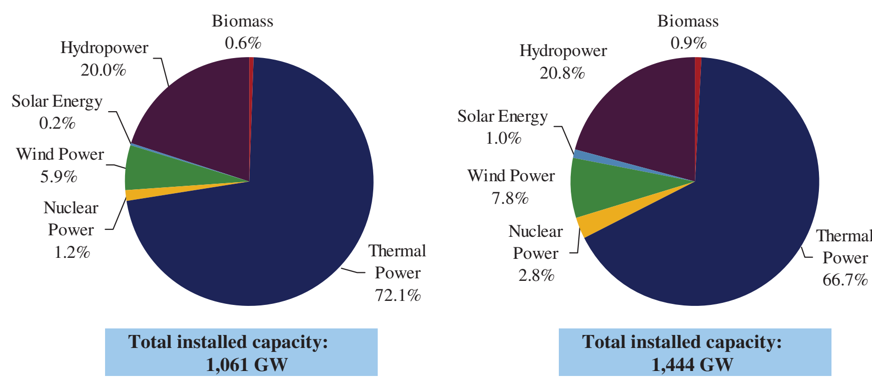
Region	2011 Electricity Generation	2011 Electricity Consumption
	(TWh)	(TWh)
Jiangsu	394	429
Guangdong	371	440
Shandong	318	364
Inner Mongolia	316	188
Zhejiang	279	312
Henan	260	266
Shanxi	234	165
Hebei	222	298
Hubei	207	145
Sichuan	184	175
Anhui	166	122
Fujian	158	151
Yunnan	154	119
Liaoning	142	186
Guizhou	135	94
Hunan	119	128
Shaanxi	118	97
Gansu	107	92
Guangxi	106	111
Shanghai	102	134
Ningxia	100	73
Xinjiang	88	83
Heilongjiang	83	79
Jiangxi	74	83
Jilin	71	63
Tianjin	61	69
Chongqing	54	72
Qinghai	50	56
Beijing	27	82
Hainan	19	19
Tibet	2	2
National Total	4,722	4,693

Source: China Electricity Industry Statistics Report 2011.

Sources of Energy in the PRC

Accompanying the increase in total power generation capacity, the energy sources of PRC's power generation are also expected to undergo transformation, shifting from heavier reliance on traditional thermal power to increasing diversification into various forms of clean energies. As of the end of 2011, 72.1% of the installed capacity in the PRC is thermal, 20.0% is hydro, 5.9% is wind, 1.2% is nuclear, 0.6% is biomass and 0.2% is solar. Thermal power generating units have accounted for the majority of power generation installed capacity in the PRC. However, clean energies are expected to account for an increasing proportion of the total installed capacity going forward.

PRC Energy Structure by Energy Sources, 2011 (Left) & 2015E (Right)



Source: China Electricity Council; China Wind Energy Council; Frost & Sullivan.

Energy and Environment Related Targets in the PRC

Due to rising living standards and continuous increase in per capita energy consumption in the PRC, energy shortage has become a limiting factor for the PRC's economic development. In September 2007, the PRC published the Medium- and Long-Term Development Plan for Renewable Energy that sets to raise the share of renewable energy to 15% of total primary energy consumption by 2020. On November 25, 2009, the Chinese government announced its intention to reduce CO_2 per unit GDP by 40.0% to 45.0% from the 2005 level by 2020, which implies sustained governmental support to develop clean energies in the PRC.

Background and Restructuring of the PRC Power Industry

Since 1997, the PRC's power industry has experienced a restructuring phase pursuant to the government's policy to separate governmental functions from enterprises. The State Power Corporation was established in January 1997 to take ownership of state-owned power generating assets and virtually all of the high voltage power transmission grids and local power distribution networks in the PRC. The State Economic and Trade Commission ("SETC") was established in March 1993 to assume governmental and administrative functions in relation to the power industry, while the Electric Power Bureau within SETC was responsible for formulating and implementing policies and regulations of the power industry. In December 2002, the State Power Corporation was reorganized into five large independent power generation groups and two power grid companies. The five independent large power generation groups were China Huaneng Group, China Datang Corporation, China Huadian Corporation, China Guodian Corporation and China Power Investment Corporation. The two power grid companies were the State Grid Corporation of China ("State Grid") and China Southern Power Grid Company ("Southern Grid").

For power generation, as shown in the table below, the five largest generation groups continue to own and manage approximately one-half of the total installed power generation in the PRC as of December 31, 2011, while the remaining capacity is primarily owned by provincial, local and other power companies.

Five Largest Independent Power Generation Groups

Power Generation Groups	2011 Year-end Installed Capacity
	(GW)
China Huaneng Group[(1)]	125
China Datang Corporation[(1)]	111
China Huadian Corporation[(1)]	95
China Guodian Corporation[(1)]	106
China Power Investment Corporation[(1)]	77
Others	542
Total	1,056

Source: China Electricity Council.

(1) Data source does not specify whether installed capacity is consolidated or total.

Pursuant to the on-going reform of the electric power industry, a new industry regulator, the State Electricity Regulatory Commission of the PRC ("SERC"), was established under the State Council in 2003. The main responsibilities of the SERC include ensuring fair competition in the electric power industry, monitoring the quality and standard of power plant production, administering electric power business permits and handling electric power market disputes.

In March 2003, the State Development and Planning Commission was reorganized as the newly formed National Development and Reform Commission of the PRC ("NDRC"). In July 2008, the National Energy Administration was established under the management of NDRC pursuant to the resolutions passed by the Eleventh National People's Congress. The National Energy Administration's responsibilities include regulating the coal, oil, natural gas, electricity, clean energies industries, formulating industry standards and development plans, supervising energy development, balancing production-construction and supply-demand relations, as well as encouraging energy infrastructure development in rural areas.

Transmission and Dispatch

The major electric transmission and dispatch systems in the PRC include the State Grid and the Southern Grid. State Grid, through its five regional power grid companies (Northeast China, North China, East China, Central China and Northwest China power grids), owns and operates interprovincial high-voltage power transmission grids and local power distribution networks in 26 provinces, municipalities and autonomous regions. Southern Grid owns and manages interprovincial high voltage power transmission grids and local power distribution networks in five provinces and autonomous regions including Guangdong, Guizhou, Yunnan, Hainan provinces and the Guangxi Zhuang Autonomous Region.

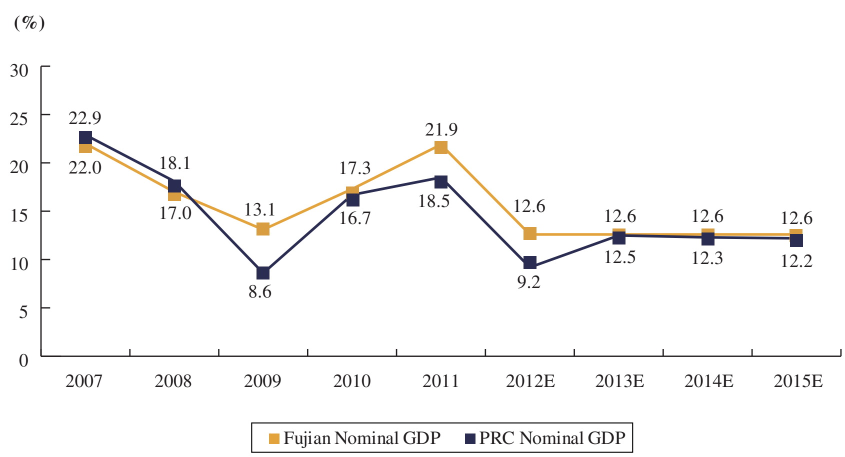
Regional power grid companies that are owned by the State Grid and Southern Grid are responsible for the sale, distribution and transmission of electricity in their respective regions. In 1993, the State Council issued the Regulations on the Administration of Electric Power Dispatch to Networks and Grids ("Dispatch Regulations") according to which, electricity dispatch centers, which are subsidiaries of power grid companies, have been established at various levels (national, inter-provincial, provincial, municipal and county) to manage the power generation resources within their respective regions in China.

Dispatch centers determine the amount of electricity to be produced by each power plant within their jurisdiction to help ensure a cost-efficient and reliable power supply system by managing the mix of the types of fuel and technology being used. According to the Dispatch Regulations, dispatch centers must carry out the output plan made by the government authorities. Each year the NDRC issues a power supply plan for the entire nation for the following year. Based on the national plan, provincial offices of the NDRC then issue annual planned output guidelines to each of the power plants operating within their respective regions and approve new projects accordingly. The plan issued by provincial offices of the NDRC sets forth the utilization hour targets of different types of power plants. In practice, dispatch centers of power grid companies may adjust the daily planned output allocated to power plants based on the actual electricity demand at the time, the stability of the power grid and weather conditions. Dispatch centers monitor power generation companies closely to ensure that they are able to fulfill the planned output originally allocated to them each year.

Power Supply and Demand in Fujian

Fujian's nominal GDP has increased from RMB758 billion to RMB1,750 billion from 2006 to 2011, representing a CAGR of 18.2%, and is expected to reach RMB2,813 billion in 2015. PRC's nominal GDP has increased from RMB21,631 billion to RMB47,156 billion from 2006 to 2011, representing a CAGR of 16.9%, and is expected to reach RMB72,999 billion in 2015. According to Frost & Sullivan, Fujian's nominal GDP is expected to grow at a faster rate of 12.6% from 2012 to 2015 compared to the PRC's nominal GDP, which is expected to grow at a slightly slower rate of 12.3%.

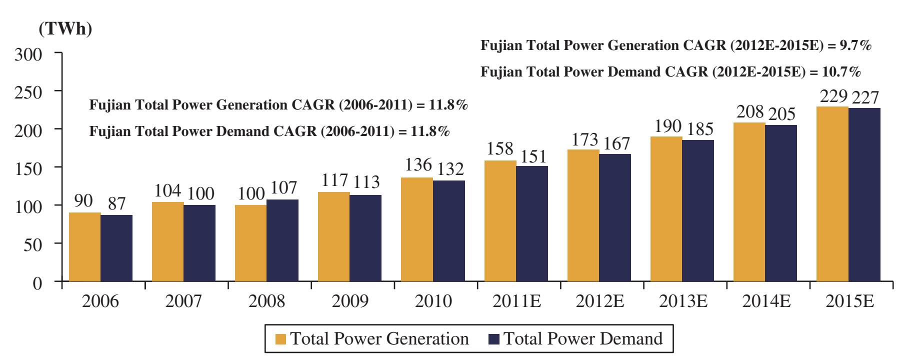
Nominal GDP and Nominal GDP Growth of the PRC and Fujian province, 2007-2015E



Source: Fujian Yearbook; International Monetary Fund; World Economic Outlook Database, September 2011; Frost & Sullivan.

As shown in the chart below, electricity generation in Fujian has reached 158 TWh in 2011. Fujian's power generation and demand have grown steadily both at a CAGR of 11.8% from 2006 to 2011. Power generation and demand in Fujian are expected to continue to grow at a CAGR of 9.7% and 10.7%, respectively, from 2012 to 2015.

Total Power Generation and Demand in Fujian, 2006-2015E



Source: Fujian Yearbook; Fujian electric power company website; 12th Five-Year Plan of Energy Development in Fujian; Frost & Sullivan.

The power structure of Fujian is comparatively simple to that of the PRC as a whole. The primary source of Fujian's power supply is from thermal and hydro, which account for 66.9% and 30.8%, respectively, of the total installed capacity in 2011.

Fujian Power Grid has been upgraded to 500 kV for all its major networks of the power system in 2009, connecting 14 ultra high 500 kV substations in nine cities (Fuzhou, Putian, Quanzhou, Xiamen, Zhangzhou, Longyan, Sanming, Nanping, and Ningde).

OVERVIEW OF THE GLOBAL AND PRC CLEAN ENERGY INDUSTRY

The Global Clean Energy Industry

Clean energy technologies include hydro, wind, distributed energy, nuclear, solar, biomass, wave and tidal. According to the U.S. Energy Information Administration ("EIA")'s "International Energy Outlook 2011," the share of clean energy in the world electricity generation market was 19.0% in 2008, and is expected to grow to 23.0% by 2035.

The Clean Development Mechanism ("CDM"), an arrangement under the Kyoto Protocol under the United Nations Framework Convention on Climate Change ("UNFCCC"), is designed to reduce the emission of greenhouse gas through international cooperation. It allows industrialized countries with a greenhouse gas emission reduction commitment to invest in emission reducing projects in developing countries in order to earn Certified Emission Reductions ("CERs"). These CERs can be used by investors from industrialized countries to compensate their domestic emission reduction commitment or sold to others, and, therefore, provides an alternative to more expensive emission reductions in their own countries. The close of the United Nations Climate Change Conference in Durban, South Africa on December 11, 2011 witnessed the passage of four key conclusions including the Kyoto Protocol II commitment period, the long-term cooperation plan, the Green Climate Fund and the arrangement of emissions reduction after 2020. The Durban Platform extended the Kyoto Protocol commitment by at least five years from 2013 to 2017 and possibly to 2020.

Other forms of carbon trading units include Voluntary Emission Reductions (VERs) and Emission Reduction Units (ERUs). VERs are carbon credits, which are not mandated by any law or regulation, but originate from an organization's desire to take an active part in climate change mitigation efforts. ERUs are project-based carbon credits generated by a Joint Implementation project and allow countries to claim credit for investment in other developed countries.

The PRC Clean Energy Industry

The PRC government sees clean energy sources as a long-term solution to the country's energy and environmental protection needs. A number of factors are driving the growth of the PRC's clean energy market:

- **Growing demand for power**: Traditional thermal sources for electricity generation such as coal, oil and natural gas are limited in supply. To meet the growing power demand, the PRC is expected to rely more on clean energy sources in the future. As a result, the PRC government is prioritizing the development of clean energy industries such as wind, solar and biomass energy.

- **Government incentives and subsidies to promote the clean energy market**: The PRC government is implementing multiple policies to promote clean energy. The Renewable Energy Law (可再生能源法) effect in 2006 explicitly requires grid companies to purchase all electricity generated from renewable energy projects within their coverage. The Chinese government aims to restructure new energy policies on hydro and wind power and steadily increase the proportion of renewable energy through the implementation of the 12th Five-Year Plan on Energy Development (能源發展戰略十二五規劃). The Development Plan on Emerging Energy Industry (新興能源發展戰略) released in 2010 calls for a direct investment of RMB5 trillion in improving wind, nuclear, solar and biomass energy utilization as well as clean coal, smart grid and new energy vehicles. Renewable energy also enjoys priority in dispatch per the dispatch priority list of different power sources below:

Power Dispatching Priority List

Priority Order	Source of Power
1	Non-adjustable renewable energy such as wind, solar, ocean and hydropower, etc.
2	Adjustable renewable energy such as hydropower, biomass and geothermal energy, as well as environmental friendly garbage incineration power generating units
3	Nuclear power generating units
4	Coal-fired cogeneration units with heat load, power generating units utilizing integrated resources including residual heat, gas and pressure, coal gangue, coal mine methane, etc.
5	Gas-fired power generating units
6	Other coal-fired power generating units, including cogeneration units without heat load

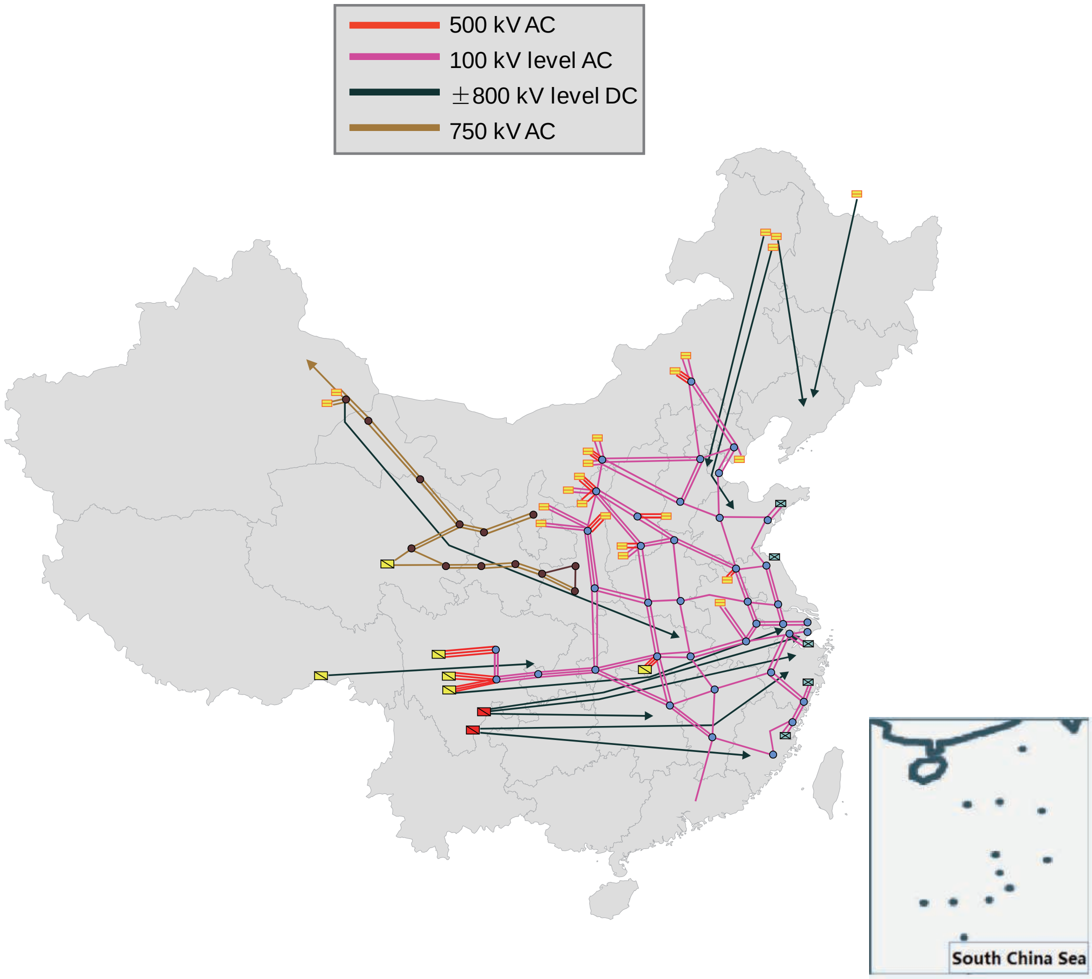
Source: CEC, CEB.

- **Increasing awareness of a more diversified energy structure**: The PRC's traditional energy structure, which is dominated by coal, has brought great challenges to energy conservation and environment protection. One of the focuses of the 12th Five-Year Plan is to optimize the PRC's energy structure by moving toward a resource-conserving and environmentally friendly society to support economic growth. To speed up the development of renewable energy, promote energy conservation and reduce pollution, mitigate climate change, and better meet the requirements of sustainable social and economic development, the PRC government published the Medium- and Long-Term Development Plan for Renewable Energy in September 2007, setting a target to raise the share of renewable energy in total primary energy consumption to 10.0% by 2010, and to 15.0% by 2020.

- **Improvement in grid infrastructure and network connection**: The PRC government has implemented several measures to invest in the construction of ultra high voltage transmission infrastructure and the set-up of a smart grid featuring a distributed power supply and storage system in state-owned grids. The Construction Development of the National Grid (國家電網建設發展戰略) released in 2010 expects ultra high voltage transmission line investment to reach RMB500 billion in the 12th Five-Year Plan and total investment in grid construction to exceed RMB2,000 billion by 2015. In addition, on April 19, 2010, the State Grid issued the White Paper Green Development by the State Grid Corporation (綠色發展白皮書), setting out its strategic mission to promote extensive and intensive development of clean energy through establishing a strong smart grid.

  The State Grid will invest US$250 billion in the next five years to complete the fundamental construction of a nationwide smart grid network. As shown on the map below, by 2020 the ultra high voltage transmission lines are expected to consist of five East-West lines and six North-South lines that will be able to effectively transmit the power generated from newly installed wind farms and coal-fired power bases. The establishment of such a large scale smart grid network is expected to improve power supply stability, enhance power usage efficiency and promote energy conservation.

Nationwide Smart Grid System Development Plan by 2020



Source: Frost & Sullivan.

- **Development and improvement of domestic clean energy generation equipments**: The increasing number of domestic equipment manufacturers will satisfy the local market demand for new clean energy equipments and also lower the development cost of new clean energy projects. In addition, the improvement in domestic R&D capacity will enable greater and faster growth of the PRC's clean energy market.

THE GLOBAL HYDROPOWER GENERATION INDUSTRY

Hydropower generation constitutes an important part of the world's clean energy sector.

Major Hydropower Countries in the World

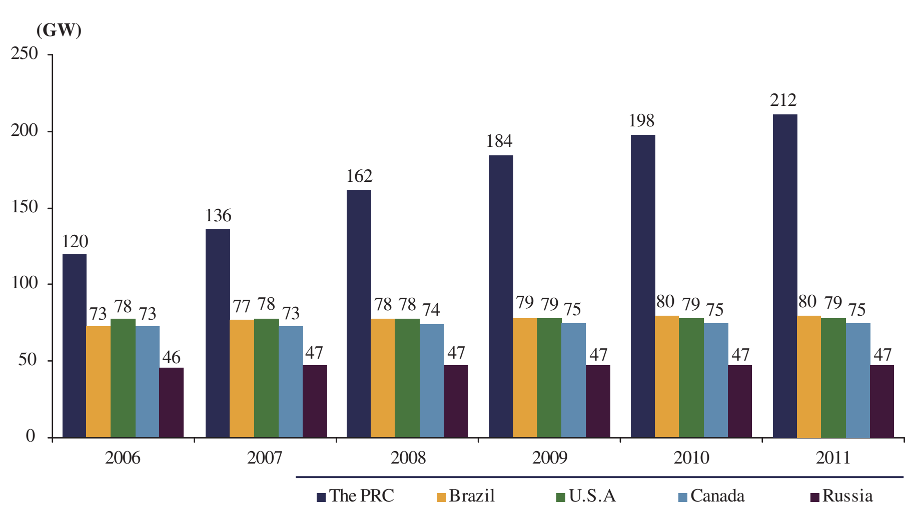
Top Five Hydro Countries by Cumulative Installed Capacity, 2011

	GW	%
The PRC	212	22.4
Brazil	80	8.5
U.S.A.	79	8.3
Canada	75	7.9
Russia	47	5.0
Total Top 5	493	52.1
Rest of the World	453	47.9
World Total	946	100.0

Source: Frost & Sullivan.

The chart below shows the total hydropower installed capacity of the top five countries for the years from 2006 to 2011. The PRC almost doubled its hydropower installed capacity from 120 GW in 2006 to 212 GW in 2011, achieving a CAGR of 12.0%. In 2011, the PRC added another 14 GW of hydropower capacity, securing its position as the world's largest hydropower country with 22.4% of the world's total hydropower capacity. The PRC's newly installed capacity in 2011 accounted for 48.2% of all the new capacity installed globally that year.

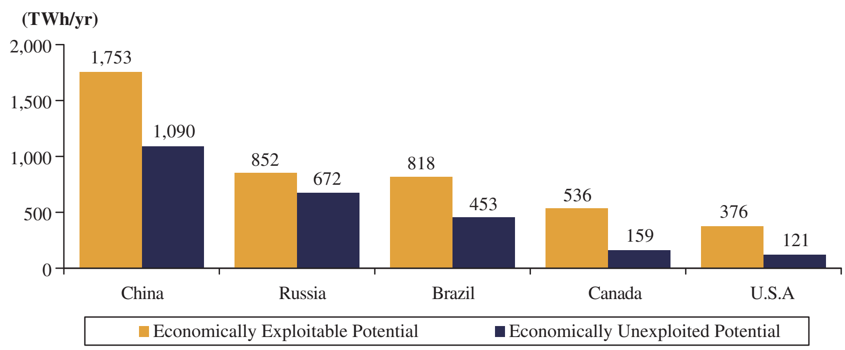
Hydropower Installed Capacity of the Five Largest Hydropower Countries, 2006-2011



Source: China Electricity Council; U.S. Energy Information Administration; Frost & Sullivan.

Despite its leading hydropower position in the world, the PRC still has a high potential for economically exploitable hydropower. As of the end of 2011, the PRC's economically exploitable hydropower potential ranks the highest amongst the top five hydropower countries in the world with a total unexploited hydropower potential of 1,090 TWh per year, 418 TWh per year higher than Russia and 637 TWh per year higher than Brazil, the second and third countries in the world in terms of unexploited hydropower potential.

Economically Exploitable Hydropower Potential for the Top Five Hydropower Countries in the World,(1) 2011



Source: China Electricity Council; U.S. Energy Information Administration; World Energy Council; Frost & Sullivan.

(1) Economically exploitable potential (TWh/Yr) refers to the amount of hydropower generation which, if generated, has an on-grid tariff higher than generation cost, thereby offering a positive economic return.

THE PRC HYDROPOWER INDUSTRY

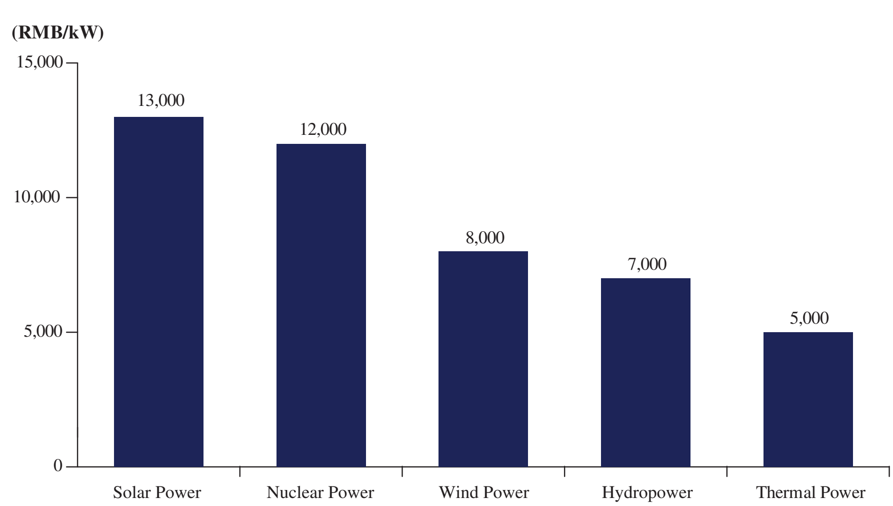
The PRC has a vast territory with abundant water resources for hydropower development. It is the largest hydropower market in the world in terms of total installed capacity.

The PRC's hydropower developments is mainly driven by the following factors:

- **Favorable national policies**: The PRC government strongly supports the development of the hydropower industry. According to China Electricity Council, the total conventional hydropower installed capacity is planned to achieve 301 GW in 2015, with a CAGR of 9.1% from 232 GW in 2012. Since the announcement of carbon reduction commitment by the PRC government, the hydropower sector has started to see increasing developments of new projects as well as continued refurbishment and upgrades of existing facilities.

- **Lower construction cost on a per unit basis compared to other clean energy**: The PRC has a relatively low-cost engineering, design and construction capability, as well as relatively low-cost equipment supplies. According to Frost & Sullivan, the construction cost of different power generation types varies from RMB5,000/kW for thermal to RMB13,000/kW for solar. As shown in the chart below, the average per unit construction cost of hydropower is 12.5% lower than that of wind power, 41.7% lower than that of nuclear power, and 46.2% lower than that of solar power.

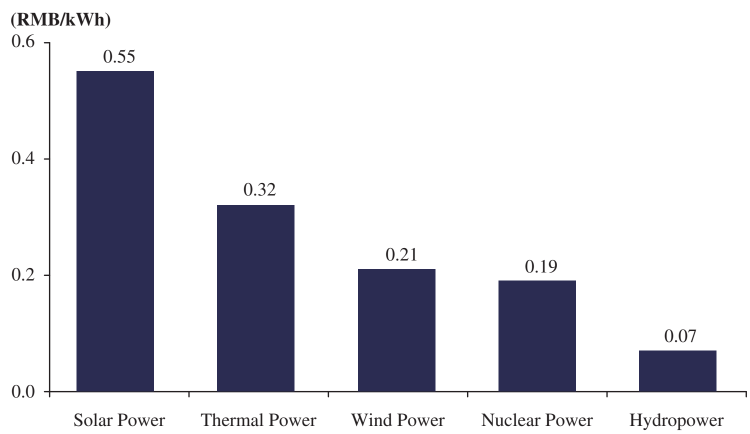
Comparison of Average per Unit Construction Cost of Different Power Generation Types in the PRC, 2011



Source: Frost & Sullivan.

- **Lower operating cost and immunity from fluctuations of fuel cost**: As shown in the chart below, hydropower has the lowest operating cost per unit among the different power generation types. For 2011 operating cost per unit for hydropower is only RMB0.07/kWh, 63.2% lower than that of nuclear power, 66.7% lower than that of wind power, 78.1% lower than that of thermal power and 87.3% lower than that of solar power. Hydropower is also immune from coal and natural gas price fluctuations.

Comparison of Average Operating Cost per Unit of Different Power Generation Types in the PRC,(1) 2011



Source: Frost & Sullivan.

(1) Operating cost includes fuel cost, maintenance, depreciation and other operating costs, excludes financing costs.

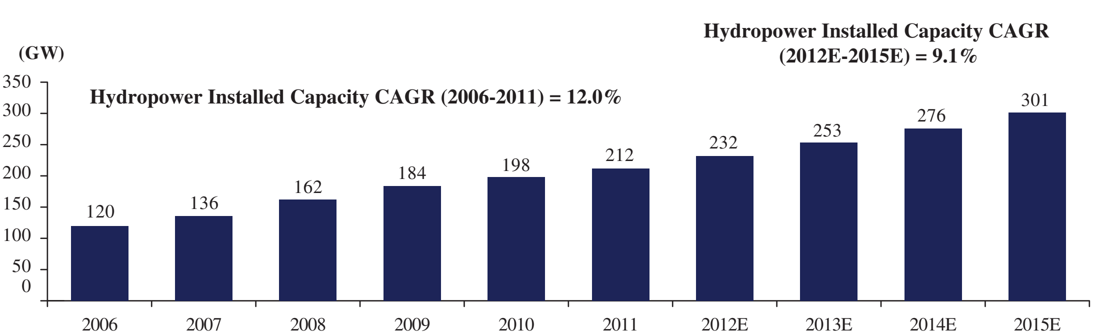
- **Mature and proven technology with longer useful life and lower requirements for maintenance**: Hydropower has been exploited for centuries with mature and proven technology. Over one billion people around the world currently depend heavily on hydropower. According to Frost & Sullivan, hydropower plants can have a life of more than 50 years with the lowest maintenance cost compared to other energy forms. Some plants built 100 years ago are still functioning. The mature technology of hydropower makes it more favorable than other clean energies.

- **Potentials for tariff increases**: Currently different hydropower tariff schemes apply to the hydropower plant according to the capacities. The tariff for hydropower plants over 50 MW is decided by the NDRC, whereas the tariff for those under 50 MW is decided by the provincial or municipal pricing bureau under the guidance of provincial DRC. The on-grid tariff is determined based on both the fixed cost and the operating cost of each power plant on a "one price for one unit" tariff setting scheme. A benchmark on-grid tariff is set for newly built hydropower plants and provides adjustment standards for hydropower plants already in operation. The PRC is seeking to have the same tariff applied to all types of electricity dispatched on the same grid in the long term. According to Frost & Sullivan, the on-grid tariff of hydropower plants is currently lower than that of coal-fired power and other types of power generation. If this policy goal is achieved, hydropower tariffs in the PRC would reach the same level as that of coal-fired power. Recently, the on-grid tariff for new hydropower plants has been set at a similar level to that of coal-fired power due to higher construction costs of hydropower plants. The on-grid tariff for older operating hydropower plants in the PRC have also been adjusted upwards, driven by the PRC government's continued effort to promote clean energy and to reduce the tariff difference between hydropower and coal-fired power.

- **Preferred on-grid connection**: Hydropower is entitled to priority dispatch given its clean energy nature and the PRC government's continued effort to encourage hydropower generation.

According to Frost & Sullivan, total hydropower installed capacity in the PRC increased from 120 GW in 2006 to 212 GW in 2011, representing a CAGR of 12.0%. Frost & Sullivan expects total installed hydropower capacity in the PRC to increase further at a CAGR of 9.1% between 2012 and 2015, reaching 301 GW in 2015. The following chart illustrates the historical and forecast installed hydropower capacity in the PRC from 2006 to 2015.

The PRC Hydropower Industry: Total Installed Capacity, 2006-2015E



Source: China Electricity Council; Frost & Sullivan.

THE HYDROPOWER INDUSTRY IN EAST CHINA

East China (Fujian, Zhejiang, Jiangxi, Anhui, Jiangsu, Shandong and Shanghai) had an installed hydropower capacity of 23,200 MW as of December 31, 2011. Most rivers and streams are populated with hydropower plants, mostly small ones with less than 50 MW. However, potential improvements can be made to improve the operational efficiency of existing hydropower plants by upgrading existing facilities and properly organizing new capacities. Most of East China's hydropower resources are located in the Min-Zhe-Gan hydropower base, where several large rivers exist, accounting for more than three-quarters of the total technically exploitable capacity in East China.

Leading Hydropower Operators in East China

The table below lists the leading hydropower operators in East China by total installed capacity as of December 31, 2011. Huadian Fuxin Energy Corporation is the largest hydropower company in East China, with a total installed capacity of 2,223 MW and a market share of 9.6% out of the total installed capacity of 23,200 MW in East China.

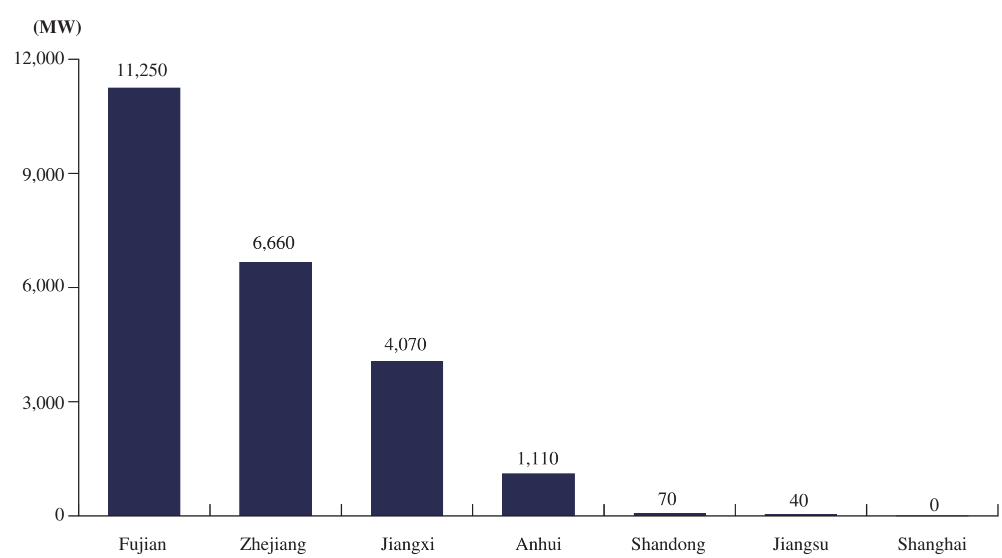
Market Share of the Top Five Power Companies in East China by Hydropower Installed Capacity – December 31, 2011

Rank	Company Name	Installed Capacity	Market Share
		(MW)	(%)
1	**Huadian Fuxin Energy Corporation Limited**	**2,223**	**9.6**
2	Fujian Electric Power Co., Ltd.	1,942	8.4
3	China Power Investment Corporation	848	3.7
4	China Guodian Corporation	500	2.2
5	Jiangxi Electric Power Co., Ltd.	420	1.8

Source: China Electricity Council; Company annual reports; Frost & Sullivan.

Note: East China consists of six provinces and one city, including Fujian, Zhejiang, Jiangxi, Anhui, Jiangsu, Shandong provinces and Shanghai.
Installed capacity excludes pumped storage.

East China Hydropower Industry: Installed Capacity by Region – December 31, 2011



Source: China Electricity Council; Frost & Sullivan.

As shown in the chart above, Fujian ranks first among all the East China provinces with installed hydropower capacity almost doubling that of Zhejiang, the province with the second highest hydropower installed capacity.

HYDROPOWER INDUSTRY IN FUJIAN PROVINCE

Fujian's Hydropower Resources

Fujian has a leading position in East China in terms of abundant hydropower resources. Total installed capacity of hydropower in Fujian as of December 31, 2011 is 11,250 MW. Given the shortage of primary energy resources in Fujian, hydropower is a key power source. Fujian's hydropower installed capacity of the total installed capacity stands at 30.8%, which is higher than China's national average of 20.0% in 2011. The map below shows the location and respective hydropower capacity of major rivers in Fujian.

Major Rivers in Fujian province – Technically Exploitable Capacity[(1)] – December 31, 2011

River Basin	Capacity Share	Technically Exploitable Capacity
	(%)	(MW)
Minjiang River	65.7	8,909
Tingjiang River	9.3	1,261
Jiaoxi River & Aojiang Rivers	8.9	1,207
Jiulong River	6.2	841
Jinjiang River	5.0	678

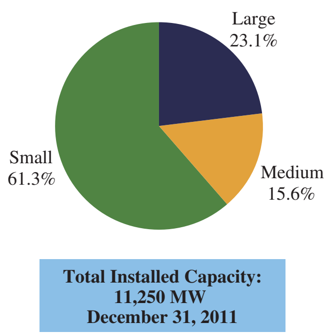
Source: Frost & Sullivan.

(1) Technically exploitable capacity refers to hydropower capacity, which can be exploited within the limits of current technology.

Fujian's Hydropower Industry Structure

There are more small-sized hydropower plants than mid- to large-sized ones in Fujian. Small hydropower projects are more widely used since most rural areas have small rivers or streams upon which small hydropower plants can be constructed. Various forms of hydropower operation can be adapted to different hydrological conditions. The table below shows the breakdown of hydropower installed capacity by hydropower plant size in Fujian as of December 31, 2011.

Breakdown of Hydropower Installed Capacity by Hydropower Plant Size – December 31, 2011



Classification of Hydropower Plants in Fujian – December 31, 2011

Size	Installed Capacity	Number in Fujian	Total Installed Capacity
	(MW)		(MW)
Large	>=300	4	2,600
Medium	50-300	20	1,757
Small	<=50	about 6,630	6,893

Source: Ministry of Water Resources; China Electricity Council; Frost & Sullivan.

According to Frost & Sullivan, there are about 6,655 hydropower plants in Fujian, most of which are small hydropower plants (<=50 MW) accounting for 99.6% of the total number of hydropower plants. Installed capacity of small hydropower plants totals 6,893 MW, accounting for 61.3% of the total installed capacity in Fujian.

The construction of small hydropower plants is effective in achieving sustainable and efficient use of Fujian's hydropower resources. Most small hydropower plants are currently owned by private or local state-owned enterprises. To ensure the effective usage of hydropower, it is expected that the consolidation in Fujian hydropower sector will be a growing trend and that the government will promote the transfer of ownership of small hydropower plants to experienced and financially capable hydropower operators to ensure the organized management and the effective use of hydropower, especially for those hydropower plants located along the same river.

The table below lists the major hydropower plants in Fujian with their capacity, installation date, ownership, location and average utilization hours.

List of Hydropower Plants (>=50 MW) in Fujian – December 31, 2011

Hydropower Plant	Installed Capacity (MW)	Installation Date	Ownership	Location	Average Utilization Hours
Shuikou	1,400	1993	Fujian Provincial Electric Power	Minjiang River	3,536
Mianhuatan	600	2001	Huadian Fuxin	Tingjiang River	2,533
Shaxikou	300	1987	China Power Investment Corporation	Minjiang River	3,200
Jiemian	300	2007	Fujian Provincial Electric Power	Youxi River	1,200
Zhouning	250	2005	Huadian Fuxin	Jiaoxi River	2,632
Hongkou	200	2008	Private Business Owner	Huotongxi River	2,260
Longting (Gutianxi Phase II)	130	1969	Huadian Fuxin	Minjiang River	3,400
Ansha	115	1975	Huadian Fuxin	Minjiang River	4,520
Chitan	100	1980	Huadian Fuxin	Minjiang River	5,060
Niutoushan	100	2006	China Power Investment Corporation	Changxi River	3,140
Fengyuan	80	2008	Fujian Mindong Electric Power	Jiaoxi River	2,400
Shuidong	80	1994	Fujian Provincial Electric Power	Minjiang River	3,425
Baisha	70	2006	Huadian Fuxin	Jiulong River	2,664
Qinshan	70	1999	Huadian Fuxin	Jiaoxi River	2,070
Jinzaoqiao	66	2006	Dachuang	Huotongxi River	2,394
Gutianxi (Phase I)	66	1956	Huadian Fuxin	Minjiang River	5,600
Zhaokou	60	2005	Huadian Fuxin	Minjiang River	4,138
Hua'an	60	1979	Huadian Fuxin	Jiulong River	6,200
Daixi	55	2006	Dachuang	Tangkou River	2,600
Zhuzhou	54	2000	Great Power Group	Minjiang River	3,500
Shangpei	51	2003	Private Business Owner	Tangkou River	3,451
Yongkou	50	1998	Fujian Provincial Electric Power	Minjiang River	2,860
Beijing	50	2005	Zhejiang Ouneng Electric Power Group	Minjiang River	4,140
Gaosha	50	1995	Huadian Fuxin	Minjiang River	4,000

Source: Frost & Sullivan.

Note: Average annual utilization hours are based on the historical generation of the power plant since its installation.

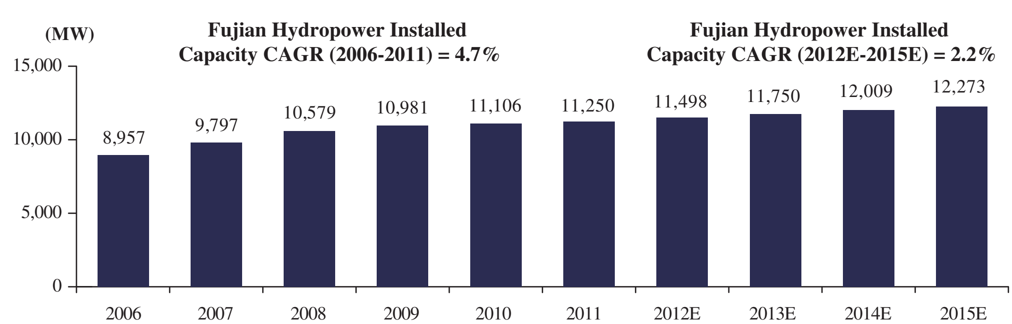
Reservoirs with water storage capacities of over 100 million cubic meters are defined as key reservoirs, which are normally located at the upper end of rivers, and have the ability to regulate water flow. There are a total of nine key reservoirs in Fujian province, seven of which belong to Huadian Fuxin Energy Co., Ltd. They are Mianhuatan, Chitan, Ansha, Gutianxi, Mindong, Wan'anxi and Baisha, collectively accounting for 68.6% of the total water storage capacity of all key reservoirs in Fujian.

Key Reservoir	Ownership	Location	Water Storage	Percentage of Total
			(million m^3)	(%)
Mianhuatan	Huadian Fuxin	Tingjiang River	2,035	28.1
Jiemian	Fujian Provincial Electric Power	Minjiang River	1,824	25.2
Chitan	Huadian Fuxin	Minjiang River	870	12.0
Ansha	Huadian Fuxin	Minjiang River	740	10.2
Gutianxi	Huadian Fuxin	Minjiang River	640	8.8
Hongkou.	Private Business Owner	Huotongxi River	450	6.2
Mindong.	Huadian Fuxin	Muyangxi River	265	3.7
Wan'anxi	Huadian Fuxin	Jiulong River	229	3.2
Baisha	Huadian Fuxin	Jiulong River	199	2.7
Total			7,252	100

The Growth of Fujian Hydropower Industry

Fujian's hydropower installed capacity has grown from 8,957 MW as of the end of 2006 to 11,250 MW as of the end of 2011, representing a CAGR of 4.7%. Newly installed capacity in 2011 was 144 MW. Total installed capacity of hydropower is expected to reach 12,273 MW as of the end of 2015, according to Frost & Sullivan.

Hydropower Market: Installed Capacity in Fujian, 2006-2015E



Source: Fujian Yearbook; China Electricity Council; Frost & Sullivan.

The Tariff Scheme in Fujian Province

As shown in the table below, as of December 31, 2011, the average on-grid hydropower tariff for Fujian is 35.4% and 36.7% lower than the neighboring Zhejiang and Guangdong provinces, respectively. It is also 22.5% lower than the average on-grid hydropower tariff for East China, excluding Fujian province.

Comparison of Hydropower On-grid Tariff in Fujian and Other Regions (2011)

	Fujian	Zhejiang	Guangdong	East China (Fujian Excluded)
On-grid Tariff (including 17% VAT) (RMB/kWh)	0.31	0.48	0.49	0.40

Source: Pricing Bureau of Fujian province, Pricing Bureau of Zhejiang Province, Pricing Bureau of Guangdong Province, Pricing Bureau of Jiangxi Province, Pricing Bureau of Shandong Province, Pricing Bureau of Anhui Province, Pricing Bureau of Jiangsu Province, Frost & Sullivan.

In recent years, the on-grid tariff on hydropower in Fujian has been repeatedly adjusted upwards. The table below lists some of the recent tariff adjustments for hydropower plants in Fujian:

Year of Tariff Adjustment	Events
2012	The Pricing Bureau of Fujian province increased the on-grid tariff for all hydropower plants connected to provincial grid under its regulation by RMB0.021/kWh
2012	The benchmark on-grid tariff for new small-sized hydropower projects in Fujian was increased by RMB0.021/kWh
2011	The NDRC increased the on-grid tariff for five hydropower plants in Fujian, including Ansha, Chitan, Gutianxi, Hua'an and Shaxikou by RMB0.04/kWh
2009	The benchmark on-grid tariff range for new small-sized hydropower projects in Fujian was raised from RMB0.301-0.345/kWh in 2007 to RMB0.323-0.367/kWh
2009	The NDRC increased the on-grid tariff for Ansha, Chitan and Hua'an by RMB0.03/kWh
2008	The NDRC increased the on-grid tariff for Ansha, Chitan, and Hua'an by RMB0.015/kWh
2005	The NDRC increased the on-grid tariff for all hydropower projects in Fujian by RMB0.007/kWh
2005	The NDRC increased the on-grid tariff for several hydropower plants in Fujian, including Ansha, Chitan, Gutianxi, Hua'an, Shaxikou and Chuanchangxi

Leading Hydropower Operators in Fujian

The following table lists Fujian's leading hydropower operators by their installed capacity and market share as of December 31, 2011. Huadian Fuxin Energy is the largest hydropower company in Fujian, with a total installed capacity of 2,223 MW and a market share of 19.8% as of December 31, 2011. In terms of total installed capacity, Huadian Fuxin Energy Corporation is also significantly larger, by 281 MW compared to Fujian Electric Power, the second largest hydropower operator in Fujian, according to Frost & Sullivan.

Market Share of The Top Five Power Companies in Fujian by Hydropower Installed Capacity – December 31, 2011

Rank	Company Name	Installed Capacity	Market Share
		(MW)	(%)
1	**Huadian Fuxin Energy Corporation Limited**	**2,223**	**19.8**
2	Fujian Electric Power Co., Ltd.	1,942	17.3
3	China Power Investment Corporation	459	4.1
4	Fujian Mindong Electric Power Limited Company	298	2.6
5	Fujian Dachuang Group	152	1.4

Source: China Electricity Council; Company annual reports; Frost & Sullivan.

THE GLOBAL WIND POWER GENERATION INDUSTRY

Wind power is the fastest growing clean energy sector in the world due to the increasing maturity of its technology in comparison to other types of clean energy. According to Frost & Sullivan, the world's wind market experienced rapid growth in installed capacity from 74,122 MW in 2006 to 239,000 MW in 2011, representing a CAGR of 26.4%.

Major Wind Power Countries in the World

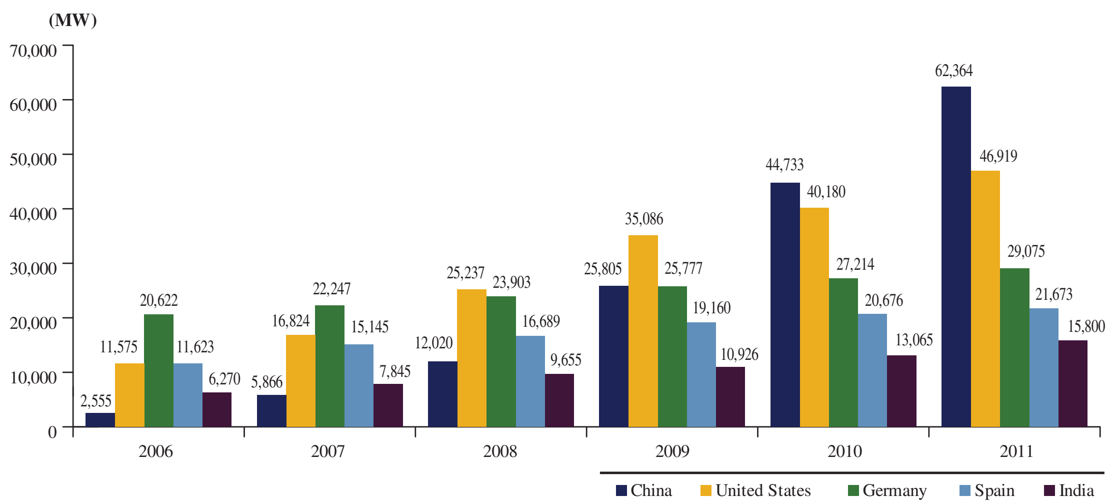
Top Five Wind Power Countries by Cumulative Installed Capacity, 2011

	MW	%
The PRC	62,364	26.1
United States	46,919	19.6
Germany	29,075	12.2
Spain	21,673	9.1
India	15,800	6.6
Total Top 5	175,831	73.6
Rest of the World	63,169	26.4
World Total	239,000	100.0

Source: China Wind Energy Council; Global Wind Energy Council; Frost & Sullivan.

The chart below shows the total wind power installed capacity of the top five wind power countries from 2006 to 2011. The PRC experienced a rapid increase in its wind power installed capacity from 2,555 MW in 2006 to 62,364 MW in 2011, achieving a CAGR of 89.5%. In 2011, the PRC added 17,631 MW of wind power capacity, maintaining its position as the world's largest wind power country with a total installed wind capacity of 62,364 MW. The PRC's newly installed capacity in 2011 constitutes 51.6% of all the new capacity installed globally that year.

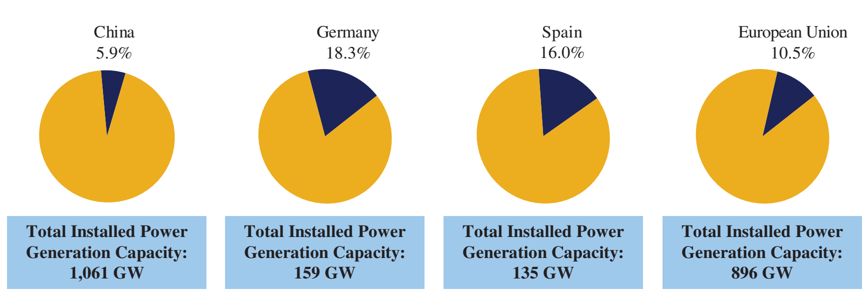
Wind Power Installed Capacity of the Five Largest Wind Power Countries, 2006-2011



Source: China Wind Energy Council; Global Wind Energy Council; Frost & Sullivan.

Despite its rapid growth, the PRC's wind power installed capacity as a percentage of total installed capacity is still relatively low, which implies a huge development potential. As of the end of 2011, PRC's total installed wind capacity of 62 GW only accounted for 5.9% of its total installed power capacity, compared to other large wind power countries such as Germany and Spain where wind power contributes over 15.0% of their total installed power capacity.

Comparison of Wind Power Installed Capacity as a Percentage of Total Power Installed Capacity, 2011

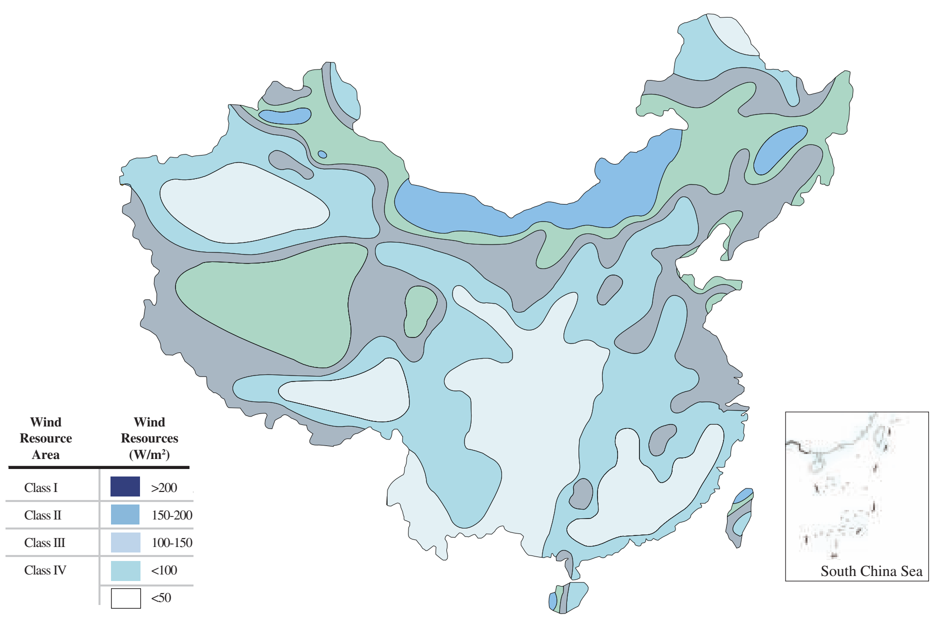


Source: China Wind Energy Council; Global Wind Energy Council; Frost & Sullivan.

THE PRC WIND POWER INDUSTRY

The PRC's wind power industry has been growing rapidly in recent years, given the country's rich wind resources. As shown on the two maps below, the areas with large amounts of wind resources and consequently large installed capacities are Northern China and the Southeastern coastal areas. Northern China has abundant wind energy resources mainly because of their mid to high altitudes, often encountered with cold anticyclones whereby pressure differences cause high-speed winds. The Southeastern China coastland is another area with a huge potential for wind resource application due to surface temperature differences between the land and the ocean. The funneling effect provided by the Taiwan Strait further enhances wind speed. In general, for wind power projects located in North China, their power generation normally peaks in winter when local wind speed peaks, and bottoms out in summer when local wind speed reaches its lowest level. The map below shows wind resources distribution in China:

The PRC Wind Resources Distribution

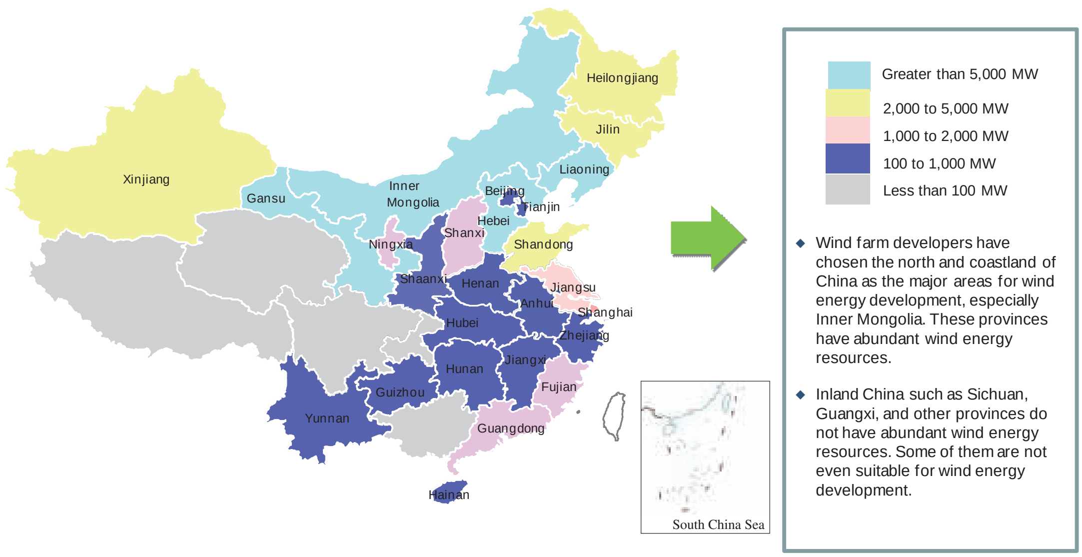


Source: NDRC; Frost & Sullivan.

The most abundant wind resources in Northern China include the regions of Inner Mongolia, Jilin, Liaoning, Heilongjiang, Gansu, Ningxia, Xinjiang and Hebei. The most abundant wind resources along coastal areas and offshore are found in Shandong, Jiangsu, Zhejiang, Fujian, Guangdong and Hainan. The PRC government has also planned out eight geographic regions, the Eight Wind Power Bases, where wind power projects are most concentrated. These eight regions include Xinjiang, Gansu, West Inner Mongolia, East Inner Mongolia, Jilin, Hebei, Jiangsu and Shandong.

The map below shows the cumulative installed capacity in major wind resource provinces in China:

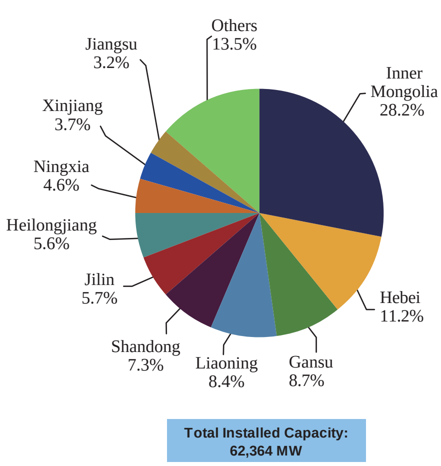
The PRC Wind Market: Cumulative Installed Capacity in Major Wind Resource Provinces – December 31, 2011



Source: China Wind Energy Association; Frost & Sullivan.

The chart below illustrates the top ten provinces in China with the highest installed capacity as of the end of 2011.

Top Ten Provinces in China by Wind Power Installed Capacity, December 31, 2011



Rank	Province	Installed Capacity	Market Share
		(MW)	(%)
1	Inner Mongolia	17,594	28.2
2	Hebei	6,970	11.2
3	Gansu	5,409	8.7
4	Liaoning	5,249	8.4
5	Shandong	4,562	7.3
6	Jilin	3,563	5.7
7	Heilongjiang	3,446	5.6
8	Ningxia	2,886	4.6
9	Xinjiang	2,316	3.7
10	Jiangsu	1,968	3.2
	Others	8,401	13.5
	Total	62,364	100.0

Source: China Wind Energy Association.

The following table sets forth a comparison of wind power tariffs by provinces.

Area	Wind Power On-grid Tariff
	RMB/kWh (incl. VAT)
Guangdong	0.61
Zhejiang	0.61
Shanghai	0.61
Hunan	0.61
Hainan	0.61
Guangxi	0.61
Jiangsu	0.61
Hubei	0.61
Jiangxi	0.61
Fujian	0.61
Anhui	0.61
Shandong(1)	0.61
Sichuan	0.61
Henan	0.61
Liaoning	0.61
Hebei(2)	
Zone 2	0.54
Zone 4	0.61
Chongqing	0.61
Tianjin	0.61
Beijing	0.61
Heilongjiang(3)	
Zone 3	0.58
Zone 4	0.61
Jilin(4)	
Zone 3	0.58
Zone 4	0.61
Shaanxi	0.61
Guizhou	0.61
Shanxi	0.61
Yunnan	0.61
Qinghai	0.61
Inner Mongolia(5)	
Zone 1	0.51
Zone 2	0.54
Gansu(6)	
Zone 2	0.54
Zone 3	0.58
Ningxia	0.58
Xinjiang(7)	
Zone 1	0.51
Zone 3	0.58

Source: NDRC website (tariff information for Tibet is not available), after tariff increase in November 2009.

(1) Although the wind power on-grid tariff in Shandong Province is RMB0.61/kWh (including VAT), all wind projects in Shandong Province enjoy a RMB0.09/kWh subsidy from the provincial government.

(2) Zone 2 in Hebei includes Zhangjiakou and Chengde; Zone 4 includes all areas except for areas included in Zone 2.

(3) Zone 3 in Heilongjiang includes Jixi, Shuangyashan, Qitaihe, Suihua, Yichun and Da Hinggan Ling area; Zone 4 includes all areas except for areas included in Zone 3.

(4) Zone 3 in Jilin includes Baicheng and Songyuan; Zone 4 includes all areas except for areas included in Zone 3.

(5) Zone 2 in Inner Mongolia includes Chifeng and Tongliao. Xinganmeng is included in Zone 2.

(6) Zone 2 in Gansu includes Zhangye, Jiayuguan and Jiuquan; Zone 3 includes all areas except for areas included in Zone 2.

(7) Zone 1 in Xinjiang includes Urumqi, Yili Kazakh autonomous prefecture, Changji Hui autonomous prefecture, Klamyi and Shihezi; Zone 3 includes all areas except for areas included in Zone 1.

The PRC's wind power industry is mainly driven by the following factors:

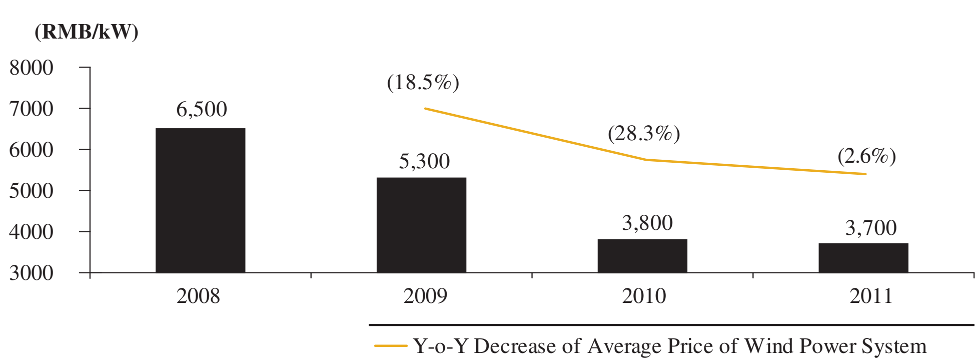
- **Plentiful wind resources**: The PRC has the most abundant wind power resources in the world. According to Chinese State Oceanic Administration, PRC's current onshore technically exploitable wind resources are around 3,000 GW.

- **Favorable national policies**: The strong growth of the PRC wind energy industry has been driven by supportive national energy policies and incentives. In the past few years, the PRC government has launched a series of policies and incentives to encourage the development of its wind power industry. The Medium- and Long-term Development Plan for Renewable Energy issued in September 2007 specified that grid companies must purchase all electricity generated from clean energy projects within their coverage. In 2008, the PRC government further introduced favorable taxation policies for the wind sector whereby wind power companies are exempt from income tax for three years from their first income-generating year and receive a 50.0% reduction in income tax for three years thereafter. Recently the 12th Five-Year Plan provides for six 10 GW onshore wind power bases and two 10 GW offshore wind power bases to be built, with at least 70 GW of newly installed wind power capacity, which is to be developed from 2011 to 2015.

- **A well-defined tariff system**: In 2009, the PRC government classified the country into four onshore wind energy resource zones and set up four tiers of wind power feed-in tariffs based on the quality of wind resources in each zone. Currently, the wind power on-grid tariff ranges from RMB0.51/kWh to RMB0.61/kWh. For the 1st, 2nd and 3rd wind energy resource zones, including some cities in North, Northeast, and Northwest with the highest wind energy resources, wind power tariffs range from RMB0.51/kWh to RMB0.58/kWh. For the 4th wind energy resource zone with less wind energy resources, wind power tariff is set at RMB0.61/kWh. Different benchmark prices among regions help to balance the pace of development, and also help to curb the blind expansion of wind power companies.

- **High-quality wind turbines and low cost wind turbine supplies**: In the past few years, the PRC wind turbine manufacturers have improved the average quality of their wind turbines and increased production capacity. In addition, advancement in technology has significantly reduced and will continue to reduce the cost of wind power systems. Due to the rapid expansion of the wind turbine sector, the advancement of wind turbine technologies and the emergence of more manufacturers, wind turbine prices have been declining significantly since 2008, as shown in the chart below. According to Frost & Sullivan, the average price of wind turbines from leading domestic wind turbine manufacturers decreased from RMB6,500/kW in 2008 to RMB5,300/kW in 2009, further to RMB3,800/kW in 2010, and further decreased to RMB3,700/kW in 2011.

Chinese Wind Turbine Market: Average Per Unit Price of Domestic Wind Turbines[(1)] 2008-2011



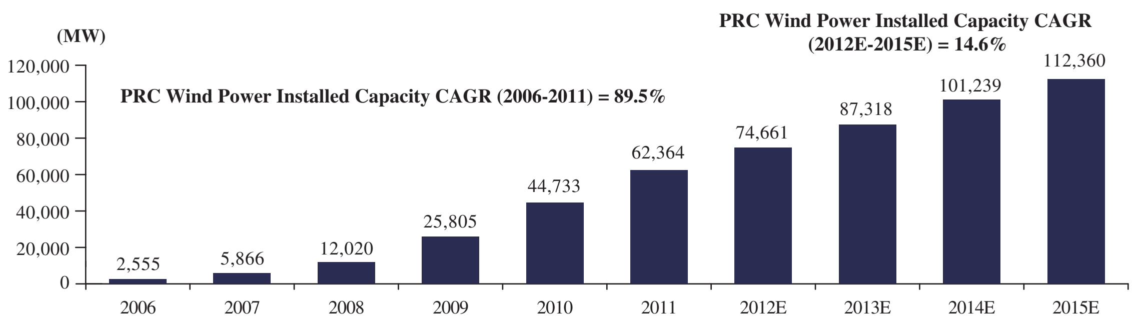
Source: Frost & Sullivan.

(1) Average per unit price of domestic wind turbines calculated from domestic wind power plants' bidding price for wind turbines ranging in size from 1 MW to 3 MW.

The Growth of the PRC Wind Power Industry

The PRC's wind power installed capacity has grown from 2,555 MW in 2006 to 62,364 MW in 2011, achieving a CAGR of 89.5%. Newly installed capacity in 2011 was 17,631 MW. Frost & Sullivan expects total wind power installed capacity in the PRC to continue to increase at a CAGR of 14.6% between 2012 and 2015, reaching 112 GW in 2015. The following chart illustrates historical and forecast wind power installed capacity from 2006 to 2015E.

Total Wind Market: Installed Capacity in the PRC, 2006-2015E



Source: China Wind Energy Council; China Electricity Council; Frost & Sullivan.

Leading Wind Power Operators in the PRC

Large PRC power generation groups contribute to the majority of investments in the wind power sector. The table below lists leading wind power operators in the PRC by total installed capacity as of December 31, 2011. Huadian Fuxin Energy Corporation ranks fifth in the PRC in terms of total installed capacity with a total of 2,171 MW and a market share of 4.8% out of the total grid-connected installed capacity of 45,050 MW in the PRC.

Market Share of Top Ten Wind Power Companies in the PRC by Installed Capacity – December 31, 2011

Rank	Company Name	Installed Capacity	Market Share
		(MW)	(%)
1	China Longyuan Power Group Corporation Limited	8,598	19.1
2	China Datang Corporation Renewable Power Co., Limited	5,172	11.5
3	Huaneng Renewables Corporation Limited	4,904	10.9
4	Shenhua Guohua Energy Investment Co., Ltd	3,005	6.7
5	**Huadian Fuxin Energy Corporation Limited**	**2,171**	**4.8**
6	China Guangdong Nuclear Power Wind Power Co., Limited	2,000	4.4
7	China Guodian Power Development Co., Ltd	1,881	4.2
8	Beijing Jingneng Clean Energy Co., Ltd.	1,683	3.7
9	Datang International Power Generation Co., Ltd.	1,269	2.8
10	China Resources Power (Holding) Co., Ltd	1,250	2.8

Source: Frost & Sullivan; ranking is based on grid connected installed capacity.

Average utilization hours of wind power plants indicate power generating efficiency as well as operational reliability. In 2011, China Resources Power had the highest average utilization hours with 2,126 hours. Huadian Fuxin Energy and Beijing Jingneng Clean Energy ranked second and third, with 2,072 hours and 2,050 hours, respectively.

Average Utilization Hours of Wind Power Companies (China), 2011

Rank	Company Name	Average Utilization Hours
1	China Resources Power (Holding) Co., Ltd	2,126
2	**Huadian Fuxin Energy Corporation Limited**	**2,072**
3	Beijing Jingneng Clean Energy Co., Ltd.	2,050
4	China Longyuan Power Group Corporation Limited	2,026
5	China Guodian Power Development Co., Ltd	1,965
6	Huaneng Renewables Corporation Limited	1,962
7	China Datang Corporation Renewable Power Co., Limited	1,951
8	Datang International Power Generation Co., Ltd.	1,800
	Average Utilization Hours in China (2011)	1,903

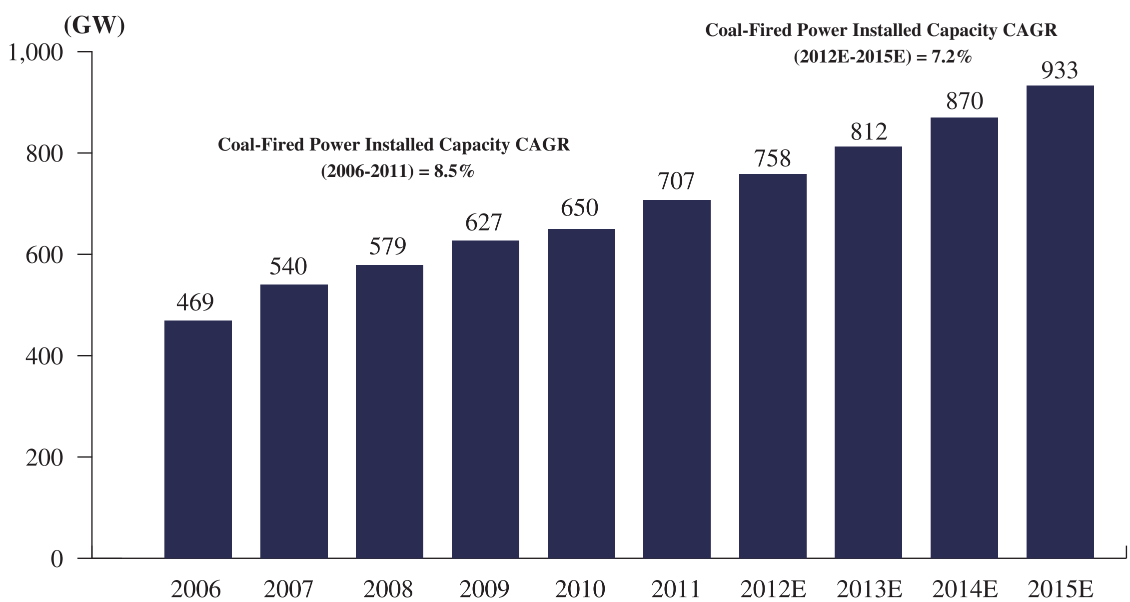
Note: This ranking only includes listed companies in top ten wind power companies by installed capacity.

Source: Frost & Sullivan, Information from companies' annual reports. Ranking only includes listed wind power operators that rank in the top ten in China by wind power installed capacity.

THE PRC COAL-FIRED POWER INDUSTRY

The PRC power industry is characterized by a heavy dependence on coal as fuel for power generation given the relative abundance of coal reserves available in the country compared to crude oil and natural gas. As a result, coal-fired power plants have a long history in the PRC and have dominated the PRC power market. According to Frost & Sullivan, as of December 31, 2011, total coal-fired power plant installed capacity was approximately 707 GW, which accounts for approximately 66.6% of the total PRC power installed capacity. The following chart illustrates Frost & Sullivan's estimates of coal-fired power installed capacity in the PRC from 2006-2015E. Given the abundance of coal resources, there is no doubt that coal-fired power plants will continue to meet the vast majority of the PRC's power needs.

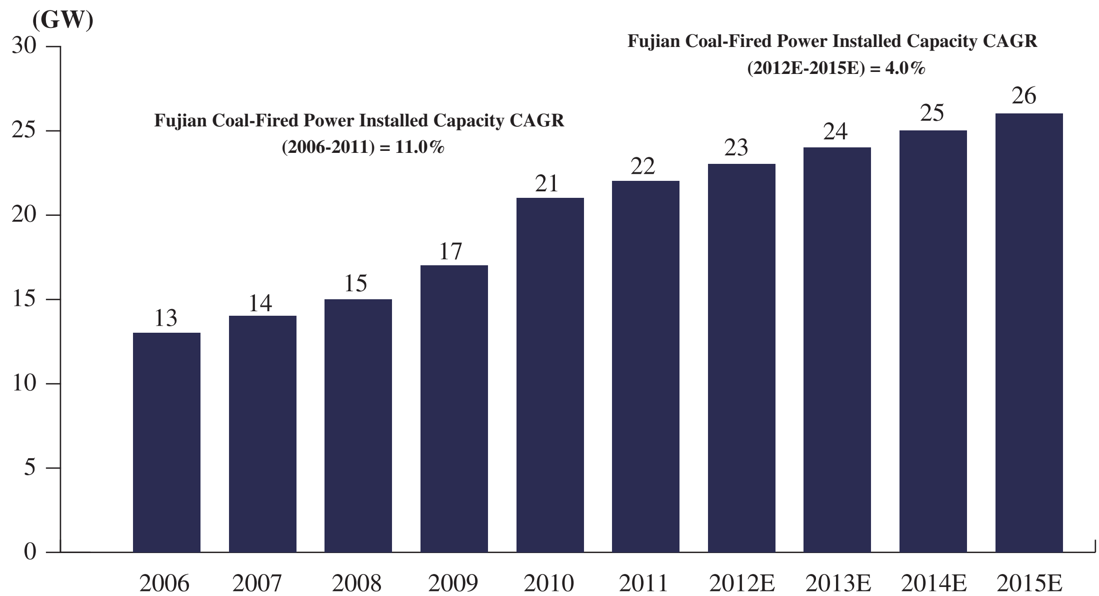
Coal-Fired Power Market: Installed Capacity in the PRC, 2006-2015E



According to Frost & Sullivan, installed capacity of coal-fired power plants in Fujian was 22 GW in 2011, accounting for 60.0% of Fujian's total power market.

While the percentage of coal-fired power generation to total power generation in Fujian is lower than the national average, coal-fired power plants play a key role in ensuring a stable and continuous electricity supply when there is a shortage of rainfall, which results in reduced utilization hours of hydropower. Coal-fired power installed capacity in Fujian is expected to grow at a CAGR of 4.0% and to reach 25,636 MW in 2015.

Coal-Fired Power Market: Installed Capacity in Fujian, 2006-2015E



Industry Dynamics

The factors listed below are considered important drivers of Chinese coal-fired power plant operators:

- ***Increasing economies of scale in power generation capacity***

  Older, small coal-fired power plants are no longer efficient and face replacement and/or upgrade pressure with increasing demand for power and rising coal prices in the PRC. The PRC government has put forward a series of new policy measures for the coal-fired power industry titled "Constructing New Big Power Units While Closing Small Ones." The goal is to consistently expand installed capacity while closing down small inefficient coal-fired power units in order to enhance productivity and to save energy. Actions have been taken to shut down or upgrade small and inefficient power generating units (usually below 200 MW) and to prohibit power generating units below 300 MW to be built in the region covered by the grid, and to promote power generating units above 300 MW with more priority given to the larger generating units. Certain types of units that have operated over 20 years shall be closed down or upgraded, and certain types of coal-fired condensing turbine units with installed capacities of less than 300 MW are prohibited from receiving governmental approval.

- ***Improving power generation efficiency***

A variety of advanced power generation technologies has been developed, imported and adopted in the PRC, including supercritical and ultra-supercritical pulverized-coal ("USC-PC") technologies. USC-PC generates thermal energy by operating above the critical point of water and burning pulverized coal (powdered coal or coal dust). As the pressures and temperatures increase, so does the operating efficiency. On average, supercritical and ultra-supercritical plants operate in the 42.0-47.0% operating efficiency range. Emphasis on large capacity, high efficiency, and environment-friendly 600 MW and 1,000 MW supercritical and ultra-supercritical generating units is expected in the future.

- ***Proximity to coal resources and favorable coal pricing mechanisms***

The cost of coal accounts for the majority of the total operating cost of coal-fired power plants and thus is a major and direct factor on the profitability of coal-fired power plants. Most of the PRC's coal mines are located in the north of the country and coal is transported to various regions mainly through railway and marine or sea shipment. Coal-fired plants that are located near ports or major railway terminals enjoy a lower transportation cost.

There are two types of coal prices: contracted coal price and noncontracted coal price. Contracted coal is a pricing mechanism set by the NDRC to require coal suppliers to sell coal to coal-fired power plants at a lower-than-market price. Once set, the contracted coal price does not fluctuate with spot coal prices. A noncontracted coal price is often referred to as a spot market price and fluctuates when the spot coal price changes.

The table below shows the spot price for 6,000 kcal/kg of steam coal at Qinhuangdao Port from 2006 to April 2012.

6,000 kcal/kg GAD FOB Steam Coal Spot Price at Qinhuangdao Port, China

Price (USD/ton)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
January	NA	59.00	101.00	100.00	121.56	138.72	143.76
February	47.00	NA	NA	95.00	104.22	137.94	142.32
March	49.50	66.00	135.00	86.00	104.74	138.40	142.45
April	50.00	67.00	127.50	93.40	107.66	139.28	144.85
May	51.00	67.00	154.00	90.00	117.27	147.39	
June	51.00	74.00	146.50	85.00	114.10	138.37	
July	51.25	74.00	153.00	89.00	114.33	149.06	
August	52.00	74.30	163.40	89.72	112.67	148.10	
September	52.00	74.30	NA	84.95	111.45	150.00	
October	52.00	75.00	120.00	94.50	119.50	154.34	
November	NA	92.00	80.00	101.75	129.00	154.80	
December	NA	93.50	87.00	112.04	127.83	151.73	

Source: Bloomberg.

- ***Recent upward adjustments of the coal-fired power tariff***

In response to the higher coal price in 2011 and rising electricity consumption, the NDRC has made multiple rounds of tariff adjustments for coal-fired power plants in 2011. The table below lists the recent tariff adjustments in the PRC and in Fujian:

Time of Tariff Adjustments	**Events**
December 2011	The NDRC raised the coal-fired on-grid power tariff in Fujian by RMB0.0274/kWh
December 2011	The NDRC raised the average coal-fired on-grid power tariff by RMB0.026/kWh and retail power tariff by RMB0.03/kWh effective from December 1, 2011
June 2011	The NDRC raised nonresidential end user power tariffs by an average RMB1.67 cents/kWh in 15 provinces including Shanxi, Qinghai, Gansu, Jiangxi, Hainan, Shaanxi, Shandong, Hunan, Chongqing, Anhui, Henan, Hubei, Sichuan, Hebei and Guizhou effective from June 1, 2011
April 2011	The NDRC hiked the on-grid power tariff in 16 provinces by an average of RMB0.012/kWh. The on-grid tariff hike will be back dated to start from January 1, 2010 for some provinces while other provinces will be allowed to raise on-grid power tariffs from April 10, 2011

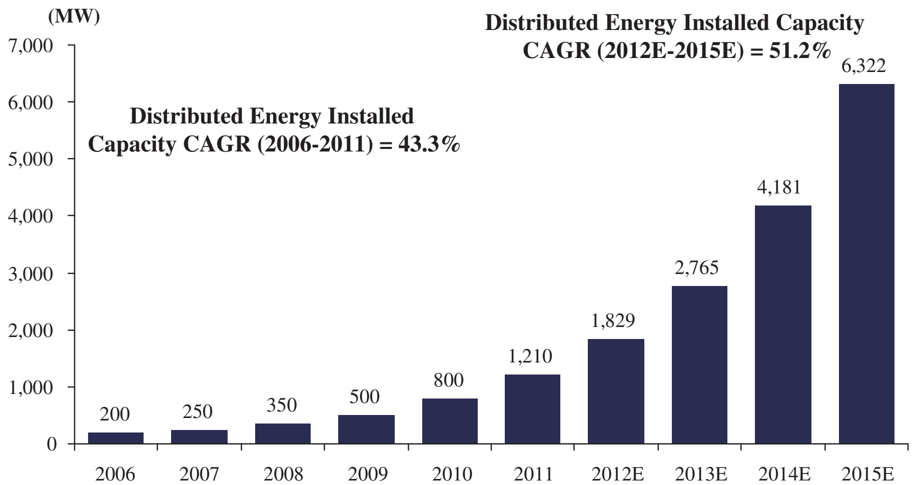
OTHER CLEAN ENERGY INDUSTRIES IN THE PRC

- **Distributed Energy**

According to the Guide on Natural Gas Distributed Energy (關於天然氣分佈式能源的指導意見), distributed energy is defined as the generation of electricity from a natural gas power plant located in the vicinity of the users' location, without large-scale long-distance transmission. In addition to the electricity consumed locally, the excess electricity may be transmitted via a local distribution network. Distributed energy is clean, efficient, reliable, and economically competitive due to its low carbon emission, proximity to end users, ability to serve as an emergency backup, its ability to provide power during peak periods and premium power, etc.

The overall efficiency of the most efficient distributed energy units can reach 80.0%. Guangzhou University Town Distributed Energy Project is the largest distributed energy generation power plant in the PRC as of December 31, 2011.

Distributed Energy Industry: Installed Capacity in the PRC, 2006-2015E



Source: NDRC; Frost & Sullivan.

The PRC government has been supportive of the development of the distributed energy sector. In China total installed capacity of distributed gas power plants has increased from 200 MW in 2006 to 1,210 MW in 2011, representing a CAGR of 43.3%. Frost & Sullivan expects installed capacity of distributed gas power plant to increase at an even faster growth rate in the next four years, increasing from 1,210 MW in 2011 to 6,322 MW in 2015 driven by the 50,000 MW target set for 2020 in the Distributed Energy Development Plan. In 2011, Measures of Distributed Energy Administration (Consultation Paper) (分佈式發電管理辦法(徵求意見函)) recommends measures to stimulate the development of distributed energy through financial subsidies, the guaranteed purchase of excess power and guaranteed property rights to operators.

The National Energy Administration (NEA) supervises the development of Distributed Generation in the PRC by formulating development plans and relevant policies. The agencies at the provincial level, however, are responsible for the research, evaluation, construction, and management of the projects, such as evaluation of the local available resources, energy demands, clarification of the construction scale, and negotiation with the grid to set up the on-grid electricity price.

Natural gas distributed energy provides power, heating and even cooling in the form of Combined Cooling Heating and Power ("CCHP") or Combined Heating and Power ("CHP"). The majority of CCHP and CHP projects in the PRC are off the grid and small in scale. The distributed energy systems can provide power during peak periods, as well as hot water, heating or cooling.

For projects that are connected to the grid, power generated is usually consumed by local industry or residents. In only a few cases, power is sold to the grid at a distinctive on-grid tariff negotiated with the grid company. The on-grid tariff for natural gas distributed generation is set by the pricing bureau at the provincial or municipal level, based on both the fixed cost and the operating cost of each power plant on a "one price for one unit" tariff setting scheme designed to ensure a reasonable return. Guangzhou University Town Distributed Energy Project is the first large scale and the only grid-connected distributed generation project in the PRC.

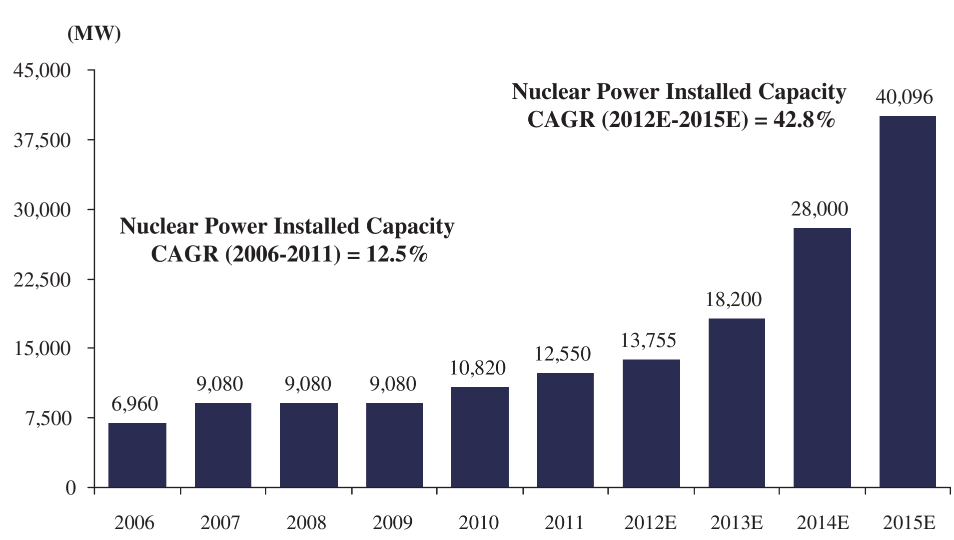
Natural gas distributed energy projects may also apply for CDM to earn additional income from selling emission credits. The eligibility of a specific natural gas distributed energy project to receive CDM income is dependent on whether or not that specific project achieves emission reduction. As of December 31, 2011, Guangzhou University Town Distributed Energy Project is the only natural gas distributed generation project in the PRC that is registered in the CDM program. An increasing number of such natural gas distributed energy projects are expected to be qualified for CDM income in the next few years.

- **Nuclear Power**

The PRC has witnessed rapid growth in the nuclear power sector. According to Frost & Sullivan, nuclear power installed capacity amounted to 12,550 MW in 2011 from 6,960 in 2006, representing a CAGR of 12.5%. The nuclear power installed capacity is expected to reach 40,096 MW and account for 2.8% of the total power installed capacity in 2015 in the PRC.

Compared to other clean energy sources, nuclear power is relatively reliable and affordable with lower generation costs. Consequently, the PRC has placed heavy emphasis on the development of nuclear power.

Nuclear Power Market: Installed Capacity in the PRC, 2006-2015E



Source: China Electricity Council; Frost & Sullivan.

Major Nuclear Players in the PRC

The nuclear power industry in the PRC is highly concentrated and regulated. There are currently three companies with a Nuclear Power Plant Holding Qualification, which entitles them to operate nuclear power plants, namely China Nuclear Engineering Group Corporation, China Guangdong Nuclear Power Group and China Power Investment Corporation. Only China Nuclear Engineering Group Corporation and China Guangdong Nuclear Power Group have controlling stakes in nuclear power plants. On a consolidated installed capacity basis, China Nuclear Engineering Group Corporation ranks first with a total of 6,450 MW installed capacity and a market share of approximately 51.4%. China Guangdong Nuclear Power Group ranks second with 6,100 MW of installed capacity and a market share of 48.6%.

Nuclear Power Companies in the PRC – December 31, 2011

No.	**Company**	**Installed Capacity**	**Market Shares**
		(MW)	**(%)**
1	China Nuclear Engineering Group Corporation	6,450	51.4
2	China Guangdong Nuclear Power Group	6,100	48.6

Source: China Electricity Council; Company annual reports; Frost & Sullivan.

Note: There are three companies with a Nuclear Power Plant Holding Qualification in China, but only two of them are controlling companies, as shown above.

There are currently 10 nuclear power projects under planning and construction. By the end of 2015, there will be additional companies (including Huadian Fuxin) participating in nuclear projects in the PRC.

Nuclear Power Plants under Planning and Construction

Power Plant	No. of Reactors	Installed Capacity (MW)	Location	Ownership	Est. Online Date
Yangjiang Nuclear Power Plant	6	6,480	Guangdong	China Guangdong Nuclear Power Group, CLP	2013-2019
Fuqing Nuclear Power Plant	**6**	**6,480**	**Fujian**	China Nuclear Engineering Group Corporation (51%), **Huadian Fuxin Energy Corporation (39%)**, Fujian Investment & Development Corporation (10%)	**2013-2018**
Hongyanhe Nuclear Power Plant (Phase 1)	4	4,320	Liaoning	China Guangdong Nuclear Power Group (45%), China Power Investment Corporation (45%), Liaoning Construction Investment Group (10%)	2012-2014
Ningde Nuclear Power Plant	4	4,320	Fujian	Datang Power (44%), China Guangdong Nuclear Power Group (46%), Fujian Provincial Energy Group (10%)	2012-2015
Taishan Nuclear Power Plant	2	3,400	Guangdong	China Guangdong Nuclear Power Group (70%), EDF (30%)	2013-2014
Fangjiashan Nuclear Power Plant	2	2,160	Zhejiang	China Nuclear Engineering Group Corporation (100%)	2013-2014
Sanmen Nuclear Power Plant	**2**	**2,500**	**Zhejiang**	China National Nuclear Corporation (51%), Zhejiang Provincial Energy Group (20%), China Power Investment Nuclear Corporation (14%), **China Huadian Group (10%)**, China Nuclear Engineering and Construction Group (5%)	**2013-2014**
Haiyang Nuclear Power Plant	2	2,500	Shandong	China Power Investment Corporation (40%), China Nuclear Engineering Group (20%), China Guodian Group (20%), Shandong Luxin holding Corporation (10%), Huaneng Group (5%), Yantai Electric Power Development (5%)	2014-2015
Fangchenggang Nuclear Power Plant	2	2,160	Guangxi	China Guangdong Nuclear Power Group (61%), Guangxi Investment Group (39%)	2015-2016
Changjiang Nuclear Power Plant	2	1,300	Hainan	China Nuclear Engineering Group (51%), China Huaneng Group (49%)	2014-2015

The PRC government has issued a series of nuclear power regulations since 2006 that are the foundation for the rapid development of the nuclear power sector in the PRC, including the Mid- and Long-Term Plan for the Nuclear Power Sector (2005-2020) (國家核電中長期發展規劃(2005-2020)). The PRC government also issued the Adjustment about the Import Tax Policy regarding the Third Generation of Nuclear Power Plants and Other Major Technology or Equipment (關於調整三代核電機組等重大技術裝備進口稅收政策的通知) in 2011, which focuses on encouraging relevant companies to develop the Third Generation of Nuclear Power Plants, through tax-free policies on imported equipment and raw materials.

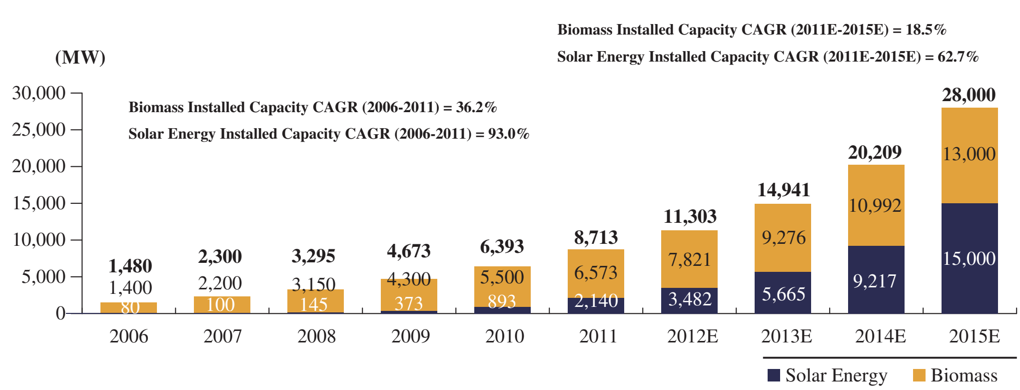
The on-grid tariff for nuclear power plants is set by the National Pricing Bureau based on the operating cost of each plant on a "one price for one unit" tariff setting scheme. Reasonable return is guaranteed by a fixed internal rate of return that is certain percentage points higher than the interest rate of long-term treasury bonds in the PRC.

- **Biomass & Solar Power**

Biomass is plant matter used to generate electricity or heat through direct combustion via boilers and steam turbines. Total installed capacity for biomass energy in the PRC reached 6,573 MW as of the end of 2011. Frost & Sullivan expects installed capacity for biomass to grow from 7,821 MW in 2012 to 13,000 MW by 2015 at a CAGR of 18.5%.

Solar power is the conversion of sunlight into electricity. Sunlight can be converted directly into electricity using photovoltaics ("PV"), or indirectly with concentrated solar power ("CSP"). The total installed capacity for solar energy in the PRC has reached 2,140 MW in 2011. Frost & Sullivan expects solar power installed capacity to grow from 3,482 MW in 2012 to 15,000 MW by 2015 at a CAGR of 62.7%.

Solar and Biomass Energy Industry Data:
Installed Capacity in the PRC, 2006-2015E



Source: China Electricity Council; Frost & Sullivan.

THE FROST & SULLIVAN REPORT

We commissioned Frost & Sullivan, an Independent Third Party, to prepare an independent industry report on the global renewable energy market for use in whole or in part in this prospectus. This prospectus contains information extracted from the Frost & Sullivan Report in sections such as "Summary," "Industry Overview," "Business" and "Financial Information."

We agreed to pay Frost & Sullivan a total fee of approximately HK$2.0 million for the preparation of the Frost & Sullivan Report.

Frost & Sullivan is an independent industry consultant founded in 1961, which has over 40 global offices and employs over 1,800 analysts and experts worldwide. The firm covers a number of industries, including aerospace, defense, automotive, transportation, chemicals, energy and power systems, environmental technologies, electronics, information and communication technologies and health care.

Frost & Sullivan researches and analyzes new market opportunities for corporate growth and has prepared the Frost & Sullivan Report based on data released by government institutions such as the NDRC, the China Electricity Council, as well as a study undertaken by Frost & Sullivan through primary research, which involves discussing the status of the industry with leading industry participants and industry experts. The methodology used in the Frost & Sullivan Report is the Expert Opinion Consensus Methodology, which integrates several forecasting techniques with the market engineering measurement-based system.

OVERVIEW

Our operations are based in the PRC. Accordingly, our renewable energy businesses of wind power and hydropower and coal-fired energy businesses are subject to relevant regulations by the PRC government. The regulations govern a wide range of areas including, among others, project approvals, power generation, transmission and dispatch, on-grid tariffs, land acquisition and resettlement compensation, environmental protection and safety. In addition, our operations are subject to general regulations in the PRC without industry-specific requirements, such as foreign investments, foreign exchange control and taxation.

PRINCIPAL REGULATORY AUTHORITIES

Our operations are principally subject to the supervision and management by the following PRC governmental agencies:

- The NDRC and provincial DRC are responsible for:
  - setting and implementing major policies concerning China's economic and social development;
  - reviewing and approving investment projects in the power industry at a certain scale;
  - promulgating regulations and rules in connection with the operation of power plants;
  - approving power tariffs; and
  - accepting and approving CDM projects.
- The SERC and its local branches are mainly responsible for:
  - promulgating rules for the power industry;
  - supervising the operations and legal compliance of the power industry;
  - issuing and administering Electric Power Business Permits (電力業務許可證); and
  - supervising the power market.

- The MEP and local branches are responsible for:
  - approving Environmental Impact Assessment documents of power plants; and
  - examination and acceptance of environmental protection facilities of power plants.
- The SAWS is responsible for supervising work safety in regard to power generation operations and project construction, and formulating various safety regulations.
- The MOFCOM, together with the NDRC and the MOF, encourages energy saving and rational development and utilization of renewable energy through tax incentives and designating special funds for the development of renewable energy (including wind power and hydropower).
- The SAT is responsible for promulgating and implementing tax policies and regulations.
- The MLR is responsible for approving as to the compliance with relevant regulations on planning, administration, protection and reasonable utilization, etc., of the land occupied by power supply projects.

MAJOR LAWS AND REGULATIONS

China has established corresponding supervision and management systems with respect to project approvals, power generation, transmission and dispatch, on-grid tariffs, etc. The relevant major laws and regulations include the Electric Power Law of the PRC (《中華人民共和國電力法》), the Electric Power Regulatory Ordinance (《電力監管條例》), the Provision on the Administration of the Electric Power Business Permit (《電力業務許可證管理規定》)), the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例》), the Provisional Measures for the Administration of On-grid Tariff (《上網電價管理暫行辦法》), the Renewable Energy Law, Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》), the Provisional Administrative Measures on the Price of Renewable Electricity and Cost Sharing Program (《可再生能源發電價格和費用分攤管理試行辦法》), the Measures for Operation and Management of Clean Development Mechanism Projects (《清潔發展機制項目運行管理辦法》), the Supervision Measures on Purchase of the Full Amount of Renewable Energy Power by Grid Enterprises (《電網企業全額收購可再生能源電量監管辦法》), the Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法(試行)》), Provisional Measures on Special Fund Management for Development of Renewable Energy (《可再生能源發展專項資金管理暫行辦法》), Interim Provisions for Promoting Industrial Restructuring (《促進產業結構調整暫行規定》), Renewable Energy Development Under the 11th Five-Year Plan (《可再生能源發展"十一五"規劃》), Notice Regarding Accelerating Adjustments to the Power Industry Structure (《關於加快電力工業結構調整促進健康有序發展有關工作的通知》), 11th Five-Year Plan and 2020 Development Plan for Power Industry (《電力行業"十一五"計劃及2020年發展規劃》), Energy Status and Policy of China – White Book (《中國的能源狀況與政策》白皮書) and Middle and Long Term Development Program for Renewable Energy (《可再生能源中長期發展規劃》), etc.

(1) Overall Regulations

The Electric Power Law of the PRC (《中華人民共和國電力法》) (the “Electric Power Law”) which became effective on April 1, 1996 and was revised and effected on August 27, 2009 is the first national law enacted specifically for the power industry. Its contents include regulatory provisions with respect to power construction, power production and grid management, pricing and tariffs and protection of power facilities, etc. The Electric Power Law aims to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the PRC government encourages and regulates PRC and foreign investment in the power industry.

The Electric Power Regulatory Ordinance (《電力監管條例》), which became effective on May 1, 2005, sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of Electric Power Business Permit, the regulatory inspections of power generators and grid companies and the legal liabilities from violations of the regulatory requirements.

(2) Project Approval

According to the “PRC Administrative Licensing Law (《中華人民共和國行政許可法》),” the “Decision on the Reformation of the Investment System《關於投資體制改革的決定》,” the “Provisional Management Measures on Approval of Foreign Investment Projects (《外商投資專案核准暫行管理辦法》)” and the “Notice on Enhancing and Standardizing the Management of New Projects (《關於加強和規範新開工項目管理的通知》),” project construction entities shall obtain documents regarding urban planning approval, the preliminary approval on project sites and the approval on the environmental impact assessment documents as issued by the relevant administrative department before submitting the project application to the project approval authority. Upon obtaining the project approval documents, constructions shall be carried out in accordance with the requirements set out therein.

According to the “Government Approved Investment Project Directory (2004 version) (《政府核准的投資專案目錄》 (2004年本)),” wind power projects with installed capacity of 50,000 kilowatts or above shall be approved by the State Council department in charge of investment, and other wind power projects shall be approved by local government authority in charge of investment. Hydropower projects to be constructed over main rivers with total installed capacity of 250000 kilowatts or above shall be approved by the State Council department in charge of investment, and other projects shall be approved by the local government authority in charge of investment. Coal-fired power plants shall be approved by the State Council department in charge of investment.

(3) Electric Power Business Permit

Pursuant to the SERC’s Provision on the Administration of the Electric Power Business Permit (《電力業務許可證管理規定》) (the “Permit Provision”), which became effective on December 1, 2005, the PRC power industry adopted the market-access permit system.

Pursuant to the Permit Provision, unless otherwise provided by the SERC, no company or individual in the PRC may engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business permit issued by the SERC. To apply for an electric power business permit, the following conditions must be fulfilled:

- construction of the power plant has been examined and approved by the relevant authorities;
- the power generation facilities have the ability to run; and
- the power plant is in compliance with the relevant environmental protection regulations and requirements.

According to the SERC, power plants which were constructed and became operational after December 1, 2005 must obtain the electric power business permit as soon as possible. Among them, those power plants completed before July 31, 2006 shall obtain the electric power business permit by the end of 2006. For power plants completed after August 1, 2006, such power plant shall obtain an electric power business permit for its newly constructed projects, as well as its existing projects within three months from the commencement of operations.

According to the requirements of SERC, applications for the permits of newly constructed power generating units shall be submitted prior to completion and inspection, and grid-connection operation is, in principle, not allowed without obtaining the permits.

(4) Dispatch

All electric power generated in China is dispatched through power grids, except for electric power generated by facilities not connected to a grid. Dispatch of power to each grid is administered by dispatch centers. Dispatch centers are responsible for the administration and dispatch of the planned output of power plants connected to the grid.

The Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例》) (the "Dispatch Regulations") promulgated by the State Council, effective on November 1, 1993, regulates the operation of dispatch centers. Pursuant to the Dispatch Regulations and the Implementation Measures for Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例實施辦法》), which was implemented on October 11, 1994, dispatch centers are established at each of five levels: the national dispatch center, the dispatch centers of the interprovincial (autonomous regions and municipalities included) power grid, the dispatch centers of the provincial-level power grid, the dispatch centers of the power grid of municipalities under provinces and the dispatch centers of the county power grid. Each power plant receives on a daily basis from its local dispatch center a projected hour-by-hour output schedule for the following day, based on expected demand, the weather and other factors.

The dispatch centers must dispatch electricity in compliance with electricity consumption schedules, which are generally determined according to:

- power supply agreements entered into between a power grid and large or primary electricity customers, where such agreements take into account the electricity generation and consumption plans formulated annually by the PRC government;
- agreements entered into between a dispatch center and each power plant subject to the dispatch center's dispatch (the "Dispatch Agreements");
- interconnection agreements between power grids; and
- the actual conditions of the grid, including equipment capacities and safety reserve margins.

(5) On-grid Tariff

Since it came into effect in 1996, the Electric Power Law has set forth the general principles for the setting of power tariffs. Tariffs are to be formulated to provide reasonable compensation for costs and a reasonable return on investment, to share expenses fairly, and to promote the construction of further power projects. The on-grid tariffs for planned output and excess output are subject to the procedures involving review and approval by the NDRC and the provincial pricing bureaus.

In July 2003, the State Council approved the Power Tariff Reform Plan (《電價改革方案》) (the "Reform Plan") and stated that their long-term objective is to establish a standardized and transparent on-grid tariff-setting mechanism.

On March 28, 2005, the NDRC promulgated the Provisional Measures for the Administration of On-grid Tariff (《上網電價管理暫行辦法》), which became effective on May 1, 2005. It provides regulatory guidance for the Reform Plan. For power plants within the regional grids that have not implemented competitive bidding mechanisms, on-grid tariffs will be determined and announced by relevant pricing bureaus based on production costs plus a reasonable investment return. For power plants within the regional grids that have implemented competitive bidding tariff-setting mechanisms, on-grid tariffs are two fold: (i) a capacity tariff determined by the NDRC based on the average investment cost of the power generators competing within the same regional grid; and (ii) a competitive tariff determined through the competitive bidding process.

These Provisional Measures specifically provide that, temporarily, enterprises of new energies such as wind power and geothermal power and renewable energy enterprises do not participate in market competition. Priorities are given to grid enterprises to buy out the power generated at tariffs determined by the government or at competitive tariffs. The government can regulate the percentages of new energy and renewable energy in the total amount of electricity to be sold by the electricity supply enterprises to establish specialized competitive new energy and renewable energy markets.

On October 11, 2009, the National Development and Reform Commission, the Energy Board of the National Development and Reform Commission and the Electricity Regulatory Commission issued the "Notice on Standardizing the Management of Electricity Trading Prices and others (《關於規範電能交易價格管理等有關問題的通知》)." This Notice provides that, except for inter-provincial or inter-regional power transactions, all on-grid tariffs shall be determined according to the tariffs set by the government department in charge of tariffs (exceptions stipulated by the state excluded). All renewable energy operators (excluding hydropower operators) must follow the on-grid tariffs as approved by the departments in charge of tariffs.

(6) Environmental Protection

During the construction and operation of our power plants, we are mainly subject to the supervision and restrictions of the following laws and regulations: the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the PRC Law on the Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》), the PRC Law on the Prevention and Treatment of Air Pollution (《中華人民共和國大氣污染防治法》), the PRC Law on Prevention and Treatment of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》) and the PRC Law on Appraising Environment Impacts (《中華人民共和國環境影響評價法》).

(7) Production Safety

The Work Safety Law of the PRC (《中華人民共和國安全生產法》), which became effective on November 1, 2002, is the principal law governing the supervision and administration of work safety for power projects. The Measures on Supervision and Administration of the Work Safety of Electricity Industry (《電力安全生產監督管理辦法》, the "Measures on Supervision"), promulgated in March 2004, is an important departmental rule and regulation regulating the production safety of the power industry. The Measures on Supervision provides that power plants must operate safely in accordance with the provisions as set by the local power grid. In case of extraordinary or serious physical accident, or accidents of power, equipment damage, power plant collapse or fires, power plants are required to report to the SERC, the SAWS and relevant local government authorities within 24 hours.

REGULATORY PROVISIONS ON RENEWABLE ENERGY SUCH AS WIND POWER AND HYDROPOWER

(1) On Overall Regulations

According to the Renewable Energy Law which came into effect on January 1, 2006 and the Guidance Catalog on Renewable Energy Industrial Development (《可再生能源產業發展指導目錄》, the "Catalog"), promulgated by the NDRC on November 29, 2005, renewable energy includes wind power, solar power, hydropower, biomass energy, geothermal energy, ocean energy and certain other types of non-fossil energy. The Renewable Energy Law sets out the regulatory framework for the development and use of renewable energy.

On March 3, 2008, the NDRC announced the Renewable Energy Development Under the 11th Five-Year Plan (《可再生能源發展"十一五"規劃》 (FA GAI NENG YUAN No. [2008]610 發改能源[2008]610號)), setting out the main focus in construction of a strategic plan for hydro-electricity during the 11th Five-Year Plan period of the state and mentioned that during the 11th Five-Year Plan period, the development target of new installed hydropower capacity of the whole country is 73,000 MW. It also mentioned a plan to build up the hydro-electricity capabilities of eight provinces and regions including Sichuan and Fujian during the 11th Five-Year Plan period.

The 12th session of the 11th Standing Committee of the National People's Congress held on December 26, 2009, examined and passed the Decision on Modifying the Renewable Energy Law of the PRC (《關於修改《中華人民共和國可再生能源法》的決定》). The revised Renewable Energy Law, taking effect on April 1, 2010, mainly provided the following supplements:

- to refine the system of protective buyouts of renewable energy and to ascertain and publish minimum targets for protective buyouts of renewable energy; and

- to establish a renewable energy development fund with government fund nature to support the construction of renewable energy projects and to compensate for energy tariffs.

The State Council promulgated "The 12th Five-year Plan (《中華人民共和國國民經濟和社會發展第十二個五年規劃綱要》)" in 2010, which states that the Chinese government will actively promote in energy production and usage patterns, to establish a safe, stable, economic and clean modern energy industry system, to accelerate energy development, to promote clean and efficient use of traditional energy, to actively develop hydropower while protecting the ecosystem and to efficiently develop nuclear power while ensuring safety.

(2) On Project Construction

According to the Provisional Measures for the Administration of Land Use and Environmental Protection of Wind Farm Construction (《風電場工程建設用地和環境保護管理暫行辦法》), promulgated by the NDRC, MLR and the former SEPA on August 9, 2005, before applying for project approval, the entity responsible for the construction of wind power plants projects shall obtain land use preliminary approval from the provincial land and resource authorities, and an environmental impact assessment approval from the provincial environmental protection administrative department.

According to the Large and Medium-sized Water Conservancy and Hydropower Project Construction Related Land Requisition Compensation and Resettlement Ordinance (《大中型水利水電工程建設徵地補償和移民安置條例》), implemented by the State Council on September 1, 2006, a resettlement plan shall be prepared for large and medium-sized water conservancy and hydropower projects, which shall be approved by the provincial resettlement authorities or resettlement authorities in the State Council level. Land uses of large and medium-sized water conservancy and hydropower projects shall go through application and approval procedures according to law as to land requisition compensation, to implement the practice of one submission for approval, staging collection and payment on schedule. In the case of occupying cultivated land for large and medium-sized water conservancy and hydropower project construction, the sum of the land compensation fees and the resettlement fees shall be 16 times the average output value of the three years preceding the requisition of the cultivate land. If the relocated residents cannot maintain their original living standards from the land compensation fees and the resettlement fees, the adjustment of the rough calculation of investments shall be submitted by the project corporation or the competent department to the project approval department for approval. The compensation fees for other land (not including the arable land) requisitioned and the standard of compensating for ground attachments and green crops on the land requisitioned shall be determined by various provinces, autonomous regions and municipalities. The compensation for the fixtures on land requisitioned shall be made according to the principle of original scale, original standards or restoration of the original functions. If the compensation is insufficient to build basic houses for poor migrants, proper subsidies shall be given to them. Before any large or medium-sized water conservancy and hydropower project is to be constructed, the project corporation must sign the settlement and compensation agreement, according to an approved resettlement plan, with the people's government of the corresponding province, autonomous region, municipality directly under the central government where the reservoir area and Resettlement area are located. After finishing the resettlement work, or at the moment when the resettlement work reach the periodical target, the resettlement management administration of the State Council or the people's government of the corresponding province, autonomous region, municipality directly under the central government shall organize relevant departments to conduct acceptance. If the resettlement project has not been accepted or is considered unqualified after the acceptance check, the relevant departments may not proceed the check and acceptance of the completed capital construction project. In addition, the State Council implemented the provisions of the Dam Safety Management Ordinance (《水庫大壩安全管理條例》) on March 22, 1991, accordingly, for the construction of dams, entities with the relevant qualification certificates shall be employed for the design and construction work. Upon completion of the dam, the construction entity shall apply to the department in charge of the dam for examination and acceptance.

(3) On Dispatch and Price Determination

- ***To enjoy buyout and dispatch priority***

According to the Renewable Energy Law, grid enterprises shall enter into a grid connection agreement with the approved or recorded renewable energy production enterprises to buy out the grid connection power of the renewable energy power plants in the area covered by the grid enterprises for grid connection volume, and to provide on-grid services and the relevant technical support.

On April 18, 2006, the NDRC, the MLR, the MOR, the MOC, the MWR, the SEPA, the CBRC and the SERC jointly promulgated the Notice Regarding Accelerating Adjustments to the Power Industry Structure (《關於加快電力工業結構調整促進健康有序發展有關工作的通知》). The Notice expressly stated that efforts to support renewable energy will be stepped up to put all hydro-electric power on-grid and to achieve the same price for electricity within the same grid.

On August 2, 2007, the State Council issued the Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法(試行)》), which is aimed at optimizing the efficient use of natural resources and encouraging energy savings to achieve sustainability. Pursuant to this regulation, the dispatch priority of power generating units is determined in the following sequence: (a) non-adjustable power generation units utilizing renewable fuels; (b) adjustable power generating units utilizing renewable fuels; (c) nuclear power generating units; (d) cogeneration units and resource comprehensive utilization power generating units; (e) gas-fired power generating units; (f) other coal power generating units, including cogeneration units without heat load; and (g) oil-fired power generating units.

In addition, pursuant to the Supervision Measures on the Purchase of the Full Amount of Renewable Energy Power by Grid Enterprises (《電網企業全額收購可再生能源電量監管辦法》), which became effective on September 1, 2007, the SERC and its local branches should supervise the grid enterprises to discharge their buyout and dispatch priority duties. Grid enterprises that fail to discharge these duties and cause losses of renewable energy enterprises shall compensate and correct the faults within 15 days upon the affirmation of the power supervisory authority, otherwise the grid enterprise may be fined a sum of no more than that of the losses of the renewable energy enterprise.

• ***Tariff and Cost Sharing Program***

Unlike the bidding grid mechanism of the traditional power generation business, according to the Renewable Energy Law and the Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》), the SDRC is responsible to set the on-grid tariffs for renewable energy power projects, its tariff determination factors include the characters of power generated from different types of renewable energy, different geographic locations, and the need to facilitate the development and use of renewable energy on a reasonable commercial basis.

The Provisional Administrative Measures on the Price of Renewable Electricity and Cost Sharing Program (《可再生能源發電價格和費用分攤管理試行辦法》) the "Price and Cost Sharing Regulation," which was promulgated by the NDRC and became effective on January 1, 2006, provides details for the setting of renewable energy tariffs. According to the Cost and Sharing Program, there are two types of on-grid tariff for electricity generated from renewable energy: government fixed price and government guided price.

In addition, pursuant to the Price and Cost Sharing Regulation, for the renewable energy projects approved after January 1, 2006, the differences between the costs of grid enterprises and the costs calculated by the average on-grid tariffs of coal power generation will be borne by end-users. As such, the Price and Cost Sharing Regulation provides that: (i) the amount that on-grid tariff exceeds the local benchmark on-grid tariff of desulfurized coal unit, (ii) the amount that operation maintenance expense for independent electric system of public renewable energy with state investment or subsidy exceeds the average sales tariff of the local provincial grid, and (iii) the grid-connecting expense of renewable resource power generating projects, will be borne by end-users within the coverage of grid enterprises at provincial or above levels by payment of tariff surcharges. According to the Circular of the NDRC on adjustment of on-grid tariffs across China, the additional on-grid tariff shall be increased to RMB4 per MWh as of December 20, 2009.

On January 11, 2007, the NDRC promulgated the Provisional Measures on Adjustment to Additional On-grid Tariff for renewable energy (《可再生能源電價附加收入調配執行協法》) to make subsidy rates for renewable energy consistent, as shown below:

(1) subsidy amount for power generating projects of renewable energy = (on-grid tariff of renewable energy – local provincial-level benchmark electricity price of desulfurized coal unit) × grid power by generation of renewable energy;

(2) subsidy amount of independent electric system of public renewable energy = operation maintenance expense for independent electric system of public renewable energy – average sales tariff of the local provincial grid × power generation of independent electric system of public renewable energy;

(3) grid-connecting expense of renewable resource power generating projects refers to the investment and operation maintenance expense for power transmission and transformation for connecting the renewable resource power generating projects to connect to the grid. The rate shall be dependent on the length of route: RMB0.01 per KWh for less than 50 km, RMB0.02 per KWh for 50-100 km, and RMB0.03 per KWh for 100 km and more.

On July 20, 2009, "the NDRC promulgated the Circular Regarding the Furtherance of On-grid Pricing Policy of Wind Power (《國家發展改革委關於完善風力發電上網電價政策的通知》)," which has come into effect on August 1, 2009 and applies to all onshore wind power projects approved thereafter. In accordance with this circular, the on-grid tariff as determined by "government guided price" discussed above has been replaced by a geographically unified tariff, a form of government-fixed price. Specifically, the PRC is categorized into four wind resource zones, and all onshore wind power projects in the same zone apply the same standard on-grid tariff (including VAT) (RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh) applicable to that zone. For wind farms spanning across areas with different fixed on-grid tariffs, the higher tariff applies. The new on-grid tariffs will continue to be subsidized by on-grid tariff premiums enjoyed by renewable energy projects in general.

(4) CDMs

A CDM is an arrangement under the Kyoto Protocol and UNFCCC. It allows industrialized countries with a greenhouse gas emission reduction commitment to invest in emission reducing projects in developing countries in order to earn CERs. These credits can be used by investors from industrialized countries against domestic emission reduction targets or sold to other interested parties, and therefore provides an alternative to more expensive emission reductions in their own countries.

The PRC approved and ratified the UNFCCC in 1993 and the Kyoto Protocol in 2002, but with no binding obligation to meet emission reduction targets. Among the central organizations that are responsible for policy-making, approval and supervision of CDM projects in the PRC, the National Climate Change Coordination Committee is responsible for policy-making and general coordination, while the National CDM Board is responsible for the examination and approval of CDM projects to be implemented in the PRC.

On August 3, 2011, the Measures for Operation and Management of Clean Development Mechanism Projects (《清潔發展機制項目運行管理辦法》) (the “CDM Measures”) were promulgated by the NDRC jointly with the Ministry of Science and Technology (“MOST”), the Ministry of Foreign Affairs (“MFA”) and MOF. The CDM Measures set forth general rules and specific requirements for the application for, and approval of, CDM projects, including, among others, the following:

- only companies wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. Consequently, a company controlled by foreign parties does not qualify to apply for PRC government’s approval for a CDM project.

- the approval procedures of CDM projects includes (i) a review by experts from relevant organizations appointed by the NDRC, (ii) an examination of applications for approval of a CDM project by the National CDM Board and (iii) approval jointly by the NDRC, MOST and MFA, promulgated by the NPRC.

- the CDM Board will review the floor price of the sale of the CERs generated in the PRC.

- for CDM projects, (i) CERs produced from a particular CDM project are owned by the PRC project owner and (ii) the PRC government imposes a levy on the proceeds from selling CERs under a CDM project at various levels depending on the types of projects. With respect to wind power projects that develop and utilize renewable energy and are encouraged as a matter of the government policy, only 2.0% of the proceeds are payable to the PRC government.

On November 25, 2009, a standing meeting was held in State Council, at which it was decided that by 2020, CO_2 emission per unit of GDP of China will be reduced by 40.0% to 45.0% from that of 2005, and such index shall be a restraining guideline, and incorporated into the mid-and long-term plans of social economic development, and related domestic statistics monitoring and examination methods will be made.

(5) Renewable Energy Development Fund and Designated Funds

According to the Renewable Energy Law, the state will establish a renewable energy development fund, the funding to come from sources including a special purpose fund arranged during this financial year, with additional income to be collected from renewable power tariff according to the law.

The Interim Measures on Administration of Designated Fund for the Development of Renewable Energy, which became effective on May 30, 2006, states that the MOF will allocate funds from the PRC central financial budget to support the development of renewable energy. The MOF will also be responsible for granting the final approval for applications for funding support submitted by companies and individuals. The MOF may provide grants (primarily to unprofitable renewable energy projects that provide substantial public benefit) or subsidized loans/primarily to renewable energy projects that satisfy the necessary requirements for financing and are within the descriptions in the Catalog.

(6) Tax Preferences

In China, enterprises that engage in renewable energy enjoy certain tax preferences. The Guidance Catalog on Renewable Energy Industrial Development (《可再生能源產業發展指導目錄》) (the "Catalog"), promulgated by the NDRC on November 29, 2005, sets out 88 types of renewable energy projects that may be entitled to preferential tax treatment or designated funding if requirements of other laws and regulations are satisfied by these types of projects.

- ***Corporate Income Tax***

  Pursuant to the Circular on the Execution of the Catalog of Public Infrastructure Projects Entitled for Preferential Tax Treatment (《關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》) (the "46th Document") of MOF and SAT, for the investment and operation income of enterprises established after January 1, 2008 and that engage in public infrastructure projects, starting from the tax year in which the project generates the first production and operation income, the corporate income tax will be exempted for the first three years, and a 50.0% exemption will apply to the period from the fourth to the sixth year.

- ***VAT Law***

  According to "Circular on Value Added Tax Policy Regarding Comprehensive Utilization of Resources and Other Products (《關於資源綜合利用及其他產品增值稅政策的通知》)" co-released by MOF and SAT on December 9, 2008, the VAT from sales of power generated by wind is entitled to a 50.0% refund.

  Effective as of January 1, 2009, the VAT refund policy available for certain foreign-invested enterprises that purchase domestically manufactured equipment was abolished pursuant to the Circular on the Abolishment of the Tax Refund Policy for the

Purchase of Domestically Manufactured Equipment by Foreign invested Enterprises (《關於停止外商投資企業購買國產設備退稅政策的通知》), which was jointly promulgated by MOF and SAT on December 25, 2008. However, foreign-invested enterprise that purchase domestically manufactured equipment receive VAT invoices and submit a VAT refund application with the relevant tax authorities, on or prior to June 30, 2009, are entitled to receive the VAT refund as before.

SPECIAL REQUIREMENTS AND POLICIES APPLICABLE TO COAL POWER GENERATION

(1) On-grid Tariffs

To accelerate the development of desulphurizing facilities and to reduce the emission of carbon dioxide, the Provisional Measures on the Administration of Price of the Desulphurized Coal Power and Operation of the Desulphurizing Facilities (《燃煤發電機組脱硫電價及脱硫設施運行管理辦法(試行)) was jointly issued by the NDRC and former SEPA and became effective on July 1, 2007. Regarding the on-grid tariffs, these measures include, among others, the following:

- construction of new or extended coal power plants should be conducted pursuant to the relevant standards regarding the installation of desulphurizing facilities, and the applicable on-grid tariff corresponding to the benchmark price of desulphurized coal power set by the NDRC;

- a tariff surcharge of RMB0.015 per KWh will be added to the selling price of electricity generated from desulphurized coal power generators; and

- power plants using coal with average sulphureous content above 2.0% or below 0.5%, the tariff surcharge for the installation of desulphurizing facilities of which may be set by the local government and subject to a review and approval process involving the provincial pricing bureaus and the NDRC.

In December 2004, the NDRC, with the approval of the State Council, issued a new policy (《關於建立煤電聯動機制的意見》) to link thermal coal and power prices, which will allow coal power generation companies to pass through 70.0% of certain increases in coal prices to end users through increases in on-grid tariffs. Under this new policy, when the average coal price increases by more than 50.0% within a six-month period, power generation companies may pass on to end-users 70.0% of such increase through an increase in on-grid tariffs, while power generation companies will bear the remaining 30.0% of the increased coal costs. If the average coal prices increase by less than 5.0% within such six-month period, the on-grid tariffs would remain unchanged, but the rate increase may be accumulated in the next six-month period. This new policy is retroactively applied from June 2004, using the sale prices of thermal coal as of the end of May 2004 as the base for calculating the fluctuation of the average coal prices during the following six-month period.

The first round of coal-electricity price linkage was implemented in May 2005, in accordance with the NDRC's mechanism. The national average retail tariff of electricity has risen by RMB0.0252 per unit of electricity from May 1, 2005. The second round of coal-electricity price linkage was implemented on June 30, 2006, by which time the tariffs had risen by RMB0.025. On June 19, 2008, NDRC announced the third round, which increased the national average retail tariffs of electricity by RMB0.025 per KWh.

(2) On Environmental Protection

Pursuant to the Emission Standards of Air Pollutants for Coal Power Plants (《火電廠大氣污染物排放標準》) (the "Emission Standards"), which became effective on January 1, 2004, newly built, extended or reconstructed coal-fired power plant projects that were constructed and commenced commercial operation or received environmental certification before December 31, 1996 must implement the first stage of emissions control standards. Projects that received environmental certification on or before January 1, 1997 but before the implementation of the Emission Standards, must implement the second stage of emission control requirements. From January 1, 2004, power projects that received the environmental certification (including the environmental certification received during the second stage, for the fifth anniversary from the approval date, coal-fired power plant projects which construction have not commenced before the implementation of this emission standard) must implement the third stage of emission control requirement.

The Administration Regulation on the Levy and Use of Discharge Fees (《排污費徵收使用管理條例》) promulgated by the State Council together with two implementing rules (collectively, the "Discharge Fees Regulations") came into effect on July 1, 2003. According to the Discharge Fees Regulations and starting from July 1, 2005, the discharge fees for the emission of sulphur dioxide will be comparable to the general discharge fees for the emission of air pollutants. In addition, the discharge fees for the emission of nitrous oxide became comparable to the general discharge fees for emission of air pollutants starting from July 1, 2004. The Discharge Fees Regulations also provide that the amount of sulphur dioxide discharge by power plants with installed capacities of over 300 MW shall be evaluated and limits determined by the environmental protection administrative authorities at the respective levels of the provinces, autonomous regions and municipalities directly under the PRC Government. Power plants with desulphurization equipment are expected to substantially lower discharge fees than other coal power plants.

According to the Measures on the Administration of Environmental Protection of Electric Power Industry (《電力工業環境保護管理辦法》), which became effective on December 2, 1996, coal power construction projects are subject to the PRC's environmental impact assessment system. The power generators may choose its environmental assessor, subject to the confirmation of local administrative authorities in charge of environmental protection at the provincial level, and file an environmental impact assessment report with the local administrative authorities. In addition, power plants must assign a specific department and its personnel to discharge its obligations with regard to environmental protection. Power enterprises should also set aside funds for the prevention and treatment of environmental pollution caused by their own operations or constructions.

(3) Incentives of Tax Preferences and Transmission Priorities, etc.

According to the Administrative Measures on the Recognition of Comprehensive Resource Utilization Encouraged by the State (《國家鼓勵的資源綜合利用認定管理辦法》), if a coal power plant uses no less than 60% coal sludge as fuel and blends this fuel with coke, it may be recognized by the PRC government as a Resource Comprehensive Utilization Plant, which would entitle it to a reduction of 50% of the VAT levied on electricity generation according to the applicable PRC tax laws.

According to the Interim Provisions on the Administration of the Construction of Power Generating Projects of Steam-Electricity Cogeneration and Comprehensive Utilization of Coal Sludge (《熱電聯產和煤矸石綜合利用發電專案建設管理暫行規定》), if a coal power plant provides steam simultaneously during the power generation process, the power generating units may be recognized as cogeneration units by the PRC government, which entitles it to sell steam to the customers within the heat zone of the coal plant (generally within an eight-kilometer radius) on an exclusive basis and enjoy higher dispatch priority under some conditions.

During the Track Record Period, our coal-fired power plants were not entitled to the tax preferences and transmission priority as discussed above.

HISTORY AND DEVELOPMENT

Background

We have over 56 years of operating history in the PRC power generation industry. Our Group is the platform through which Huadian, our Controlling Shareholder, engages in clean energy businesses. Following the Reorganization, we retained substantially all of the assets and liabilities of our predecessor, which comprise substantially all of our current lines of business.

Our predecessor, Huadian Fujian, was established by Huadian through the reorganization of its power generating assets within Fujian province on November 30, 2004. Huadian Fujian was a limited liability company wholly owned by Huadian, with its primary business being the operation of hydropower plants and coal-fired power plants.

We also have over 56 years of experience in the operation of hydropower business in China. Our first hydropower project, Huadian Gutianxi Phase I, commenced construction in 1951 and commenced operation in 1956. It was the first cascade hydropower project in China. In 1998, our Mianhuatan Hydropower Plant commenced construction and commenced operation in 2001, with a consolidated installed capacity of 600.0 MW. In 2002, our Zhouning Hydropower Plant commenced construction and commenced operation in 2005, with a consolidated installed capacity of 250.0 MW.

We also expanded our hydropower business by increasing the shareholdings in existing hydropower subsidiaries and by acquiring new hydropower projects. According to Frost & Sullivan, as of December 31, 2011, we were the largest hydropower company in Fujian province and in East China (including Fujian province) in terms of total installed hydropower capacity.

We have over 14 years of experience in the operation of coal-fired power business in China. Our first coal-fired power plant, Shaowu Power Plant, commenced construction in 1996 and commenced operation in 1998, with a consolidated installed capacity of 250.0 MW. In 2004, our Kemen Power Plant commenced construction and it commenced operation in 2006, with a consolidated installed capacity of 2,400.0 MW.

As part of Huadian's reorganization plan, our Group will focus on hydropower business in Fujian province and wind power and other clean energy businesses throughout China. Our coal-fired power business has provided and will continue to provide cash flow to support our development of wind power and other clean energy businesses at their early stages of development. Moreover, the retention of our coal-fired power business will supplement our hydropower business in Fujian province. Therefore, we retained the coal-fired power business in Fujian province.

During the Reorganization, Huadian Fujian changed its name to Huadian Fuxin Energy Co. Ltd. upon the approval by the Administration for Industry & Commerce of Fujian province on October 20, 2010.

On October 29, 2010, Huadian, together with Huadian Energy, Wujiang Hydropower, Huadian International and Huadian Engineering, which were subsidiaries of Huadian (collectively, the "Five Shareholders"), transferred their respective equity interest in Huadian New Energy (Huadian New Energy was a subsidiary controlled by Huadian, primarily focusing on the operation of clean energy businesses such as wind power, distributed energy and solar power) to Huadian Fuxin Energy Co. Ltd. After this transfer, Huadian New Energy became a wholly-owned subsidiary of Huadian Fuxin Energy Co. Ltd. On December 29, 2010, strategic investors were introduced (further elaborated below) into our Company. On August 19, 2011, our Company was established as a joint stock limited company.

Milestones in Our History

1956	Our first hydropower project (Huadian Gutianxi Phase I) commenced operation
1998	Our first coal-fired power plant (Shaowu Power Plant) commenced operation
2007	Our first wind power project (Huitengxile Wind Power Plant) commenced operation
2008	Our first investment in a nuclear power plant commenced construction (Fuqing Nuclear Power Plant) and we expect that Fuqing Nuclear Power Plant will commission one generating unit each year from 2013 to 2016
2009	Our first solar power project (Shanghai Urban Industrial Area Solar Photovoltaic Power Project) commenced operation
2009	Our first distributed energy project (Guangzhou University Town Distributed Energy Project) commenced operation
2009	Since 2009, we have acquired nine hydropower projects with attributable installed capacity of 256.2 MW and five wind power projects with attributable installed capacity of 106.7 MW
2010	The equity interest of Huadian New Energy was transferred to our Company and Huadian New Energy became a wholly-owned subsidiary of our Company
2010	CPECG, Kunlun Trust, Xingye Capital and Datong Capital made strategic investment in our Company, with the registered capital of our Company being increased from RMB4,600,000,000 to RMB5,088,888,889 following the investment
2011	Our Company was converted from a limited liability company into a joint stock limited company with a registered capital of RMB6.0 billion
2011	Our first biomass energy project (Huachuan Biomass Cogeneration Heat Power Co., Ltd.) commenced construction and is expected to commence operation in the third quarter of 2012

REORGANIZATION

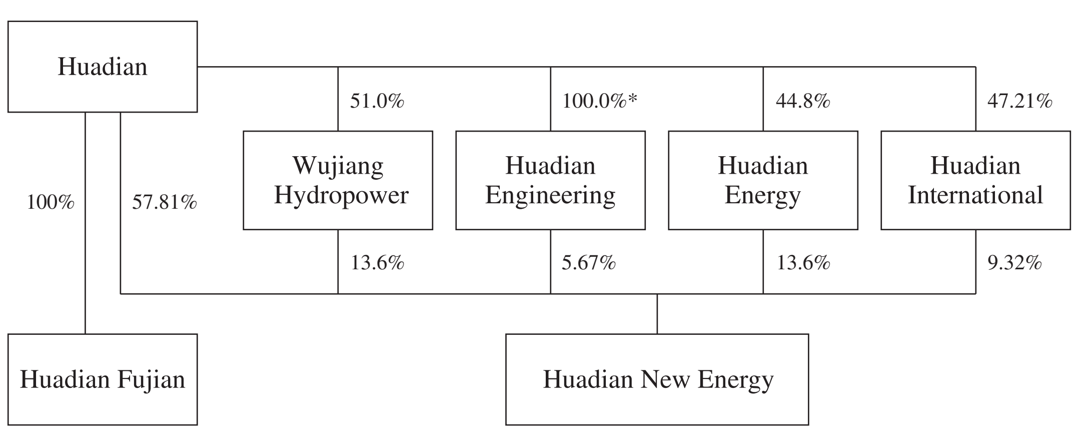
We underwent the Reorganization in preparation for the Global Offering. Pursuant to the capital increase and reorganization agreement dated October 29, 2010 (the "Reorganization Agreement"), among our predecessor Huadian Fuxin Energy Co., Ltd. and the Five Shareholders, the Five Shareholders transferred their respective equity interest in Huadian New Energy to Huadian Fuxin Energy Co. Ltd. In addition, Huadian contributed cash of RMB1 billion to Huadian Fuxin Energy Co. Ltd., which was fully paid on November 23, 2010.

Following the Reorganization Agreement, pursuant to two equity transfer agreements both dated December 28, 2010, Huadian Energy and Huadian International transferred their respective equity interests in Huadian Fuxin Energy Co. Ltd. to Huadian for a consideration of RMB371.6 million and RMB254.6 million, respectively, which were determined with reference to independent asset valuation. As a result, Huadian, Wujiang Hydropower and Huadian Engineering remained as shareholders of Huadian Fuxin Energy Co., Ltd. after the equity transfers.

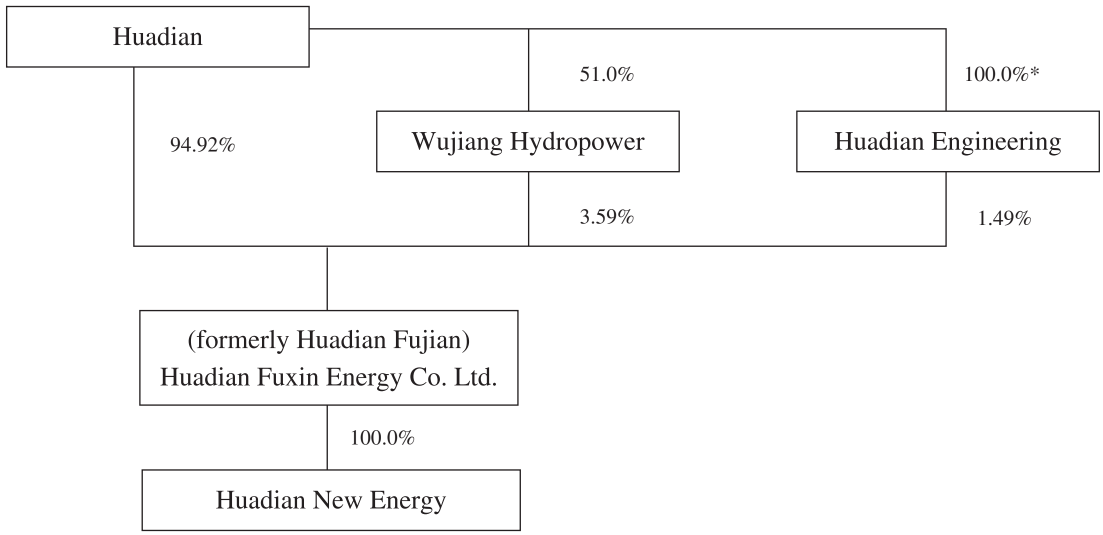
Huadian is a state-owned enterprise group, whose business scope mainly includes development and management of power generating projects, production and sale of electricity, and technical development and advisory services. Wujiang Hydropower is a subsidiary of Huadian, whose business scope mainly includes the hydropower development of Wujiang River. Huadian Engineering is also a subsidiary of Huadian, whose business scope mainly includes general contracting of power generating projects, sale of materials and equipments, and technical development and advisory services.

The following chart sets out the corporate structure of our Company before and after the Reorganization and equity interest transfer steps above:

Before Reorganization:



After Reorganization:



* Huadian directly holds 75% of the equity interest of Huadian Engineering and is indirectly interested in the remaining 25% of the equity interest through Huadian Coal.

Representations and warranties

Pursuant to the Reorganization Agreement, the Five Shareholders have made certain representations and warranties to the Company, including:

- the information contained in the Reorganization Agreement is true, accurate and complete. There is no misleading information or material omissions;
- all relevant government approvals, licenses, authorizations, third-party consents, confirmations, exemptions and registrations required for the assets and interests transfers have been obtained and are valid;
- the equity interests and the assets transferred and injected by the Five Shareholders to us were lawfully and beneficially owned by the Five Shareholders. The equity interests and the assets transferred and injected by the Five Shareholders were free from any liens, mortgages, pledges, leases, licenses or third-party rights, save for any liens, mortgages and pledges made by the Five Shareholders for our benefit or otherwise disclosed to us;
- the execution and performance of this Reorganization Agreement would not conflict with or result in violation of:
    - the articles of association, or other constituent or constitutive documents, or the business license of each of the Five Shareholders;

  - other material contracts executed by the Five Shareholders in relation to the validity and enforceability of the reorganization and the assets involved in the reorganization, unless requirement to comply with such contracts have been waived or exempted by the parties thereto;

  - any PRC laws, any judgment, ruling or order by any competent court, arbitration tribunal, governmental department or other authorities involving any of the Five Shareholders or their respective assets; or

  - any other documents binding on the Five Shareholders or their respective undertakings or warranties;

- there were no infringements on intellectual property rights of third parties by Huadian New Energy and its subsidiaries ("Injected Companies" or "Injected Company" referring to any of them), which could result in any significant financial loss to our Company;

- neither the Five Shareholders nor any Injected Company has committed any offense or any other act that could cause significant financial loss to the Company;

- other than those liabilities (or contingent liabilities) disclosed in the asset evaluation report or incurred during its ordinary course of business from the base date for the evaluation to the completion date of the Reorganization, Huadian New Energy had no other liabilities (or contingent liabilities);

- other than the disclosures made to the Company in the audit report or in other written documents, there is no ongoing, pending or threatened material and/or major litigations, arbitrations, claims, administrative penalties or other legal proceedings against any of the Injected Companies in relation to its business, assets or any equity interests in it or which may have a material adverse effect on its business operations and assets; and

- if the breach of the above representations and warranties by the Five Shareholders has caused any losses to the Company and/or any Injected Company, the Five Shareholders have agreed to indemnify the Company and/or the Injected Companies against such losses in a timely manner upon the Company's request.

Indemnities

Pursuant to the Reorganization Agreement, Huadian has agreed to indemnify us against, among other things:

- tax liabilities on the assets of and interests in the Injected Companies that arose before the completion of the Reorganization; and

- all losses, claims, charges or expenses arising from any dispute in relation to the land and building owned by or leased to the Injected Companies.

Businesses retained by Huadian Group

Following the Reorganization, Huadian, through its subsidiaries (excluding any member of the Group), retained certain businesses in sectors, which we also operate in. See the section headed "Relationship with Huadian Group" for details.

Non-Competition Agreement

We entered into the Non-Competition Agreement with Huadian on June 4, 2012. See the section headed "Relationship with Huadian Group" for details.

Approvals

The Reorganization required approvals from the relevant PRC government authorities, including, among others, SASAC. Our PRC legal advisers confirmed that we have obtained all the necessary approvals from the relevant PRC government authorities with respect to the Reorganization.

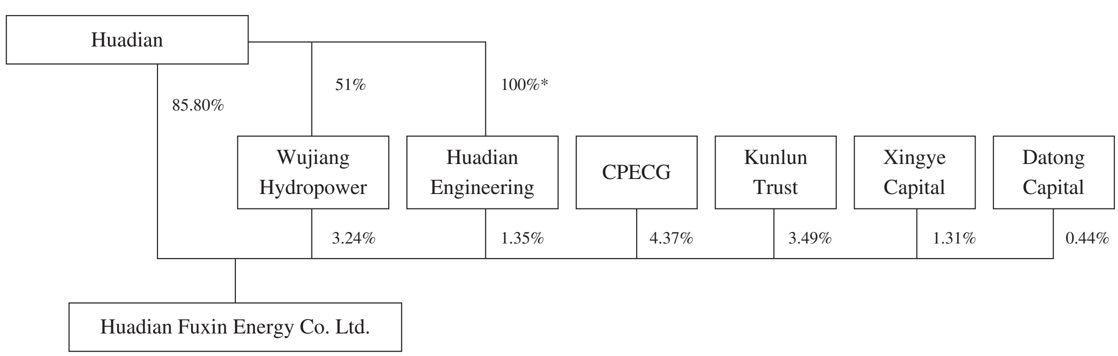
STRATEGIC INVESTMENT

On December 29, 2010, a capital increase agreement was entered into by and among our predecessor Huadian Fuxin Energy Co., Ltd., Huadian, Wujiang Hydropower, Huadian Engineering, and our strategic investors, CPECG, Kunlun Trust, Xingye Capital and Datong Capital. According to this agreement, CPECG, Kunlun Trust, Xingye Capital and Datong Capital agreed to contribute an aggregate of RMB1.1 billion (determined with reference to independent asset valuation) to Huadian Fuxin Energy Co. Ltd., of which RMB488,888,889 was credited to our registered capital and RMB611,111,111 was credited to our capital reserve. Following the capital increase, the registered capital of Huadian Fuxin Energy Co. Ltd. was increased from RMB4,600,000,000 to RMB5,088,888,889. The capital contributions were fully paid as of December 30, 2010.

Under the capital increase agreement, no special rights that were not available to other Shareholders were given to the strategic investors. Each of CPECG, Kunlun Trust, Xingye Capital and Datong Capital undertook that it would not transfer the equity interests it held in the Company within the period ending the earlier of: (i) 12 months after it was registered as a shareholder of the Company; and (ii) the listing of our Shares on any stock exchange, except otherwise agreed to by all parties thereto.

Established on March 3, 2006, in the PRC, CPECG is a limited liability company and its business mainly includes the development and sale of high technology in relation to energy saving, environmental protection and new energy. Kunlun Trust is a limited liability company established on October 20, 1992, in the PRC. Kunlun Trust was converted from its predecessor, Industry and Commercial Bank of China Ningbo Trust Investment Co., Ltd. The business of Kunlun Trust mainly includes management of various types of trust and equity investment. Xingye Capital, a limited liability company established on April 23, 2010, in the PRC, is a wholly-owned subsidiary of Industrial Securities Co., Ltd. The business of Xingye Capital mainly includes equity investment in domestic enterprises. Datong Capital, a limited liability company established on July 20, 2009, in the PRC, is a wholly-owned subsidiary of Fujian Investment and Development Group Co., Ltd. The business of Datong Capital mainly includes venture capital investment and provision of the related management and advisory service.

The following chart sets out the corporate structure of our Company immediately following the strategic investment:



* Huadian directly holds 75% of the equity interest of Huadian Engineering and is indirectly interested in the remaining 25% of the equity interest through Huadian Coal.

MAJOR ACQUISITIONS AND DISPOSALS

Set out below is a table summarizing the major acquisitions and disposals conducted by the Group during the Track Record Period:

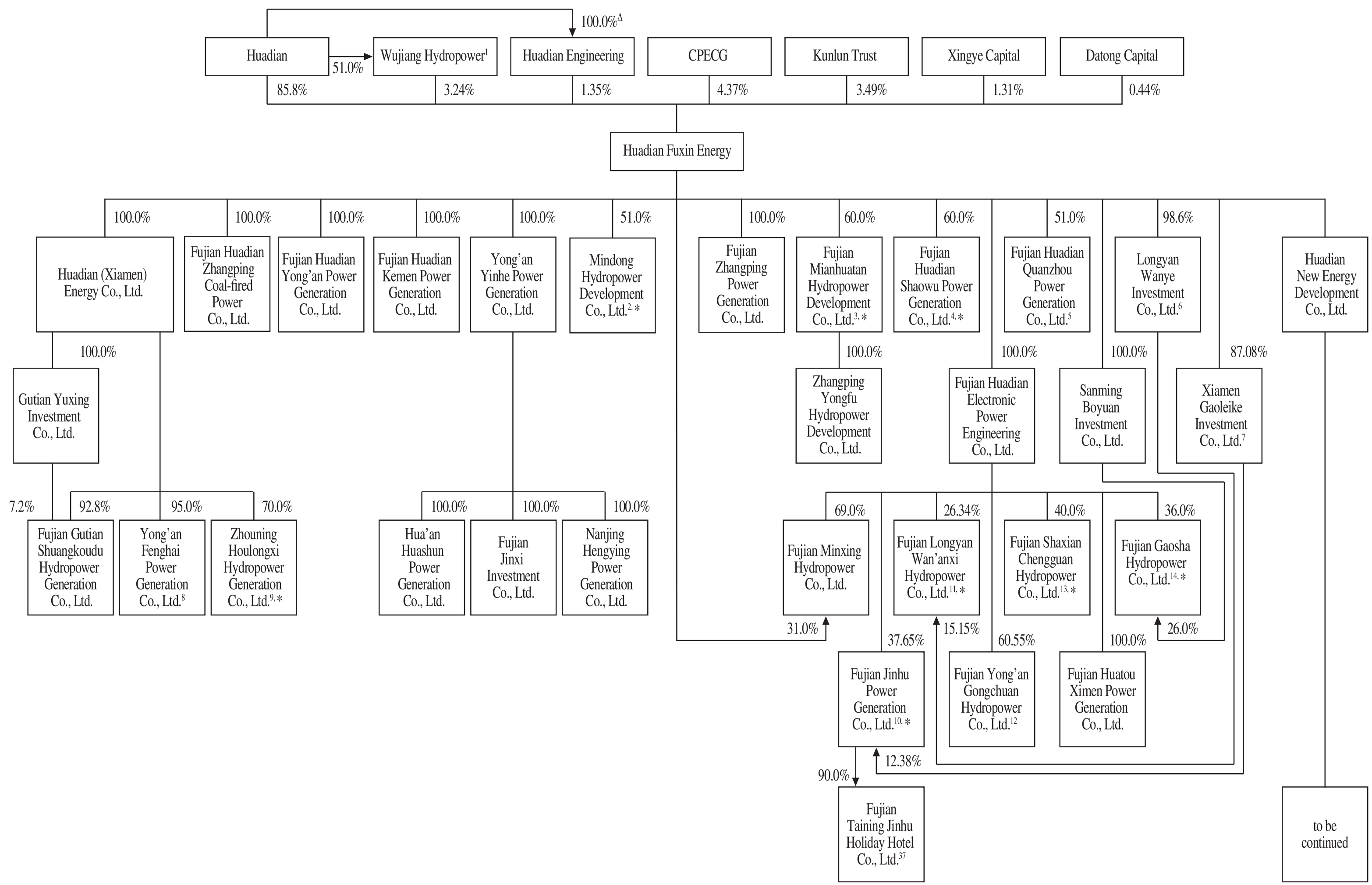
No.	Transaction	Date	Amount of Consideration	Base of Consideration	Reason for the Transaction
			(RMB in millions)		
Hydropower Business					
1	Acquisition of 100% equity interest in Xiamen Yiye Energy Investment Co., Ltd. by Huadian Fujian................	June 2009	221.8	Asset evaluation by independent third parties	Business expansion
2	Acquisition of 100% equity interest in Fujian Gutian Shuangkoudu Hydropower Generation Co., Ltd. by Huadian Fujian.....................	August 2009	262.3	Asset evaluation by independent third parties	Business expansion
3	Acquisition of 95% equity interest in Yong'an Fenghai Power Generation Co., Ltd. by Huadian Fujian................	June 2010	194.7	Asset evaluation by independent third parties	Business expansion
4	Acquisition of 100% equity interest in Yong'an Yinhe Power Generation Co., Ltd. by Huadian Fuxin Energy Co., Ltd................................	September 2010	34.9	Asset evaluation by independent third parties	Business expansion
5	Acquisition of 100% equity interest in Zhangping Yongfu Hydropower Development Co., Ltd. by Fujian Mianhuatan Hydropower Development Co., Ltd..........	March 2011	249.4	Asset evaluation by independent third parties	Business expansion
Wind Power Business					
1	Acquisition of 77% equity interest in Heilongjiang Huafu Power Investment Co., Ltd. by Huadian New Energy	November 2010	599.2	Asset evaluation by independent third parties	Business expansion

No.	Transaction	Date	Amount of Consideration (RMB in millions)	Base of Consideration	Reason for the Transaction
Distributed Energy Business					
1	Disposal of 12% equity interest in Guangzhou University Town Distributed Energy Project by Huadian New Energy	August 2011	37.8	Asset evaluation by independent third parties	There were changes in the project design that require an additional governmental approval and the timing to obtain the approval was unknown to the Group at the time of disposal
Coal-fired Power Business					
1	Disposal of 100% equity interest in Kemen II by Huadian Fuxin Energy Co., Ltd...............................	January 2011	206.5	Asset evaluation by independent third parties	Kemen II was in the process of obtaining approval/license from governmental authority

CONVERSION AND ESTABLISHMENT OF THE COMPANY

In preparation for the Global Offering, the Company was converted from a limited liability company into a joint stock limited company under the PRC laws with a registered capital of RMB6.0 billion on August 19, 2011.

The following chart sets out our ownership and corporate structure immediately prior to the Global Offering:



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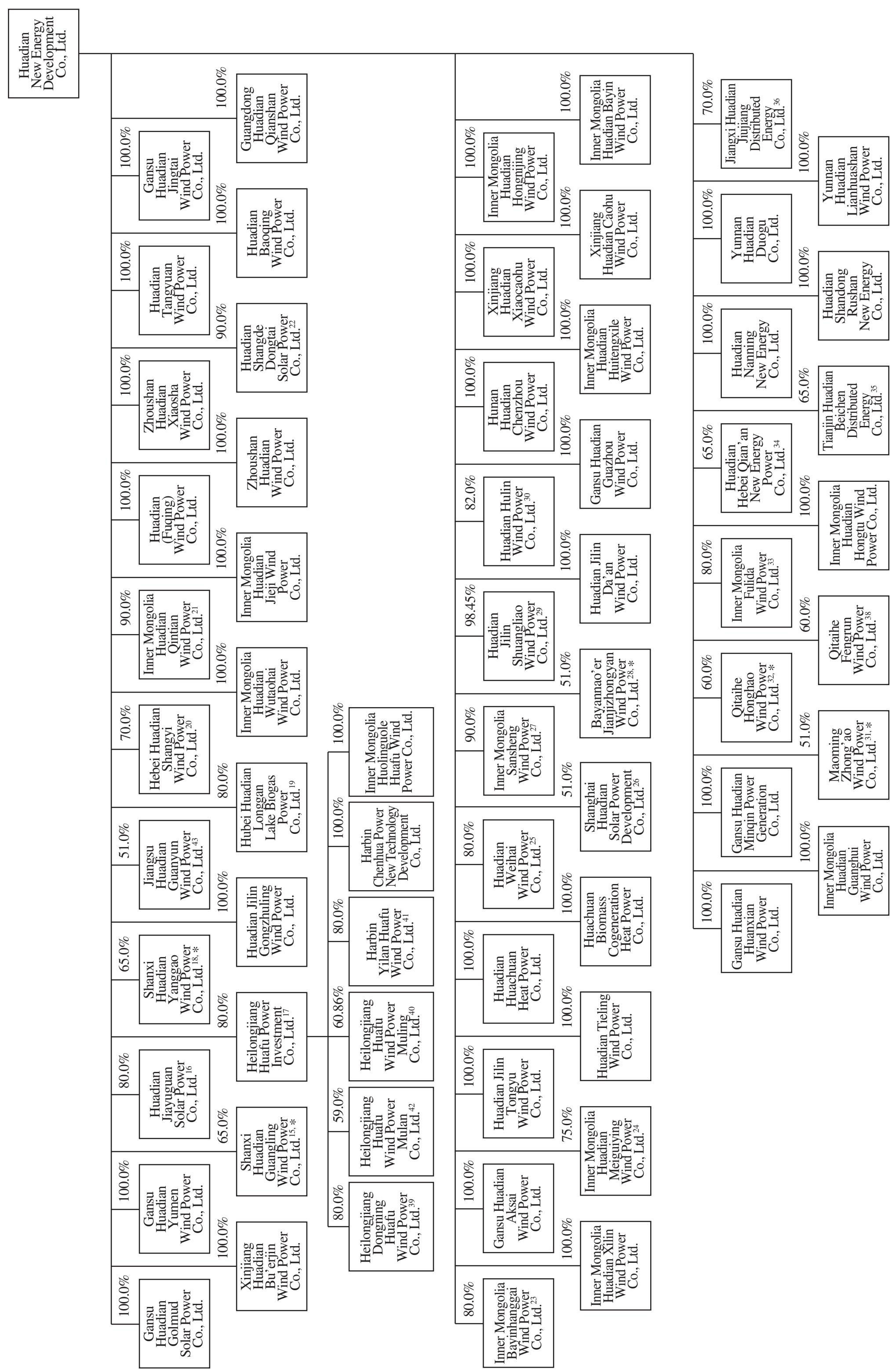
Huadian New Energy Development Co., Ltd.
100.0% Gansu Huadian Golmud Solar Power Co., Ltd.
100.0% Gansu Huadian Yumen Wind Power Co., Ltd.
80.0% Huadian Jiayuguan Solar Power Co., Ltd.16
65.0% Shanxi Huadian Yanggao Wind Power Co., Ltd.18,*
51.0% Jiangsu Huadian Guanyun Wind Power Co., Ltd.43
70.0% Hebei Huadian Shangyi Wind Power Co., Ltd.20
90.0% Inner Mongolia Huadian Qintian Wind Power Co., Ltd.21
100.0% Huadian (Fuqing) Wind Power Co., Ltd.
100.0% Zhoushan Huadian Xiaosha Wind Power Co., Ltd.
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90.0% Huadian Shangde Dongtai Solar Power Co., Ltd.22
100.0% Huadian Baoqing Wind Power Co., Ltd.
100.0% Guangdong Huadian Qianshan Wind Power Co., Ltd.
80.0% Heilongjiang Dongning Huafu Wind Power Co., Ltd.39
59.0% Heilongjiang Huafu Wind Power Mulan Co., Ltd.42
60.86% Heilongjiang Huafu Wind Power Muling Co., Ltd.40
80.0% Harbin Yilan Huafu Wind Power Co., Ltd.41
100.0% Harbin Chenhua Power New Technology Development Co., Ltd.
100.0% Inner Mongolia Huolinguole Huafu Wind Power Co., Ltd.
80.0% Inner Mongolia Bayinhanggai Wind Power Co., Ltd.23
100.0% Gansu Huadian Aksai Wind Power Co., Ltd.
100.0% Huadian Jilin Tongyu Wind Power Co., Ltd.
100.0% Huadian Huachuan Heat Power Co., Ltd.
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100.0% Yunnan Huadian Duogu Co., Ltd.
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100.0% Yunnan Huadian Lianhuashan Wind Power Co., Ltd.

In respect of each of the non-wholly-owned subsidiaries of the Company, all of the shareholders of these non-wholly-owned subsidiaries other than us are independent third parties to the Group if such shareholding is disregarded.

Δ Huadian directly holds 75% of the equity interest of Huadian Engineering and is indirectly interested in the remaining 25% of the equity interest through Huadian Coal.

* The Company or its relevant subsidiaries (as the case may be) have signed concert party agreements with certain shareholders of these companies. See "– Concert Party Agreements" for details of the concert party agreements.

1. The remaining 49% of the equity interest is held by the State-owned Assets Supervision and Administration Bureau of Guizhou Province.

2. The remaining 49% of the equity interest is held by Mindong Energy Investment Co., Ltd. (閩東能源投資有限公司) (29%) and Fujian Yili Electric Power (Group) Co., Ltd. (福建省億力電力 (集團) 股份有限公司) (20%).

3. The remaining 40% of the equity interest is held by Fujian Investment and Development Group Co., Ltd. (福建省投資開發集團有限責任公司) (22%) and Longyan Hydropower Development Co., Ltd. (龍岩市水電開發有限公司) (18%).

4. The remaining 40% of the equity interest is held by Fujian Yili Electric Power (Group) Co., Ltd. (福建省億力電力 (集團) 股份有限公司).

5. The remaining 49% of the equity interest is held by Fujian Dahong Investment and Development Co., Ltd. (福建省大鴻投資發展有限公司) (39%) and Beijing Dixin Trade Development Co., Ltd. (北京迪新經貿發展有限公司) (10%).

6. The remaining 1.40% of the equity interest is held by Mr. Zeng Shengguo (曾勝國).

7. The remaining 12.92% of the equity interest is held by Mr. Xiong Xianghua (熊祥華).

8. The remaining 5% of the equity interest is held by Yong'an Caoyuan Mineral Product Development Co., Ltd. (永安市曹遠礦產品開發有限公司).

9. The remaining 30% of the equity interest is held by Fujian Yili Electric Power (Group) Co., Ltd. (福建省億力電力 (集團) 股份有限公司).

10. The remaining 49.97% of the equity interest is held by Taining State-Owned Asset Investment and Operation Co., Ltd. (泰寧縣國有資產投資營運有限公司) (23.31%), Jiangle State-Owned Asset Operation Co., Ltd. (將樂縣國有資產營運有限公司) (21.66%) and Sinohydro Engineering Bureau No. 16 Co., Ltd. (中國水利水電第十六工程局有限公司) (5%).

11. The remaining 58.51% of the equity interest is held by Longyan Industry and Trade Development Group Co., Ltd. (龍岩工貿發展集團有限公司) (24.78%), Xinluo Hydropower Construction and Development Co., Ltd. (新羅水電建設發展有限公司) (24.35%) and Fujian Zhongmin Energy Investment Co., Ltd. (福建中閩能源投資有限責任公司) (9.38%).

12. The remaining 39.45% of the equity interest is held by Yong'an State-Owned Asset Investment Management Co., Ltd. (永安市國有資產投資經營有限責任公司) (20.36%), Fujian Liyuan Power Generation (Group) Co., Ltd. (福建力源電力 (集團) 有限公司) (15.27%) and Yong'an Hongquan Hydropower (Group) Co., Ltd. (永安市宏泉水電 (集團) 有限公司) (3.82%).

13. The remaining 60% of the equity interest is held by Shaxian City Construction and Investment Co., Ltd. (沙縣城市建設投資有限責任公司) (35%) and Fujian Zhongmin Energy Investment Co., Ltd. (福建中閩能源投資有限責任公司) (25%).

14. The remaining 38% of the equity interest is held by Sanming Yueda Material Co., Ltd. (三明悅達物資) (35%) and Fujian Investment and Development Group Co., Ltd. (福建省投資開發集團有限責任公司) (3%).

15. The remaining 35% of the equity interest is held by Shanxi Guangling Runguang Wind Power Co., Ltd. (山西廣靈潤廣風力發電有限公司).

16. The remaining 20% of the equity interest is held by Shanghai Aerospace Automobile Electromechanical Co, Ltd. (上海航天汽車機電股份有限公司).

17. The remaining 20% of the equity interest is held by Yiyang Group Co., Ltd. (億陽集團股份有限公司) (9.5%), Heilongjiang Longyuan Electric Power Fuel Co., Ltd. (黑龍江省龍源電力燃料公司) (1%), Heilongjiang Electric Power Operating Co., Ltd. (黑龍江電力經營公司) (5%), Heilongjiang Electric Power International Trading Co., Ltd. (黑龍江省電力對外貿易公司) (1%), Huadian Energy Co., Ltd. (華電能源股份有限公司) (2.5%) and Heilongjiang Longyuan Electric Power Technology Development Co., Ltd. (黑龍江龍源電力技術開發有限公司) (1%).

18. The remaining 35% of the equity interest is held by Shanxi Guangling Runguang Wind Power Co., Ltd. (山西廣靈潤廣風力發電有限公司).

19. The remaining 20% of the equity interest is held by Hubei Shenglong Agricultural Technology Group Co., Ltd. (湖北盛龍農業科技集團有限公司).

20. The remaining 30% of the equity interest is held by Hebei Yuanchen Industrial Group Co., Ltd. (河北元辰實業集團有限公司).

21. The remaining 10% of equity interest is held by Qintian Wind Power (Naimanqi) Co., Ltd. (秦天風電 (奈曼旗) 有限公司).

22. The remaining 10% of equity interest is held by Shangde Energy Engineering Co., Ltd. (尚德能源工程電力有限公司).

23. The remaining 20% of equity interest is held by Zhongkeyuneng Science and Technology Development Co., Ltd. (中科宇能科技發展有限公司).

24. The remaining 25% of equity interest is held by Gamesa (Beijing) Wind Power System Development Co., Ltd. (歌美颯 (北京) 風能系統開發有限公司).

25. The remaining 20% of equity interest is held by Weihai New Energy Investment Co., Ltd. (威海新能源投資有限公司).

26. The remaining 49% of the equity interest is held by Shanghai Xinye Photovoltaic Power Co., Ltd. (上海鑫曄光伏電力有限公司).

27. The remaining 10% of equity interest is held by Huayi Electric Apparatus Group Co., Ltd. (華儀電氣股份有限公司) (9.5%) and Huayi Wind Power Co., Ltd. (華儀風能有限公司) (0.5%).

28. The remaining 49% of equity interest is held by Beijing Jianjizhongyan Environment Co., Ltd. (北京建技中研環境科技有限責任公司) (25%) and Duolun Mengzhong Energy Development Co., Ltd. (多倫縣蒙中能源開發有限責任公司) (24%).

29. The remaining 1.55% of equity interest is held by Shuangliao Tianyuan Juneng Wind Power Co., Ltd. (雙遼市天源巨能風力發電有限責任公司).

30. The remaining 18% of equity interest is held by Heilongjiang Wande Wind Power Co., Ltd. (黑龍江萬德風力發電有限公司).

31. The remaining 49% of equity interest is held by Mr. Dai Xueji (戴學濟).

32. The remaining 40% of equity interest is held by Heilongjiang Aojia Energy Technology Development Co., Ltd. (黑龍江澳加能源技術開發有限公司).

33. The remaining 20% of equity interest is held by Beijing Jingpu Fulida Kemao Co., Ltd. (北京京蒲富麗達科貿有限公司).

34. The remaining 35% of the equity interest is held by Hebei Yuanchen Industrial Group Co., Ltd. (河北元辰實業集團有限公司).

35. The remaining 35% of the equity interest is held by Hebei Yuanchen Industrial Group Co., Ltd. (河北元辰實業集團有限公司).

36. The remaining 30% of the equity interest is held by Jiujiang Zhongteng Energy Co., Ltd. (九江中騰能源有限公司).

37. The remaining 10% of equity interest is held by Fuzhou Juneng Machinery Co., Ltd. (福州聚能機電有限公司). Fujian Taining Jinhu Holiday Hotel Company Limited has been a part of Huadian Fujian since before the Reorganization. The Group uses it for internal meeting and reception purposes. Moreover, the revenue contribution of Fujian Taining Jinhu Holiday Hotel Company Limited to the Group is insignificant. Therefore, our Directors are of the view that the inclusion of Fujian Taining Jinhu Holiday Hotel Company Limited would have no adverse impact on the Group's Existing Business.

38. The remaining 40% of equity interest is held by Heilongjiang Aojia Energy Technology Development Co., Ltd. (黑龍江澳加能源技術開發有限公司).

39. The remaining 20% of equity interest is held by Mudanjiang Hongyuan Investment Co., Ltd. (牡丹江宏源投資有限公司).

40. The remaining 39.14% of equity interest is held by Jixi Fubang Investment Co., Ltd. (雞西富邦投資有限責任公司).

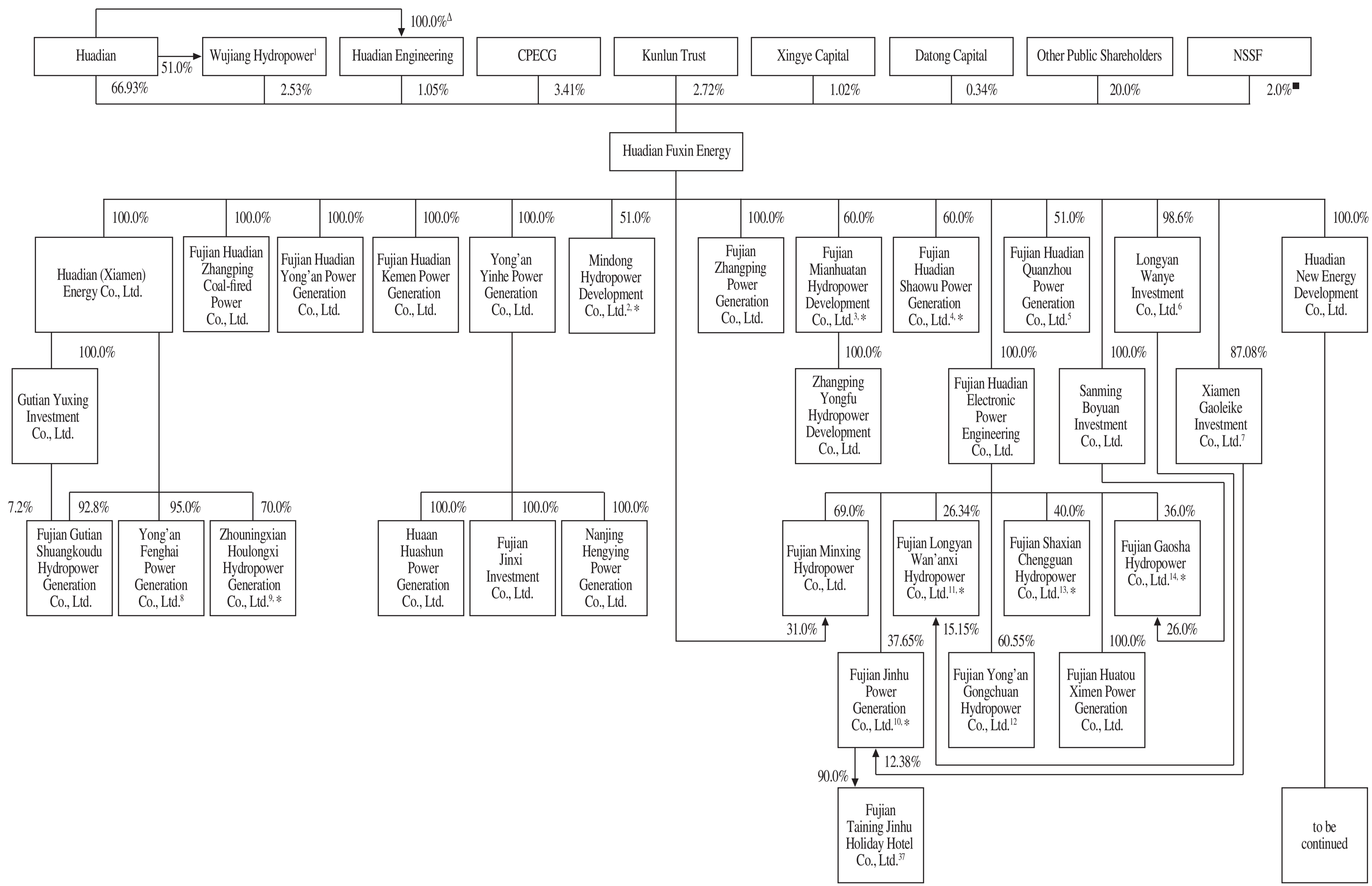
41. The remaining 20% of equity interest is held by Jiamusi Kaiyu Investment Co., Ltd. (佳木斯開禹投資有限公司).

42. The remaining 41% of equity interest is held by Suihua Yifeng Investment Co., Ltd. (綏化依豐投資有限公司).

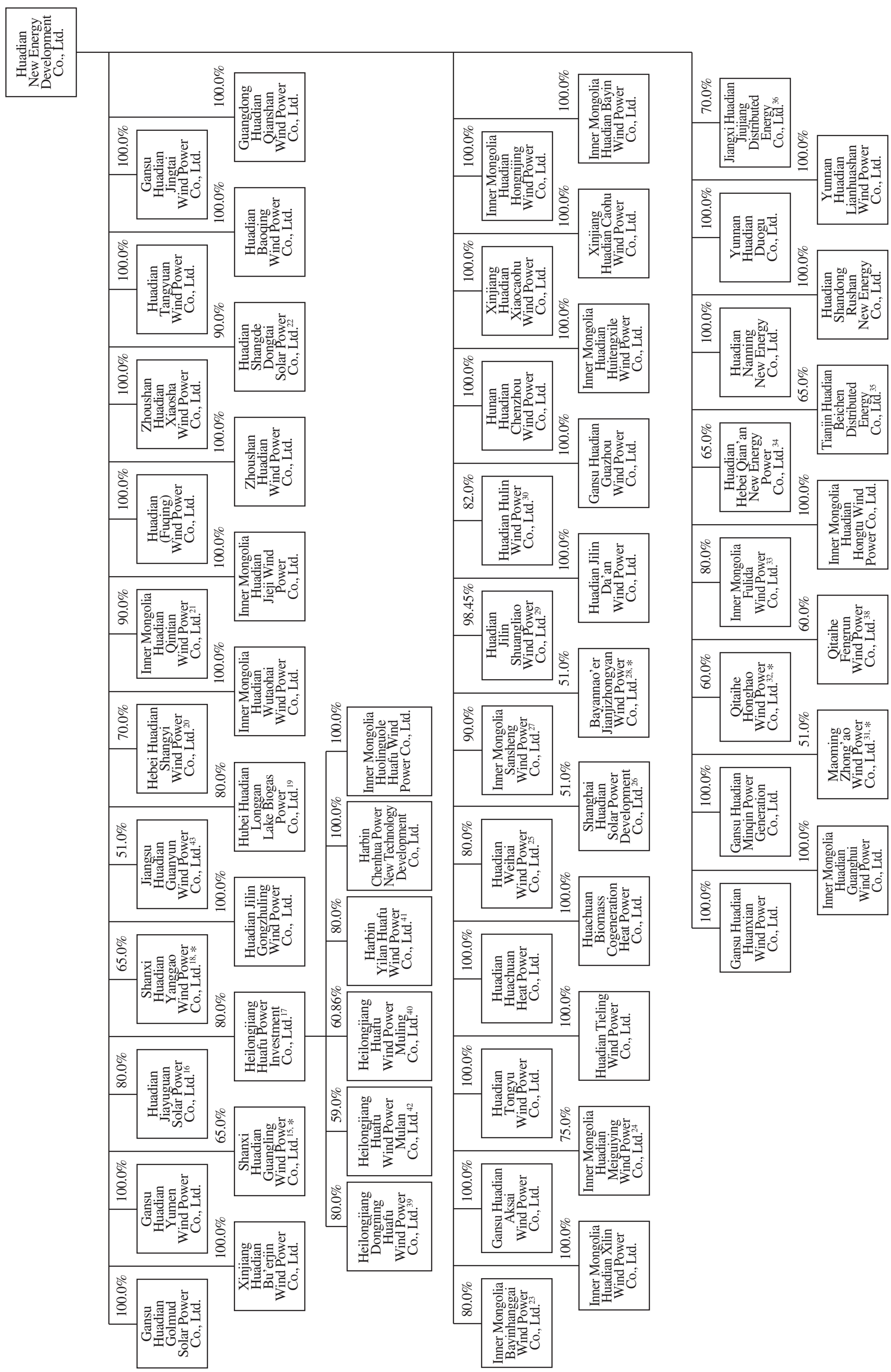
43. The remaining 49% of equity interest is held by CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd. (中船重工(重慶)海裝風電設備有限公司).

CORPORATE STRUCTURE

The following chart sets out the corporate structure of the Group immediately after the Global Offering assuming the Over-allotment Option is not exercised:



(continued)



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100.0% Gansu Huadian Golmud Solar Power Co., Ltd.
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In respect of each of the non-wholly-owned subsidiaries of the Company, all of the shareholders of these non-wholly-owned subsidiaries other than us are independent third parties below to the Group if such shareholding is disregarded.

Upon completion of the Global Offering and assuming the Over-allotment Option is not exercised, 150,000,000 H Shares (converted from Domestic Shares) representing approximately 2.0% of our total share capital will be transferred to and held by NSSF pursuant to relevant PRC regulations regarding reduction of state-owned shares.

Δ Huadian directly holds 75% of the equity interest of Huadian Engineering and is indirectly interested in the remaining 25% of the equity interest through Huadian Coal.

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24. The remaining 25% of equity interest is held by Gamesa (Beijing) Wind Power System Development Co., Ltd. (歌美颯(北京)風能系統開發有限公司).

25. The remaining 20% of equity interest is held by Weihai New Energy Investment Co., Ltd. (威海新能源投資有限公司).

26. The remaining 49% of the equity interest is held by Shanghai Xinye Photovoltaic Power Co., Ltd. (上海鑫曄光伏電力有限公司).

27. The remaining 10% of equity interest is held by Huayi Electric Apparatus Group Co., Ltd. (華儀電氣股份有限公司) (9.5%) and Huayi Wind Power Co., Ltd. (華儀風能有限公司) (0.5%).

28. The remaining 49% of equity interest is held by Beijing Jianjizhongyan Environment Co., Ltd. (北京建技中研環境科技有限責任公司) (25%) and Duolun Mengzhong Energy Development Co., Ltd (多倫縣蒙中能源開發有限責任公司) (24%).

29. The remaining 1.55% of equity interest is held by Shuangliao Tianyuan Juneng Wind Power Co., Ltd. (雙遼市天源巨能風力發電有限責任公司).

30. The remaining 18% of equity interest is held by Heilongjiang Wande Wind Power Co., Ltd. (黑龍江萬德風力發電有限公司).

31. The remaining 49% of equity interest is held by Mr. Dai Xueji (戴學濟).

32. The remaining 40% of equity interest is held by Heilongjiang Aojia Energy Technology Development Co., Ltd. (黑龍江澳加能源技術開發有限公司).

33. The remaining 20% of equity interest is held by Beijing Jingpu Fulida Kemao Co., Ltd. (北京京蒲富麗達科貿有限公司).

34. The remaining 35% of the equity interest is held by Hebei Yuanchen Industrial Group Co., Ltd. (河北元辰實業集團有限公司).

35. The remaining 35% of the equity interest is held by Hebei Yuanchen Industrial Group Co., Ltd. (河北元辰實業集團有限公司).

36. The remaining 30% of the equity interest is held by Jiujiang Zhongteng Energy Co., Ltd. (九江中騰能源有限公司).

37. The remaining 10% of equity interest is held by Fuzhou Juneng Machinery Co., Ltd. (福州聚能機電有限公司). Fujian Taining Jinhu Holiday Hotel Company Limited has been a part of Huadian Fujian since before the Reorganization. The Group uses it for internal meeting and reception purposes. Moreover, the revenue contribution of Fujian Taining Jinhu Holiday Hotel Company Limited to the Group is insignificant. Therefore, our Directors are of the view that the inclusion of Fujian Taining Jinhu Holiday Hotel Company Limited would have no adverse impact on the Group's Existing Business.

38. The remaining 40% of equity interest is held by Heilongjiang Aojia Energy Technology Development Co., Ltd. (黑龍江澳加能源技術開發有限公司).

39. The remaining 20% of equity interest is held by Mudanjiang Hongyuan Investment Co., Ltd. (牡丹江宏源投資有限公司).

40. The remaining 39.14% of equity interest is held by Jixi Fuban Investment Co., Ltd. (雞西富邦投資有限責任公司).

41. The remaining 20% of equity interest is held by Jiamusi Kaiyu Investment Co., Ltd. (佳木斯開禹投資有限公司).

42. The remaining 41% of equity interest is held by Suihua Yifeng Investment Co., Ltd. (綏化依豐投資有限公司).

43. The remaining 49% of equity interest is held by CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd. (中船重工(重慶)海裝風電設備有限公司).

CONCERT PARTY AGREEMENTS

Our Company or its relevant subsidiaries (as the case may be) have signed concert party agreements with all or some of the other shareholders (the "Other Shareholders") of thirteen non-wholly-owned subsidiaries that would enable us to exercise our effective control over the management of the relevant subsidiaries.

In each of eleven out of the thirteen non-wholly-owned subsidiaries, we hold an interest of no less than 50%. Under the respective articles of association of these eleven non-wholly-owned subsidiaries, however, super majority (3/5, 2/3 or 3/4, as the case may be, of the total number of directors; and/or 3/5 or 2/3, as the case may be, of the voting rights held by shareholders) or unanimous vote (as the case may be) at the board meeting and/or shareholders meeting is required for substantially all of the material operating and financial decisions of the relevant subsidiaries. In each of the other two non-wholly-owned subsidiaries, we hold an interest of less than 50%. Such voting mechanism and shareholding structure prevents us from controlling these non-wholly-owned subsidiaries.

In preparation of this Global Offering, we entered into concert party agreements with all or some of the Other Shareholders that would enable us to exercise effective control over the management of these relevant subsidiaries. According to these concert party agreements, the Other Shareholders confirmed that they have voted or procured, since the date of establishment of each of these relevant subsidiaries, and will continue to vote or procure the directors appointed by them to vote unanimously with us or the directors appointed by us, as the case may be, at the board meetings and/or shareholder meetings in respect of all operating and financial matters of these relevant subsidiaries, including but not limited to, project development, operation plan, budgeting, financial policies, investment and financing management and property management. These concert party agreements will remain in full force and effect as long as the respective subsidiary legally exists unless we maliciously harm the interests of the Other Shareholders utilizing the concert party agreement, in which case the Other Shareholders may, upon our written confirmation, terminate the concert party agreement(s) in writing. Our power to control these subsidiaries has been accepted by the Other Shareholders as we are more experienced in developing, managing and operating wind power businesses or hydropower businesses in China. We did not pay any consideration to the Other Shareholders for them to enter into these concert party agreements with us.

Our PRC legal advisers confirm that the concert party agreements are legal, valid and binding on the parties thereto under relevant PRC laws. Our PRC legal advisers also confirm that none of these concert party agreements conflicts with the respective article of association of each of the subsidiaries involved or relevant PRC laws and regulations. Therefore, our Directors are of the view that we have de facto control over these subsidiaries. As we had power to control these subsidiaries during the Track Record Period, we consolidated their financial results into our consolidated financial statements.

OVERVIEW

We are a leading diversified clean energy company in China, primarily engaging in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China. We also hold minority interests in a large-scale distributed energy project in Guangdong province and a nuclear power plant in Fujian province, which is under construction. According to Frost & Sullivan, as of December 31, 2011, we were the largest hydropower company in Fujian province and in East China (including Fujian province) in terms of consolidated installed hydropower capacity and the fifth largest wind power company in China in terms of consolidated installed wind power capacity.

As a result of our strategy to expand our portfolio of clean energy projects, the segment assets and consolidated installed capacity of our hydropower, wind power and other clean energy businesses accounted for approximately 76.4% and 68.6% of our total segment assets and consolidated installed capacity as of December 31, 2011, respectively, while the aggregate adjusted segment operating profit of these business segments accounted for 63.1% of our total adjusted segment operating profit in 2011. Although the segment revenue of our coal-fired power business represented a majority of our total revenue each year during the Track Record Period, our coal-fired power business only accounted for approximately 23.6% and 31.4% of our total segment assets and consolidated installed capacity as of December 31, 2011, respectively, and accounted for 36.9% of our total adjusted segment operating profit in 2011.

Our diversified portfolio of power generating assets has not only enabled us to broaden our growth prospects and benefit from various favorable government policies that encourage the development of different types of clean energy projects, but has also created synergies among different power generating assets and allowed us to diversify project-specific risks while maximizing profit. Our hydropower and coal-fired power businesses have in the past generated significant revenue and cash flow to support our development of diversified power generating projects. On the other hand, our wind power and other clean energy businesses have benefited, and we expect will continue to benefit, from the regulatory support of the PRC government.

As of December 31, 2009, 2010 and 2011, the consolidated installed capacity of our power generating assets was 5,424.5 MW, 6,350.6 MW and 6,524.1 MW, respectively. We deliver and sell the electricity generated by our projects to local grid companies and derive substantially all of our revenue from the sale of electricity. For the years ended December 31, 2009, 2010 and 2011, our total revenue was RMB7,349.2 million, RMB8,397.6 million and RMB7,147.5 million, respectively, of which sales of electricity accounted for 99.4%, 97.2% and 97.8%, respectively. During the same periods, our profit was RMB441.9 million, RMB798.1 million and RMB638.5 million, respectively.

We engage in the following four business segments: hydropower, wind power, coal-fired power and other clean energy business.

Hydropower Business

As of December 31, 2011, we owned 36 hydropower projects in operation, with a consolidated installed capacity of 2,223.4 MW, representing 34.1% of our total consolidated installed capacity. Meanwhile, we also had one hydropower expansion project under construction in Fujian province with a capacity under construction of 80.0 MW and a proposed expansion project under development with a prospective capacity of 110.0 MW.

As of December 31, 2011, we also owned seven large reservoirs that can store water for varying periods, from a dry season to one year or even longer. Of our 36 hydropower projects, 31 are cascade hydropower projects that are strategically located along the same rivers as our large reservoirs, representing 94.5% of our consolidated hydropower installed capacity as of December 31, 2011. The combination of large reservoirs and cascade hydropower projects could increase our ability to regulate water flow and enable us to maximize hydropower generation.

During the Track Record Period, we managed to grow our attributable installed hydropower capacity by 343.7 MW through nine acquisitions of mid- to small-sized hydropower projects and six equity interest increments in our existing hydropower subsidiaries or associates, representing 21.1% of our attributable installed hydropower capacity as of December 31, 2011. Leveraging our over 50 years of operating history and leading position in the hydropower sector in East China, we plan to further expand our hydropower business through acquisitions and internal expansions. Our hydropower business has provided a significant source of revenue and cash flow to support our development of wind power and other clean energy projects.

Wind Power Business

During the Track Record Period, our consolidated installed wind power capacity grew rapidly, increasing from 471.0 MW as of December 31, 2009, to 1,333.8 MW as of December 31, 2010, and further increased to 2,171.3 MW as of December 31, 2011, representing a CAGR of 114.7%. Our wind power business has been and will continue to be our focus in the foreseeable future.

As of December 31, 2011, we owned 36 wind power projects in operation, with a consolidated installed capacity of 2,171.3 MW, representing 33.3% of our total consolidated installed capacity. Meanwhile, we also had 16 wind power projects under construction totaling 941.0 MW.

We also have a strong project pipeline for future development, which we believe will provide us with a solid foundation for future growth. As of December 31, 2011, through entering into development agreements with local governments, we have secured rights to develop wind power projects in 21 provinces in China, with approximately 40,000 MW of prospective capacity, including 667.5 MW of advanced pipeline projects, for which we have obtained construction approval, but construction has not yet begun; 1,367.0 MW of intermediate pipeline projects for which we have obtained preliminary government approval, but have not yet received construction approval; and approximately 38,000 MW of early pipeline projects for which we have entered into development agreements with local governments and started wind resource assessment. By leveraging our abundant wind resource reserves, we expect to increase our consolidated installed wind power capacity to approximately 3,200 MW by the end of 2012.

As of December 31, 2011, all of our operating wind power projects were connected to local power grids. However, from time to time, we have to temporarily suspend some of our wind power projects located in certain areas in China, particularly Inner Mongolia and Gansu province, to accommodate the insufficient transmission capacity of the local power grids. Based on our management's estimate, our gross wind power generation would have increased by approximately 6.9%, 5.8% and 6.7% in 2009, 2010 and 2011, respectively, without the adverse effect of the transmission limitations on the local power grids. Depending on the progress of construction and upgrades to the grid infrastructure in Inner Mongolia and Gansu province, we expect that some of our wind power projects in certain areas may continue to experience transmission limitations in the near future. Please see "Risk Factors – Risks Relating to Our Wind Power Business – We rely on local grid companies for grid connection and electricity transmission."

Coal-fired Power Business

As part of our operating history, we also own and manage four coal-fired power plants in Fujian province. Historically, our coal-fired power plants in Fujian province have created synergies with our hydropower projects in the same region. For example, our Kemen Power Plant could generally increase coal-fired power generation when local hydrological conditions become less favorable. Our coal-fired power business has also provided a significant source of revenue and cash flow to support our clean energy development.

As of December 31, 2011, our four coal-fired power plants in operation had a consolidated installed capacity of 2,050.0 MW, representing 31.4% of our total consolidated installed capacity. Our Kemen, Yong'an and Zhangping Power Plants are equipped with clean coal technologies, which are designed to reduce air pollution and increase coal utilization efficiency. Meanwhile, we also had two coal-fired generating units under construction, totaling 600.0 MW. After the completion of the two remaining generating units, which we expect to occur in late 2012, we do not intend to develop and construct additional coal-fired generating units in the near future.

Other Clean Energy Business

We develop or hold interests in other types of clean energy projects, including distributed energy, nuclear power, solar power and biomass energy projects. We believe that the operation of these other clean energy projects will generate a more diverse source of revenue and bring new growth prospects to our business. We started our other clean energy business in 2009. As of December 31, 2011, we:

- held a 43.0% equity interest in the 156.0 MW Guangzhou University Town Distributed Energy Project, which was developed by us. Meanwhile, we have secured a strong project pipeline of distributed energy projects for future development. As of December 31, 2011, we have entered into development agreements with local governments to develop distributed energy projects in 15 provinces in China with approximately 6,500 MW of prospective capacity;

- held a 39.0% equity interest in the Fuqing Nuclear Power Plant located in Fujian province, with four 1,000.0 MW nuclear generating units under construction. We expect that the Fuqing Nuclear Power Plant will commission one generating unit each year from 2013 to 2016;

- owned eight operating solar power projects, totaling 79.4 MW; and

- owned two biomass energy projects under construction, totaling 25.3 MW, which we expect to commence operations in the second half of 2012.

By leveraging our first-mover advantage, we plan to further increase our distributed energy projects. We will also closely follow industry developments, market trends and regulatory policies towards nuclear, solar and biomass energy projects and selectively pursue opportunities to expand our other clean energy business.

Carbon Credit Transactions

In addition to selling electricity, we derive income from the sale of CERs to improve the economic viability of our clean energy projects. For the years ended December 31, 2009 and 2010 and 2011, our net income from CDM projects was RMB30.6 million, RMB75.2 million and RMB153.4 million, respectively, representing 2.1%, 4.0% and 8.0%, respectively, of our operating profit during the same years.

We believe that the United Nations Climate Change Conference held in Durban in December 2011, which agreed to extend the Kyoto Protocol by five years from 2013 to 2017, could result in additional growth potential for our clean energy projects beyond the first commitment period of the Kyoto Protocol, which will end in December 2012.

KEY OPERATING AND FINANCIAL INFORMATION

The following table sets forth our key operating information as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2009	2010	2011
Consolidated installed capacity[1] (MW)			
Hydropower	2,146.1	2,199.4	2,223.4
Wind power	471.0	1,333.8	2,171.3
Coal-fired power	2,650.0	2,650.0	2,050.0[2]
Other clean energy	157.4	167.4	79.4[3]
Total	**5,424.5**	**6,350.6**	**6,524.1**
Attributable installed capacity[4] (MW)			
Hydropower	1,468.5	1,612.8	1,627.2
Wind power	471.0	1,227.8	1,955.3
Coal-fired power	2,690.4	2,690.4	2,090.4
Other clean energy	476.5	485.5	527.2
Total	**5,106.4**	**6,016.5**	**6,200.1**
Average installed capacity[5] (MW)			
Hydropower	2,096.8	2,180.0	2,219.4
Wind power	287.5	596.9	1,498.2
Coal-fired power	2,650.0	2,650.0	1,600.0
Gross generation[6] (MWh)			
Hydropower	4,988,735.2	8,752,561.7	5,733,170.5
Wind power	783,768.3	1,332,182.6	3,104,354.5
Coal-fired power[7]	12,223,212.1	10,964,419.5	8,042,908.3
Other clean energy	168,119.5	692,960.1	446,512.8
Total	**18,163,835.1**	**21,742,123.9**	**17,326,946.1**
Net generation[8] (MWh)			
Hydropower	4,903,329.7	8,622,963.3	5,647,097.5
Wind power[9]	558,300.0	1,204,624.9	2,514,431.0
Coal-fired power[10]	15,902,516.3	14,045,451.6	11,119,728.9
− Self-generation	11,481,728.7	10,326,702.6	7,586,978.9
– Substituted generation	4,420,787.6	3,718,749.0	3,532,750.0
Other clean energy	165,381.8	680,827.0	438,417.9
Total	**21,529,527.8**	**24,553,866.8**	**19,719,675.3**
Average utilization hours[11]			
Hydropower	2,379.3	4,015.0	2,583.2
Wind power	2,726.2	2,232.0	2,072.0
Coal-fired power[12]	4,942.5	4,466.5	6,045.2

(1) Consolidated installed capacity refers to the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects.

(2) In January 2011, we divested Kemen II of two coal-fired generating units totaling 1,200 MW of installed capacity, and, therefore, the total installed and attributable installed capacity of our coal-fired power business decreased.

(3) We disposed of 12.0% of our equity interest in the Guangzhou University Town Distributed Energy Project to our Controlling Shareholder in August 2011, upon which we ceased to own a controlling interest in this project.

(4) Attributable installed capacity refers to the amount of installed capacity calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity.

(5) Average installed capacity refers to the aggregate amount of consolidated installed capacity for more than half a month in each month in a specified period divided by the number of months in such period.

(6) Gross generation refers to the total amount of electricity produced by a power generating project during a specified period.

(7) Gross generation of our coal-fired power business refers to the self-generation of our coal-fired power plants, which did not include the substituted generation purchased by our coal-fired plants under the substituted generation arrangements. Please see "– Pricing and Sales – Coal-fired Power Business" for a discussion about the difference between self-generation and substituted generation.

(8) For our hydropower, wind power and other clean energy projects, net generation refers to the amount of electricity sold to local grid companies and equals gross generation less electricity consumed by a power generating project in the course of power generation and transmission.

(9) The difference between our gross wind power generation and net wind power generation also includes the electricity generated during the construction and testing of a wind power project and such difference, as measured by magnitude, is comparable to that of other wind power producers in China.

(10) A coal-fired power plant's net generation also includes the substituted generation it purchased from other coal-fired power plants under the substituted generation arrangements.

(11) Average utilization hours primarily reflect the total average generating hours of our power generating assets and are calculated by dividing the gross generation in a period by the average consolidated installed capacity in the same period.

(12) The average utilization hours of our coal-fired power business during the Track Record Period include only the average utilization hours of our Kemen Power Plant because (i) as a back-up power plant in Fujian province, our Shaowu Power Plant only generates electricity when the regional grid system is overburdened and this plant purchased most of its electricity for sale from other coal-fired power plants under the substituted generation arrangements during the Track Record Period; and (ii) our Yong'an and Zhangping Power Plants only commenced operations at the end of December 2011.

COMPETITIVE STRENGTHS

We believe that our leading market position and strong performance are largely attributable to the following principal competitive strengths:

The largest hydropower company in East China and the largest power generation company in Fujian province

According to Frost & Sullivan, as of December 31, 2011, we were the largest hydropower company in Fujian province and in East China in terms of consolidated installed hydropower capacity, which represented approximately 19.8% and 9.6%, respectively, of the total installed hydropower capacity in Fujian province and East China. Our hydropower business has the following key advantages:

- *Well-positioned to expand in Fujian province:* With our dominant presence on the major rivers in Fujian province and more than 50 years of experience in developing, operating and managing hydropower projects, we managed to grow our attributable installed hydropower capacity by 343.7 MW through nine acquisitions of mid- to small-sized hydropower projects and six equity interest increments in our existing hydropower subsidiaries or associates during the Track Record Period, representing 21.1% of our attributable installed hydropower capacity as of December 31, 2011. We believe we are well-positioned to further expand our hydropower business by acquisitions and internal expansions.

- *High potential for on-grid tariff increments:* Although the average on-grid tariff for hydropower in Fujian province has been raised several times in the past, it is still 35.4% and 36.7% lower than that in the neighboring Zhejiang province and Guangdong province, respectively, and 22.5% lower than the average on-grid tariff for hydropower in East China (excluding Fujian province) in 2011. As such, we believe there is high potential for further tariff increments.

- *Abundant local water resources:* Our hydropower projects are concentrated in the mountainous areas of Fujian province that are characterized by rich and diverse water resources, including the existence of multiple major rivers with ample average rainfall, especially during the wet seasons between April and October of each year.

- *Sound water-flow regulating capabilities:* As of December 31, 2011, we owned seven large reservoirs that can store water for varying periods, from a dry season to one year or even longer. Of our 36 hydropower projects, 31 are cascade hydropower projects that are strategically located along the same rivers as our large reservoirs, representing 94.5% of our consolidated hydropower installed capacity as of December 31, 2011. The combination of large reservoirs and cascade hydropower projects could increase our ability to regulate water flow and enable us to maximize hydropower generation.

According to Frost & Sullivan, as of December 31, 2011, we were the largest power generation company, in terms of consolidated installed capacity, in Fujian, a province in East China that is characterized by developed economies and an affluent population. Our business has historically benefited from the fast economic growth and increased electricity consumption in Fujian province. As of December 31, 2011, approximately 66.0% of our power generating assets, based on consolidated installed capacity, were constructed in Fujian province. The nominal GDP of Fujian province increased from approximately RMB1,223.7 billion in 2009 to RMB1,750.0 billion in 2011, representing a CAGR of 19.6%. In addition, the electricity consumption in Fujian province increased from approximately 113.5 TWh in 2009 to 151.3 TWh in 2011, representing a CAGR of 15.5%. The power generation and transmission sectors in Fujian province have benefited from such growth. From 2006 to 2010, local governments in Fujian province spent approximately RMB50.8 billion on power grid infrastructure and constructed a 500 kV intra-province power grid network to facilitate more efficient electricity transmission. Moreover, Fujian province is the closest province in China to Taiwan, sitting at the west bank of the Taiwan Strait. According to a government opinion issued by the State Council in May 2009, the PRC government encourages Fujian province to play a key role in the development of the "Western Taiwan Straits Economic Zone" by taking advantage of its geographical, cultural and commercial proximity to Taiwan. By leveraging our leading market position in Fujian province, we believe we are well-positioned to capture the benefits from the future growth of this region to increase our power generation and sales of electricity.

Fast growth in the wind power business

During the Track Record Period, our consolidated installed wind power capacity grew rapidly, increasing from 471.0 MW as of December 31, 2009 to 1,333.8 MW as of December 31, 2010, and further to 2,171.3 MW as of December 31, 2011, representing a CAGR of 114.7%.

We believe that the fast growth of our wind power business is attributable to the high quality wind resources we secured and our expertise in selecting suitable projects for development. Most of our wind power projects in operation are located in regions with abundant wind resources. As of December 31, 2011, 74.4% of our wind power projects in operation, measured by installed capacity, were strategically located in the "Eight Wind Power Bases" in China as planned by the PRC government, where we have benefited from favorable wind resources, optimal economic returns, and improved grid infrastructure.

Most of our wind turbines are newly developed and have adopted the latest industry technologies, such as "large-capacity" wind turbine and "variable pitch blades and variable speed" technology. As of December 31, 2011, approximately 87.8% of our wind power projects were constructed after 2009, and, therefore, our wind power business has benefited from the following advantages that distinguish us from our competitors:

- *"Large-capacity" wind turbines:* We widely use "large-capacity" wind turbines to increase the generating capacity of each project and achieve higher operating efficiency. As of December 31, 2011, approximately 84.9% of our wind turbines have a unit capacity of 1.5 MW or more, and our average unit capacity reached 1.4 MW among all wind power projects.

- *Advanced turbine technologies:* We widely use wind turbines with "variable pitch blades and variable speed" technologies to increase our operating efficiency. As of December 31, 2011, approximately 85.9% of our wind turbines had installed these technologies. Meanwhile, approximately 70.3% of our wind power projects are equipped with "grid-friendly" features, such as "low voltage ride through" and "active and reactive power control" systems that are designed to improve a wind power project's ability to deliver more controlled and predicable power transmission and remain connected to the grid during system faults or other disturbances.

- *Efficient operation and maintenance:* Our wind power business has benefited from economies of scale and cost savings associated with our ability to develop projects by phases. With the effective application of our supervisory control and data acquisition and online detection systems, we have achieved higher operating efficiency and lower operation and maintenance costs in our wind power business.

In addition, we have a strong project pipeline for future development. As of December 31, 2011, by entering into development agreements with local governments, we have secured rights to develop wind power projects in 21 provinces in China with approximately 40,000 MW of prospective capacity. We believe that our fast growth and our abundant wind resources could contribute significantly to the further expansion of our wind power business.

A pioneer in the PRC distributed energy business

According to Frost & Sullivan, we are a pioneer in the PRC distributed energy industry. We developed the 156.0 MW Guangzhou University Town Distributed Energy Project, which was (as of December 31, 2011, and according to Frost & Sullivan):

- the first large-scale distributed energy project in China;

- the largest distributed energy project in China;

- the only distributed energy project in China connected to the power grid; and

- the first distributed energy project in China that was successfully registered with the CDM EB.

The Guangzhou University Town Distributed Energy Project is capable of generating electricity, heating and cooling for the neighboring universities and residents, and servicing a population of over 200,000. After we disposed of 12.0% of our equity interest to our Controlling Shareholder in August 2011, we held a 43.0% equity interest in this distributed energy project as of December 31, 2011.

Leveraging our experience in developing and managing distributed energy projects in China, we have secured a strong project pipeline for future development. As of December 31, 2011, we have entered into development agreements with local governments to develop distributed energy projects in 15 provinces in China with approximately 6,500 MW of prospective capacity. As a pioneer in the distributed energy business, we believe we are well-positioned to benefit from the significant growth potential of the PRC distributed energy sector.

A diversified portfolio of power generating assets

We develop, operate and manage hydropower, wind power, coal-fired power and other clean energy projects, which accounted for 34.1%, 33.3%, 31.4% and 1.2%, respectively, of our aggregate consolidated installed capacity as of December 31, 2011.

Our diversified portfolio of power generating assets has created synergies among different power generating projects and allowed us to diversify project-specific risks while maximizing profit, for example:

- our hydropower and coal-fired power businesses have in the past provided significant revenue and cash flow to support the development of our wind power and other clean energy projects;

- compared to our coal-fired power business, our wind power and hydropower businesses do not involve a large amount of raw material costs, such as fuel costs, and are, therefore, largely unaffected by changes in commodity prices;

- most of our hydropower projects were constructed and financed before 2005 and have lower debt-servicing obligations and depreciation expenses, and the operations of our hydropower projects involve low maintenance costs;

- all of our coal-fired power plants and hydropower projects are located in Fujian province and subject to the centralized allocation of, and dispatch by, the local power grid. When the local hydrological conditions in Fujian province become less favorable, we have the flexibility to increase our coal-fired power generation to maximize revenue and balance returns; and

- compared to wind power and hydropower generation, coal-fired power generation is less prone to seasonal variations and generally not subject to transmission limitations.

Our diversified portfolio of power generating assets has also enabled us to broaden our growth prospects and benefit from various favorable government policies that encourage the development of different types of clean energy projects. The PRC government is currently committed to the diversified and clean development of energy, in particular, hydropower, nuclear power, wind power, solar energy and biomass energy. According to the 12th Five-year Plan, the PRC government aims to increase the installed capacity for hydropower, wind power, nuclear and solar power projects in China by approximately 120 GW, 70 GW, 40 GW and 5 GW, respectively, during the five years from 2011 to 2015. Our wind power and other clean energy businesses have benefited, and will continue to benefit, from mandatory grid connection, priority dispatch and the guaranteed purchase of all electricity generation (subject to periodic transmission limitations in certain areas in China), generally higher on-grid tariffs, PRC government subsidies, as well as certain tax incentives. In addition, we believe that the United Nations Climate Change Conference held in Durban in December 2011, which agreed to extend the Kyoto Protocol by five years from 2013 to 2017, may result in additional growth potential for our clean energy projects beyond the first commitment period of the Kyoto Protocol, which will end in December 2012.

Experienced and professional senior management team supported by highly skilled employees

We have a senior management team comprising a group of highly experienced professionals in the power and energy industries. Most of our Directors and the members of the senior management team have over 20 years of work experience in the power or clean energy industry. We believe that our senior management team possesses in-depth knowledge critical to success in the power and clean energy industries and is capable of seizing market opportunities, formulating sound business strategies, assessing and managing risks, implementing management and production schemes and increasing our overall profit to maximize our shareholder value.

In recognition of our professional expertise in the clean energy industry. Our engineers have been invited by the Wind Power Standardization Technology Committee in China for participating in the drafting of industry standards: “Guide for Wind Farm Operation Index and Evaluation” (風電場運行指標與評價導則) and “Adjustment and Testing Rules in Wind Farm” (風力發電廠調試規程) in 2009. Our solar power experts also participated in the drafting of national standards: “Code for Construction Organization Planning of PV Power Station” (光伏發電工程施工組織設計規範) in 2010.

Our industry experts and professional technicians in the clean energy industry have received professional and academic qualifications and have extensive industry experience. We have established training centers in Fujian province, Inner Mongolia and the Guangdong province to provide our employees with professional training in the hydropower, wind power and distributed energy projects, respectively, so as to ensure that our technicians continue to stay abreast of the latest technological development.

OUR STRATEGIES

We plan to further expand the scale of our portfolio of power generating assets with a primary focus on the wind power and hydropower businesses. We aim to strengthen our position as a leading diversified clean energy company in China with global prominence through the following strategies:

Capture market opportunities to expand our wind power business

Due to strong PRC government support for wind power development, we will continue to focus on our wind power business. We expect to increase our consolidated installed wind power capacity from 2,171.3 MW as of December 31, 2011, to approximately 3,200 MW by the end of 2012. To maximize our returns on wind power assets, we will continue to construct new wind power projects in the "Eight Wind Power Bases" where favorable wind resources are found and select projects with closer proximity to electricity end-users, higher on-grid tariff and lower frequency of transmission limitations.

We also plan to improve the efficiency and reliability of our wind power projects by installing real-time monitoring and diagnosis systems and adopting "low voltage ride through" system on our remaining 18.4% of operating wind turbines (with installed capacity over 1.0 MW) that lacked such system (Based on a notice issued by the State Grid Corporation of China in July 2011, operating wind turbine with installed capacity less than 1.0 MW are exempt from installing the "low voltage ride through" system). In addition, we plan to strengthen our research and development efforts and enhance our cooperation with major universities, such as Tsinghua University and other reputable research institutes in China, with a view to providing creative solutions to improve production efficiency and stability in wind power generation and keeping up with the latest technological changes in the industry. For example, to mitigate the risks of transmission limitation in winter and to increase the utilization rate of our wind power projects, we plan to launch a pilot wind power project in Inner Mongolia to provide heating for local residents with wind power instead of coal-fired power. Furthermore, to gain experience in developing inter-tidal and offshore wind power projects, we have established preparatory offices and installed offshore meteorological towers in Jiangsu, Zhejiang and Fujian provinces to engage in feasibility studies and site prospecting for these innovative projects.

Explore acquisition opportunities to expand our hydropower business

In addition to completing our hydropower projects under construction and in our development pipeline, we intend to explore acquisition opportunities in Fujian province to acquire mid- to small-sized hydropower projects with good prospects and potential for high economic returns. In addition, we plan to expand and upgrade our existing hydropower projects based on government plans and further increase the utilization hours of our hydropower projects by managing water flows at central level and installing advanced hydrological forecasting systems.

According to Frost & Sullivan, there were approximately 6,630 small-sized hydropower projects in Fujian province, with a total installed capacity of approximately 6,893 MW as of December 31, 2011, which accounted for approximately 61.3% of the total installed hydropower capacity in the same province. We believe that our dominant presence on the major rivers in Fujian province and more than 50 years of experience in developing, operating and managing hydropower projects give us a competitive advantage to capture acquisition opportunities in Fujian province. We favor the acquisition of operating hydropower projects that can provide immediate contributions to our earnings and cash flow. In particular, we seek acquisition targets that have (i) solid operational and financial track records; (ii) synergy with our existing large reservoirs and cascade hydropower projects; (iii) a high likelihood of on-grid tariff increases; (iv) a long history of reliable hydrology; (v) potential to increase existing installed capacity through expansion; and (vi) potential for operational and technical improvements. As of the Latest Practicable Date, we did not reach any definitive agreements to acquire hydropower projects from third parties.

Capitalize on our first-mover advantage in the distributed energy business

We plan to capitalize on our first-mover advantage in the distributed energy business by completing our pipeline distributed energy projects, and deepening our business relationship with our major natural gas suppliers. We may consider to reacquire the 12.0% equity interest in the Guangzhou University Town Distributed Energy Project, which we disposed of in 2011, from our Controlling Shareholder, and we expect to increase our installed distributed energy capacity to approximately 410 MW by the end of 2013.

We plan to construct our distributed energy projects along the network of "West-to-East Gas Pipeline," a PRC government project for transporting natural gas from Xinjiang province to the Yangtze River Delta area, where we can gain convenient access to natural gas. In January 2011, we entered into a strategic framework agreement with Kunlun Natural Gas, a subsidiary of PetroChina, whereby Kunlun Natural Gas agreed to supply a sufficient amount of natural gas to our future distributed energy projects on a priority basis. We plan to strengthen our long-term cooperation with Kunlun Natural Gas for securing sufficient and uninterrupted supply of natural gas at a reasonable cost.

Continue to invest in the nuclear power business

We intend to make approximately RMB800.0 million of financial investments each year from 2012 to 2014 to fund the construction of the Fuqing Nuclear Power Plant, in which we currently hold a 39.0% equity interest. As of December 31, 2011, the Fuqing Nuclear Power Plant had four 1,000.0 MW nuclear generating units under construction, and we expect that this nuclear power plant will commission one generating unit each year from 2013 to 2016.

We have dispatched a team of staff to the Fuqing Nuclear Power Plant to gain necessary experience and skills. We intend to increase our equity interest in the follow-up projects of the Fuqing Nuclear Power Plant in order to obtain controlling rights after we receive the government permit for operating a nuclear power plant. The timing for us to receive such permit depends on the PRC government's nuclear power policy and the relevant approval procedures.

In addition, we will closely follow industry developments, market trends and regulatory policies towards these clean energy projects and selectively pursue opportunities to build and operate demonstrative solar and biomass projects.

Continue to control costs and improve profitability

We intend to continue to control costs and improve profitability by implementing the following measures:

- *Optimizing capital structure and reducing finance expenses.* We intend to closely monitor our gearing ratio and maintain an optimal capital structure. We will continue to exploit a variety of financing options to diversify our sources of funding, such as through accessing the capital markets and finance leases and enhancing our relationship with our principal borrowing banks in China.

- *Reducing coal costs.* We intend to mitigate the impact of coal price increases and reduce our procurement costs of coal by: (i) entering into key supply agreements, through third-party coal distributors, with major coal suppliers in the PRC to ensure sufficient and uninterrupted coal supplies at reasonable costs; (ii) sourcing coal supplies from PRC and foreign vendors by taking advantage of different coal prices between the PRC and international markets; and (iii) enhancing coal consumption efficiency through technological improvements and equipment upgrades.

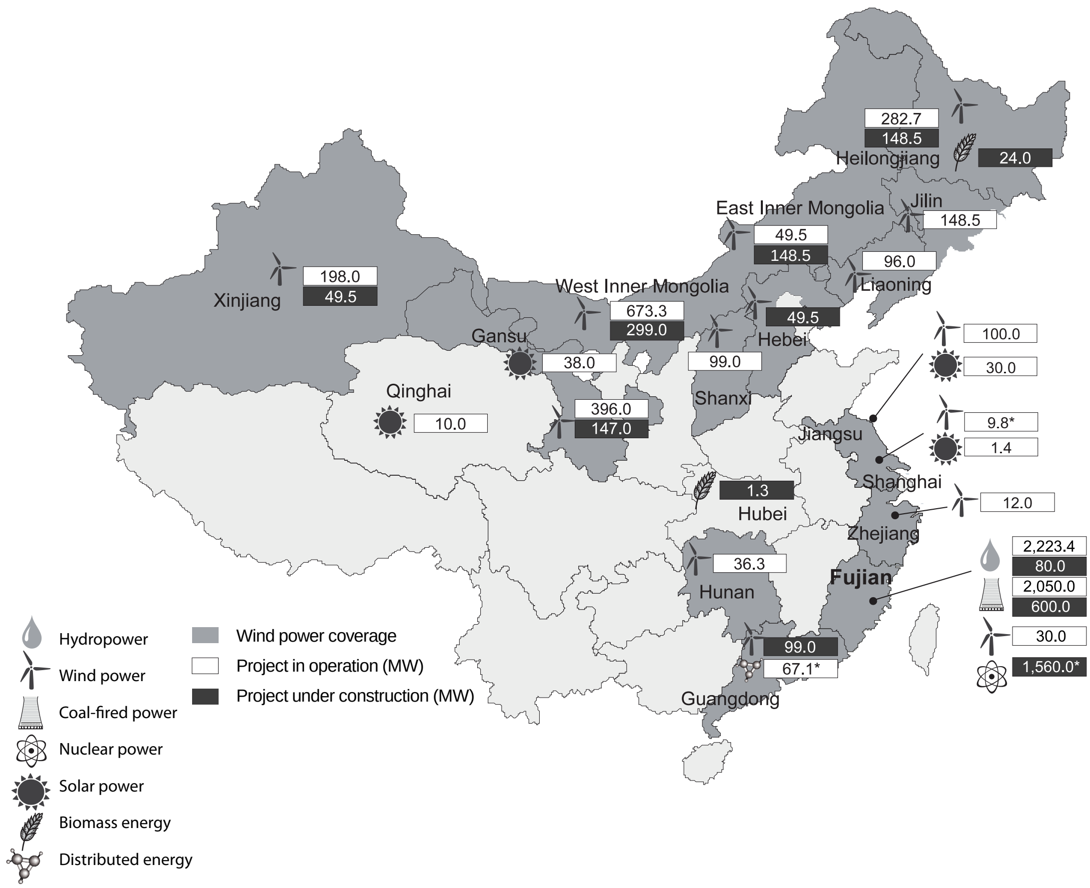
- *Reducing equipment procurement costs.* To further reduce our procurement costs for key equipment, such as wind turbines, we will continue to use competitive bidding for equipment purchase and construction contracts.

- *Centralized maintenance and spare parts management.* After the warranty period on our key equipment expires, we intend our in-house team to conduct most of the maintenance and repair activities rather than relying on outside contractors, to further reduce our maintenance costs. We also strive to improve our spare parts management systems for different power generating assets to reduce costs and lead time.

With these measures, we believe that we will be able to further improve operating efficiency, reduce our costs and increase profitability, which in turn will increase our shareholder returns.

OUR POWER GENERATING ASSETS

The following map sets forth the geographic coverage of our hydropower, wind power, coal-fired power and other clean energy projects as of December 31, 2011:



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* Refers to attributable installed capacity as we own a minority interest in these projects.

OUR HYDROPOWER BUSINESS

As of December 31, 2011, we owned 36 hydropower projects with a consolidated installed capacity of 2,223.4 MW, representing 34.1% of our total consolidated installed capacity. Meanwhile, in Fujian province, we also had one expansion hydropower project under construction with a capacity under construction of 80.0 MW and a proposed expansion project under development with a prospective capacity of 110.0 MW.

The following table sets forth the key operating data of our hydropower business as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2009	2010	2011
Consolidated installed capacity (MW)	2,146.1	2,199.4	2,223.4
Attributable installed capacity (MW)	1,468.5	1,612.8	1,627.2
Average utilization hours	2,379.3	4,015.0	2,583.2

Our hydropower business activities

Our hydropower business activities currently include (i) operating and managing our existing hydropower projects, (ii) expanding our existing hydropower projects, and (iii) acquiring mid- to small-sized hydropower projects from third parties.

Operations

Our management teams play a crucial role in the operation of our hydropower projects, which involves the following major steps:

- *Hydrological analysis:* We monitor and analyze changes in climate and hydrological conditions at our project sites on a real-time basis and predict upcoming water flow and power generation output.

- *Production planning:* According to forecasts based on our hydrological analysis, we propose a daily production plan to grid companies in the early morning for the following day and we receive approvals and instructions from grid companies by noon.

- *Power generation:* We start power generation in accordance with instructions received from grid companies.

Expansions

We have established a close cooperative relationship with the local government authorities and grid companies in order to help us secure high-quality development rights. Our average development period for expanding a hydropower project is approximately three years, although the actual development period may differ significantly based on the project size. Our standard project expansion process generally involves the following key phases:

- *Feasibility assessment:* We engage third-party design institutes to conduct feasibility studies on-site and prepare a detailed report to help us assess the potential risks and returns in expanding an existing hydropower project. During the Track Record Period, we engaged Fujian Provincial Investigation, Design and Research Institute of Water Conservancy and Hydropower, a professional design institute in China with which we have over 20 years of collaboration, to conduct feasibility studies for an expansion hydropower project.

- *Approval and permission:* Once we complete the feasibility assessment, we begin the approval and permission process, including obtaining internal approvals and government approvals.

- *Project design and construction:* Prior to construction, we generally engage the same third-party design institute to conduct geographical prospecting, pinpoint exact locations of major production facilities and determine the type of equipment we will use in our projects. We outsource substantially all of our construction work to outside contractors that provide all necessary labor, materials and tools required to complete the construction of our hydropower projects. A hydropower project typically involves one third-party design institute and one major external contractor during the design and construction stage. In order to control costs and ensure construction quality, we usually adopt construction biddings for selecting outside contractors to perform various construction work and engage independent construction supervisors to perform supervisory function throughout the entire construction.

- *Entering into interconnection agreements and PPAs:* We enter into interconnection agreements and PPAs with the local grid companies and sell electricity to these companies based on the terms of the PPAs.

Acquisitions

We also acquire mid- to small-sized hydropower projects with good prospects and potential for high economic returns. During the Track Record Period, we managed to grow our attributable installed hydropower capacity by 343.7 MW through nine acquisitions of mid- to small-sized hydropower projects and six equity interest increments in our existing hydropower subsidiaries or associates, representing 21.1% of our attributable installed hydropower capacity as of December 31, 2011.

The following table sets forth an overview of the nine mid- to small-sized hydropower projects we acquired from third parties during the Track Record Period:

Project name	Ownership	Year of acquisition	Consolidated installed capacity	Attributable installed capacity	Acquisition costs
	(%)		(MW)	(MW)	(RMB in millions)
Gutianxi II (古田溪二級)	100.0	2009	130.0	130.0	131.0
Fujian Gutian Shuangkoudu (福建古田雙口渡)	100.0	2009	32.0	32.0	262.3
Zhouning Houlongxi (周寧縣後壟溪)	70.0	2009	40.0	28.0	221.8
Yong'an Fenghai (永安豐海)	95.0	2010	30.0	28.5	194.7
Hua'an Huashun (華安華順)	100.0	2010	1.3	1.3	3.6
Nanjing Hengying (南靖恒盈)	100.0	2010	2.0	2.0	5.3
Yong'an Yinhe (永安銀河)	100.0	2010	12.0	12.0	34.9
Jinxi (金溪)	100.0	2010	8.0	8.0	20.5
Nanpanshi (南盤石)	60.0	2011	24.0	14.4	249.4
Total			**279.3**	**256.2**	**1,123.5**

The following table sets forth our hydropower acquisition activities by way of increasing equity interest in existing subsidiaries or associates during the Track Record Period:

Name of subsidiary	Ownership before acquisition	Ownership after acquisition	Year of acquisition	Consolidated installed capacity	Attributable installed capacity	Investment costs
	(%)	(%)		(MW)	(MW)	(RMB in millions)
Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司)	59.0	69.0	2009	103.8	10.4	25.5
Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司)	69.0	100.0	2010	103.8	32.2	75.3
Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司)	36.0	62.0	2010	50.0	13.0	54.2
Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水力發電有限責任公司)	26.3	41.3	2010	45.0	6.7	24.7
Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司)	37.7	50.0	2010	188.3	23.3	79.7
Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司)	56.2	60.6	2010	43.0	1.9	7.6
Total				**533.9**	**87.5**	**267.0**

As part of our business strategy, we plan to further expand our hydropower business by acquiring more mid- to small-sized hydropower projects in Fujian province. We favor the acquisition of operating hydropower projects that can provide immediate contributions to our earnings and cash flow. In particular, we seek acquisition targets that have:

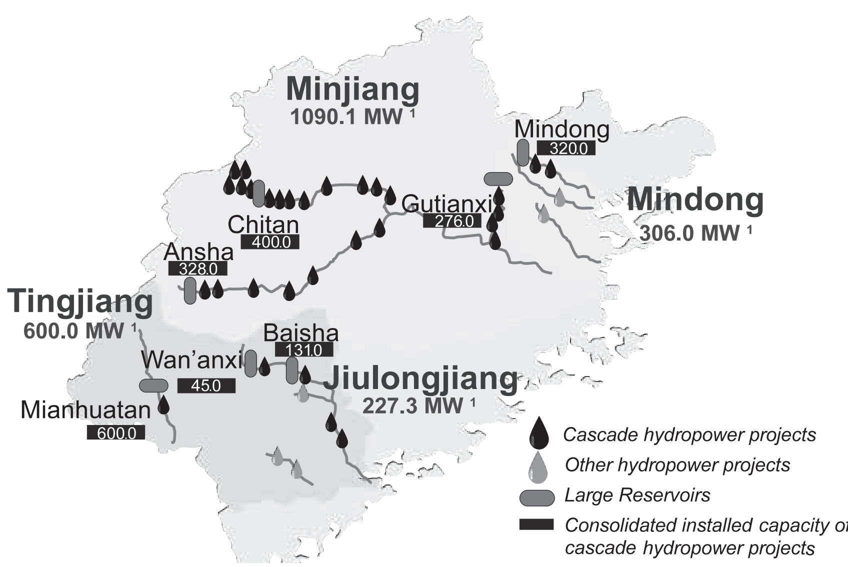
- solid operational and financial track records;
- synergy with our existing large reservoirs and cascade hydropower projects;
- high likelihood of on-grid tariff increases;
- long history of reliable hydrological conditions;
- potential to increase existing installed capacity through upgrades; and
- potential for operational and technical improvements.

After we identify a potential hydropower project for acquisition, we submit a proposal to the relevant parties that own the project. We then negotiate the terms of our purchase of the hydropower project and enter into a sales and purchase agreement. We typically purchase more than 50.0% of the equity interest in a targeted hydropower project. After purchasing a hydropower project, we usually dispatch a management team including our hydropower experts and staff to encourage the existing management team to take advantage of our strengths in managing and operating a hydropower project.

Our hydropower project portfolio

Projects in operation

As of December 31, 2011, we owned 36 hydropower projects in operation, all located in Fujian province, with a consolidated installed capacity of 2,223.4 MW. As of December 31, 2011, we also owned seven large reservoirs that can store water for varying periods, from a dry season to one year or even longer. Of our 36 hydropower projects, 31 are cascade hydropower projects that are strategically located along the same rivers as our large reservoirs, representing 94.5% of our consolidated hydropower installed capacity as of December 31, 2011. The combination of large reservoirs and cascade hydropower projects could increase our ability to regulate water flow and enable us to maximize hydropower generation. The following map and table set forth an overview of our seven large reservoirs and 36 operating hydropower projects as of December 31, 2011.



(1) Total consolidated installed capacity in each river basin.

Name of reservoir/ hydropower project	Consolidated installed capacity	Attributable installed capacity	Ownership	On-grid tariff as of March 31, 2012 (excluding VAT)	Commencement date of operation
	(MW)	(MW)	(%)	(RMB/kWh)	
Mianhuatan reservoir					
– Mianhuatan (棉花灘)	600.0	360.0	60.0	0.326	April 2001
Mindong reservoir					
– Zhouning (周寧)	250.0	127.5	51.0	0.321	April 2005
– Qinshan (芹山)	70.0	35.7	51.0	0.321	March 2000
Gutianxi reservoir					
– Gutianxi II (古田溪二級)[1]	130.0	130.0	100.0	0.190	March 1969
– Gutianxi I (古田溪一級)	66.0	66.0	100.0	0.209	March 1956
– Gutianxi III (古田溪三級)	42.0	42.0	100.0	0.209	March 1965
– Gutianxi IV (古田溪四級)	38.0	38.0	100.0	0.209	May 1971
Ansha reservoir					
– Ansha (安砂)	115.0	115.0	100.0	0.205	November 1975
– Fujian Gaosha (福建省高砂)	50.0	31.0	62.0	0.326	July 1995
– Shaxian Chengguan (沙縣城關)	48.0	19.2	40.0[2]	0.309	December 1999
– Yong'an Gongchuan (永安貢川)	43.0	26.2	61.0	0.309	March 2001
– Huatou Ximen (華投西門)	30.0	30.0	100.0	0.309	June 2005
– Yong'an Fenghai (永安豐海)[1]	30.0	28.5	95.0	0.303	June 2005
– Yong'an Yinhe (永安銀河)[1]	12.0	12.0	100.0	0.303	September 1999
Chitan reservoir					
– Chitan (池潭)	100.0	100.0	100.0	0.205	October 1980
– Gaotang (高唐)	42.0	21.0	50.0[2]	0.326	July 2007
– Kongtou (孔頭)	40.5	20.3	50.0[2]	0.317	October 1998
– Fancuo (範厝)	36.0	18.0	50.0[2]	0.240	December 1988
– Dayan (大言)	32.0	16.0	50.0[2]	0.292	December 2004
– Liangqian (良淺)	30.0	15.0	50.0[2]	0.240	October 1991
– Jinxi (金溪)[1]	8.0	8.0	100.0	0.265	December 1995
– Beixi I (北溪一級)	2.5	1.3	50.0[2]	0.226	August 1979
– Beixi II (北溪二級)	2.9	1.4	50.0[2]	0.226	July 1985
– Beixi III (北溪三級)	0.9	0.5	50.0[2]	0.226	March 1971
– Beixi IV (北溪四級)	1.5	0.8	50.0[2]	0.226	November 1969
– Nanping Zhaokou (南平照口)	60.0	60.0	100.0	0.283	December 2005
– Nanping Xiayang (南平峽陽)	43.8	43.8	100.0	0.309	December 2001
Baisha reservoir					
– Baisha (白沙)	70.0	42.0	60.0	0.342	November 2006
– Fujian Hua'an (福建華安)	60.0	60.0	100.0	0.205	October 1979
– Hua'an Huashun (華安華順)[1]	1.3	1.3	100.0	0.265	December 1995
Wan'anxi reservoir					
– Fujian Longyan Wan'anxi (福建龍岩萬安溪)	45.0	18.5	41.0[2]	0.321	October 1994
Other hydropower projects					
– Zhouning Houlongxi (周寧縣後壟溪)[1]	40.0	28.0	70.0	0.283	January 2006
– Fujian Gutian Shuangkoudu (福建古田雙口渡)[1]	32.0	32.0	100.0	0.283	July 2005
– Fujian Nanjing (福建南靖)	25.0	25.0	100.0	0.244	October 1969
– Nanpanshi (南盤石)[1]	24.0	14.4	60.0	0.294	May 2005
– Nanjing Hengying (南靖恒盈)[1]	2.0	2.0	100.0	0.265	December 1996
Total	**2,223.4**	**1,590.2**			

(1) Hydropower projects acquired by us.

(2) We entered into concert party arrangements with other shareholders of these projects whereby these shareholders agreed to act in concert with us, and, therefore, we deem that these hydropower projects are owned, controlled and operated by us.

Mianhuatan Reservoir: A seasonal regulating reservoir with a water storage capacity of 2,035.0 million m^3, located on the main stream of Tingjiang river. As of December 31, 2011, the cascade hydropower project located downstream of this upstream reservoir had a consolidated installed capacity of 600.0 MW.

Mindong Reservoir: A multi-year regulating reservoir with a water storage capacity of 265.0 million m^3, located on the upper reaches of Muyangxi stream, a tributary of Jiaoxi river. As of December 31, 2011, the two cascade hydropower projects located downstream of this upstream reservoir had a consolidated installed capacity of 320.0 MW.

Gutianxi Reservoir: A seasonal regulating reservoir with a water storage capacity of 640.0 million m^3, located on Gutianxi stream, a tributary of Minjiang river. As of December 31, 2011, the four cascade hydropower projects located downstream of this upstream reservoir had a consolidated installed capacity of 276.0 MW.

Ansha Reservoir: A seasonal regulating reservoir with a water storage capacity of 740.0 million m^3, located on the upper reaches of Shaxi stream, a tributary of Minjiang river. As of December 31, 2011, the seven cascade hydropower projects located downstream of this upstream reservoir had a consolidated installed capacity of 328.0 MW.

Chitan Reservoir: A seasonal regulating reservoir with a water storage capacity of 870.0 million m^3, located on the upper reaches of Jinxi stream, the secondary tributary of Minjiang river. As of December 31, 2011, the 13 cascade hydropower projects located downstream of this upstream reservoir had a consolidated installed capacity of 400.0 MW.

Baisha Reservoir: A seasonal regulating reservoir with a water storage capacity of 199.0 million m^3, located on the Wan'anxi stream, a secondary tributary of the north stream of Jiulongjiang river. As of December 31, 2011, the three cascade hydropower projects located downstream of this upstream reservoir had a consolidated installed capacity of 131.3 MW.

Wan'anxi Reservoir: A multi-year regulating reservoir with a water storage capacity of 228.9 million m^3, located on the upper reaches of the north stream of Jiulongjiang river. As of December 31, 2011, the cascade hydropower project located downstream of this upstream reservoir had a consolidated installed capacity of 45.0 MW.

Projects under construction or development

As of December 31, 2011, we had one hydropower expansion project under construction in Fujian province, with a capacity under construction of 80.0 MW, which we expect to commence operations by the end of 2013. Meanwhile, we also started the preliminary development of a proposed hydropower expansion project in Fujian province, with a prospective capacity of 110.0 MW, which we will start construction once we receive the construction approval. We expect the total costs for the development and construction of these two hydropower projects to be approximately RMB1.1 billion.

Recent disputes involving the Mianhuatan Hydropower Project

The construction of our Mianhuatan Hydropower Project began in 1998 and required the relocation and resettlement of local residents, which were substantially completed by 2006. The State Planning Commission, the predecessor of the NDRC, had initially approved the amount of the resettlement compensation associated with this project in 1997. However, the PRC government revised the compensation standards for flooded land during the construction of our Mianhuatan Hydropower Project in 1999. This hydropower project began operations in 2001. The State Planning Commission and the NDRC approved two requests to increase this hydropower project's resettlement compensation in 2001 and 2004, respectively. As a result, we paid an aggregate amount of approximately RMB1,400 million as resettlement compensation by 2009.

Although the relocation and resettlement of local residents near the Mianhuatan Hydropower Project were completed substantially by 2006, the local relocation and resettlement authority disputed the amount of resettlement compensation required in 2009 and requested us to further increase our compensation due to increased costs associated with, among others, the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower, our subsidiary for managing the Mianhuatan Hydropower Project, engaged the Shanghai Institute, the original third-party design institute for this hydropower project, to further assess the need to pay any additional resettlement compensation in 2010. The Shanghai Institute is a qualified design and research institute in China for the design of hydropower projects, environmental impact assessment, construction supervision and engineering consultation, and we agreed to pay approximately RMB10.0 million of total service fees to the Shanghai Institute in connection with this additional assessment based on the pricing guideline issued by the relevant government authorities in China, of which approximately RMB7.0 million has been paid by May 2012. We prepaid to the local government additional compensation of RMB15.0 million, RMB15.0 million, and RMB360.0 million in 2009, 2010 and 2011, respectively, totaling RMB390.0 million in advance payments, pending the final determination by Fujian DRC and the NDRC.

In April 2012, the Shanghai Institute issued a draft assessment report for discussion purposes after Fujian DRC had organized a meeting to facilitate the resolution of disputes involving the Mianhuatan Hydropower Project. In this draft assessment report, the Shanghai Institute estimated that the additional compensation for which we will be responsible could range from approximately RMB479.2 million to approximately RMB889.5 million. Fujian DRC received a copy of this draft assessment report in May 2012 and we expect the Shanghai Institute to amend its draft report subsequent to Fujian DRC's review. The NDRC will review the amended assessment report after Fujian DRC's review and ultimately determine the adjusted resettlement compensation for which we will be responsible. Depending on the outcome of the government review and approval process, we may be required to pay additional compensation if the approved adjustment is higher than the RMB390.0 million we have prepaid from 2009 to 2011, or we may receive a refund if the approved adjustment is less than such amount. Given the relocation and resettlement of local residents in connection with

Mianhuatan Hydropower Project were completed, we believe such determination is final and will not be subject to future disputes or claims by the local relocation and resettlement authority. Our PRC legal advisers confirmed that there is no legal basis upon which any potential legal proceedings may be brought by the local residents directly in connection with the relocation and resettlement activities of the Mianhuatan Hydropower Project. We anticipate such review and approval process to be completed by the end of 2013.

Our Mianhuatan Hydropower Project has not received a completion certificate, which is the only outstanding approval required for this project. The granting of such certificate depends on the satisfactory completion of the relocation and resettlement of local residents as certified by the NDRC. As advised by our PRC legal advisers, the business operations of our Mianhuatan Hydropower Project is legal under PRC law.

We have made a provision of RMB40.0 million in connection with this dispute on our consolidated balance sheets as of December 31, 2011. Both the RMB390.0 million that we prepaid to the local government from 2009 to 2011 and the RMB40.0 million provision have been treated as capitalized expenses on our financial statements in accordance with our accounting policies and such capitalized expenses are amortized over 55 years.

If and to the extent that the additional compensation the NDRC requires us to pay were to exceed the RMB430.0 million that we have prepaid and provisioned, Huadian undertakes, without any time limit, to indemnify us against such losses, claims, charges and expenses directly or indirectly incurred by us arising from the relocation and resettlement of local residents in relation to our Mianhuatan Hydropower Project. Our PRC legal advisers have confirmed that this undertaking given by Huadian is legally valid and enforceable under PRC law. Based on the undertaking from Huadian, our Directors estimate that our maximum financial exposure arising from this dispute is RMB40.0 million (in addition to the RMB390.0 million prepaid from 2009 to 2011), which will be paid from our working capital. As of the Latest Practicable Date, our Directors confirm that we have sufficient working capital to cover such estimated maximum financial exposure. If the amount of resettlement compensation as determined by the NDRC were to exceed the RMB40.0 million that we have previously provisioned, such additional amount will be treated as capitalized expenses on our financial statements at the time it is incurred, which will not result in any material adverse effect on our financial position; and if Huadian undertakes to cover the additional amount of resettlement compensation, such additional amount will be treated as capital reserves on our financial statements.

Based on the above, our Directors believe that the recent disputes involving the Mianhuatan Hydropower Project will not materially and adversely affect our business, financial position or results of operations.

OUR WIND POWER BUSINESS

As of December 31, 2011, we owned 36 wind power projects in operation with a consolidated installed capacity of 2,171.3 MW, representing 33.3% of our total consolidated installed capacity. Meanwhile, we also owned 16 wind power projects under construction totaling 941.0 MW.

We also have a strong project pipeline for future development. As of December 31, 2011, we have secured rights through entering into development agreements with local governments to develop wind power projects in 21 provinces in China with approximately 40,000 MW of prospective capacity, including 667.5 MW of advanced pipeline projects, 1,367.0 MW of intermediate pipeline projects and approximately 38,000 MW of early pipeline projects, respectively.

The following table sets forth the key operating data of our wind power business as of the dates and for the periods indicated:

	As of or for the year ended December 31,		
	2009	2010	2011
Consolidated installed capacity (MW)	471.0	1,333.8	2,171.3
Attributable installed capacity (MW)	471.0	1,227.8	1,955.3
Average utilization hours	2,726.2	2,232.0	2,072.0

Our Wind Power Business Activities

The primary focus of our wind power business has been and will continue to be the development of Greenfield projects. Our average development period for a Greenfield wind power project is approximately two to three years, although the actual development period may differ across different regions in China and depending on the specific project size. Our standard wind power project development process generally involves the following key phases:

- *Wind prospecting and site selection:* We conduct wind prospecting and site selection activities at the earliest stage of project development to identify potential sites that we believe will be suitable for development.

- *Wind resource assessment:* As adequate wind resource is a prerequisite for the development of a wind power project, we usually commence a wind resource assessment shortly after we enter into the relevant development agreements. We prepare a comprehensive plan for wind resource assessment with the help of qualified third-party design institutes and conduct an on-site inspection to determine the scope of development and the location of our meteorological towers. Once such plan is approved by the local government, we install meteorological towers to collect site-specific wind data. We typically require a minimum of 12 months' wind data to assess the feasibility of a wind power project, and submit such wind data to the local planning authorities and weather bureau. After a thorough assessment of wind data and feasibility studies on-site, the third-party design institutes we engage prepare a detailed feasibility study report that we file with the NDRC or the relevant provincial DRC during the approval and permission process. During the Track Record Period, principal third-party design institutes for our wind power projects include, among others, China Power Construction Engineering Consulting Corporation, HydroChina Xibei Engineering Corporation and Inner Mongolia Electric Power Survey & Design Institute, which are professional design institutes in China with which we have over five years of collaboration.

- *Approval and permission:* Once we have completed our wind resource assessment, we begin the approval and permission process, including obtaining internal approvals and government approvals.

- *Project design and construction:* Prior to construction, we generally engage the same third-party design institute to pinpoint the exact location of our major production facilities and determine the type of wind turbines we will use in our projects. We outsource substantially all of our construction work to outside contractors that provide all necessary labor, materials and tools required to complete the construction of our wind power projects. A wind power project typically involves one third-party design institute and several external contractors during the design and construction stage. In order to control costs and ensure construction quality, we usually adopt construction biddings for selecting external contractors to perform various construction work and engage independent construction supervisors to perform supervisory function throughout the entire construction.

- *Entering into interconnection agreements and PPAs:* We enter into interconnection agreements and PPAs with local grid companies, which typically include on-grid tariff, payment, settlement and monthly scheduled electricity output, and we sell electricity to these companies based on the terms of the PPAs.

- *Commissioning, operations and maintenance:* After a wind turbine is successfully assembled, we are required to commission it by conducting standard tests and a 240-hour non-stop trial run. After commissioning, our wind turbines will commence commercial production and the turbine supplier typically provides maintenance services under a two- or five-year warranty period.

Our wind power project portfolio

We classify our wind power projects into the following three categories based on their respective stage of development:

- in operation;

- under construction; and

- pipeline (including advanced, intermediate and early stages).

We have established these categories to enhance the visibility of our annual power production, and for internal planning purposes such as projecting our future needs for capital, wind turbines and human resources. We believe our project classification methodology reflects an objective approach and provides indication regarding the maturity of our pipeline projects, which in turn helps us pursue our growth targets. We periodically reassess our pipeline wind power projects to determine the proper timing for development so that our management can decide whether to invest resources into feasible pipeline projects. Through such assessments, we may also decide not to proceed with a pipeline project that we deem unsuitable for development.

Projects in operation

As of December 31, 2011, we owned 36 wind power projects in operation with a consolidated installed capacity of 2,171.3 MW. The following table sets forth a breakdown of our wind power projects in operation by geographic regions as of December 31, 2011:

Region/Project name	Consolidated installed capacity	Attributable installed capacity	Ownership	On-grid tariff (excluding VAT)	Commencement date of operation
	(MW)	(MW)	(%)	(RMB/kWh)	
Eight Wind Power Bases					
Xinjiang					
Xiaocaohu I (小草湖一期)	49.5	49.5	100.0	0.436	December 2007
Xiaocaohu II (小草湖二期)	49.5	49.5	100.0	0.496	December 2008
Xiaocaohu III (小草湖三期)	49.5	49.5	100.0	0.496	December 2009
Bu'erjin I (布爾津一期)	49.5	49.5	100.0	0.496	March 2010
Gansu					
Guazhou I (瓜州一期)	201.0	201.0	100.0	0.445	December 2010
Baiyin Machangshan I (白銀馬昌山一期)	49.5	49.5	100.0	0.496	December 2011
Akesai I (阿克塞一期)	49.5	49.5	100.0	0.521	December 2011
Yumen Heiyazi I (玉門黑崖子一期)	48.0	48.0	100.0	0.462	December 2010
Yumen Heiyazi II (玉門黑崖子二期)	48.0	48.0	100.0	0.462	December 2010
Western Inner Mongolia					
Kulun Expansion (庫倫擴建)	202.5	202.5	100.0	0.436	September 2011
Kulun I (庫倫一期)	201.0	201.0	100.0	0.436	August 2009
Huiteng Xile (輝騰錫勒)	100.0	100.0	100.0	0.382	December 2006
Guyang Hongnijing I (固陽紅泥井一期)	49.5	49.5	100.0	0.436	November 2010
Huade Sansheng I (化德三勝一期)	49.5	44.6	90.0	0.436	October 2011
Meiguiying I (玫瑰營一期)	49.3	37.0	75.0	0.436	December 2010
Huiteng Xile Expansion (輝騰錫勒擴建)	21.5	21.5	100.0	0.436	December 2006
Eastern Inner Mongolia					
Xiaojieji I (小街基一期)	49.5	49.5	100.0	0.462	March 2011
Jilin					
Da'an I (大安一期)	49.5	49.5	100.0	0.521	August 2011
Da'an II (大安二期)	49.5	49.5	100.0	0.496	November 2011
Namusi I (那木斯一期)	49.5	47.0	95.0	0.521	December 2011
Hebei					
Shangyi I (尚義一期)	50.0	35.0	70.0	0.462	November 2011
Jiangsu					
Lianyungang (連雲港)	100.0	51.1	51.0	0.521	December 2010
Shandong	–	–	–	–	–

Region/Project name	Consolidated installed capacity	Attributable installed capacity	Ownership	On-grid tariff (excluding VAT)	Commencement date of operation
	(MW)	(MW)	(%)	(RMB/kWh)	
Other regions					
Huafu Yilan I (華富依蘭一期)	49.5	31.7	64.0	0.521	September 2009
Huafu Dongning I (華富東寧一期)	49.5	31.7	64.0	0.521	December 2009
Huafu Yilan II (華富依蘭二期)	49.5	31.7	64.0	0.521	December 2011
Guangling I (廣靈一期)	49.5	32.2	65.0	0.521	August 2011
Guangling II (廣靈二期)	49.5	32.2	65.0	0.521	December 2011
Tieling I (鐵嶺一期)	48.0	48.0	100.0	0.521	October 2010
Tieling II (鐵嶺二期)	48.0	48.0	100.0	0.521	December 2011
Huafu Muling II (華富穆棱二期)	45.0	21.9	49.0(1)	0.521	March 2010
Hulin I (虎林一期)	45.0	36.9	82.0	0.521	October 2010
Huafu Mulan (華富木蘭)	12.0	5.7	47.0(1)	0.667	December 2003
Chenzhou I (郴州一期)	36.3	36.3	100.0	0.713	June 2010
Huafu Muling I (華富穆棱一期)	32.2	15.7	49.0(1)	0.615	January 2006
Shapu I (沙埔一期)(2)	30.0	30.0	100.0	0.521	April 2011
Zhoushan Changbai (舟山長白)	12.0	12.0	100.0	0.607	October 2011
Total	**2,171.3**	**1,945.5**			

(1) Our effective ownership interest in these wind power projects is below 50.0% as we only hold a 80.0% equity interest in the subsidiary, which controls these projects.

(2) This is a concession wind power project.

Among our 36 wind power projects in operation, we have one concession wind power project, Fujian Shapu I Wind Power Project, which we won in 2009 through competitive bidding. Our Fujian Shapu I Wind Power Project commenced operations in 2011 with a consolidated installed capacity of 30.0 MW. The approved on-grid tariff for this concession wind power project is RMB0.521 per kWh (excluding VAT), which is the same as the fixed on-grid tariff for wind power in Fujian province.

According to the service concession agreement we entered into with the local government, we have the exclusive rights to develop and operate this concession wind power project for a period of 25 years, and after the expiry of such period, we will be required to dismantle this project or apply for an extension with the local government. As a result, our concession right related to this project is expected to expire in 2034, unless we successfully obtain a renewal from the local government before such concession right expires. We are also responsible for the design, construction, commissioning, operation and maintenance of this concession project during the entire concession period. This service concession agreement may be terminated due to various reasons, such as our failure to construct or operate this wind power project, bankruptcy of our project company, or material breach by us or the local government.

Projects under construction

As of December 31, 2011, we owned 16 wind power projects under construction totaling 941.0 MW, of which we expect to complete the construction of 14 wind power projects totaling 842.0 MW by the end of 2012.

The following table sets forth a breakdown of our wind power projects under construction by geographic regions as of December 31, 2011:

Region/Project name	Capacity under construction	Ownership	Estimated commencement date of operation
	(MW)	(%)	
Eight Wind Power Bases			
Xinjiang			
Dabancheng I (達阪城一期)	49.5	100.0	July 2012
Gansu			
Baiyin Machangshan II (白銀馬昌山二期)	49.5	100.0	June 2012
Huanxian I (環縣一期)	49.5	100.0	August 2012
Yumen Heiyazi III (玉門黑崖子三期)	48.0	100.0	December 2012
Western Inner Mongolia			
Meiguiying II (玫瑰營二期)	200.0	75.0	August 2012
Xinghe Daxipo I (興和大西坡一期)	49.5	80.0	June 2012
Guyang Hongnijing II (固陽紅泥井二期)	49.5	100.0	June 2012
Eastern Inner Mongolia			
Xiaojieji II (小街基二期)	49.5	100.0	July 2012
Tongliao Naimanqi I (通遼奈曼旗一期)	49.5	90.0	June 2012
Wutaohai I (烏套海一期)	49.5	100.0	June 2012
Hebei			
Wangyueliang I (王悅梁一期)	49.5	70.0	June 2012
Other regions			
Qiligashan (七裡嘎山)	49.5	60.0	March 2013
Qianfeng (前鋒)	49.5	60.0	March 2013
Tangyuan I (湯原一期)	49.5	100.0	June 2012
Xuwen I (徐聞一期)	49.5	100.0	September 2012
Maoming I (茂名一期)	49.5	100.0	September 2012
Total	**941.0**		

Pipeline projects

We refer to our wind power projects reserved for future development as "pipeline projects." We have acquired the rights to develop these pipeline projects pursuant to the development agreements we entered into with local governments. We further divide our pipeline projects into "advanced," "intermediate" or "early" stages based on the progress made and milestones achieved by each project in respect of each of the key phases in the project development prior to construction and commissioning. Please see "Risk Factors – Risks Relating to Our Wind Power Business – The growth of our wind power business depends upon our ability to convert our pipeline projects into operating projects."

Advanced

Advanced pipeline projects are those for which we have obtained the construction approval, but construction has not yet begun. As of December 31, 2011, we had 14 advanced pipeline wind power projects with a total prospective capacity of 667.5 MW, of which we expect to complete 193.5 MW in 2012. The following table sets forth a breakdown of our advanced pipeline wind power projects by geographic region as of December 31, 2011:

Region	Numbers of projects	Prospective capacity	Estimated consolidated installed capacity by the end of 2012
		(MW)	(MW)
Eight Wind Power Bases			
– Xinjiang	1	49.5	49.5
– Western Inner Mongolia	3	148.5	–
– Eastern Inner Mongolia	–	–	–
– Jilin	–	–	–
– Shandong	1	48.0	48.0
Other regions	9	421.5	96.0
Total	**14**	**667.5**	**193.5**

Intermediate

Intermediate pipeline projects are those for which we have obtained the preliminary government approval, but have not yet received the construction approval. As of December 31, 2011, we had 15 intermediate pipeline projects with a total prospective capacity of 1,367.0 MW. The following table sets forth a breakdown of our intermediate pipeline wind power projects by geographic region as of December 31, 2011:

Region	Numbers of projects	Prospective capacity
		(MW)
Eight Wind Power Bases		
– Gansu	5	598.0
– Western Inner Mongolia	2	249.5
– Eastern Inner Mongolia	1	200.0
– Jilin	1	48.0
– Shandong	1	48.0
Other regions	5	223.5
Total	**15**	**1,367.0**

Early

Early pipeline projects are those in their earliest stage of development and for which we have entered into development agreements with local governments and commenced wind resource assessment. As of December 31, 2011, our early pipeline wind power projects had a prospective capacity of approximately 38,000 MW. The planned locations of these early pipeline projects are primarily located in the “Eight Wind Power Bases” in China. The actual timing and the future capital requirements for the development and construction of these early pipeline projects may vary, depending on various factors, including, among other things, the timing of government approvals, the prevailing market price for wind turbines, transmission capacity of local power grids and applicable on-grid tariffs.

Transmission limitations

According to the Renewable Energy Law, the PRC government authorities determine the proportion of electricity generated by clean energy sources as compared to the total electricity generation in accordance with national energy polices, and implement a guaranteed system for the grid companies to purchase, and dispatch on a priority basis, the entire amount of electricity generated from renewable energy projects within the coverage of their grids.

Some of our wind power projects are located in certain areas in China, particularly Inner Mongolia and Gansu province, where the local power grids may have insufficient transmission capacity to deliver all the potential electricity that our wind farms could generate when operating under full load, especially during peak seasons, such as winter. Various transmission limitations, primarily due to the underdevelopment of the local power grids, may curtail our electricity generation, impairing our ability to fully capitalize on a particular wind power project’s potential. We may temporarily suspend some of our operating wind turbines to accommodate the transmission limitations from time to time. Such events could adversely affect our ability to produce and sell electricity. Based on our management’s estimate, our gross wind power generation would have increased by approximately 6.9%, 5.8% and 6.7% in 2009, 2010 and 2011, respectively, without the adverse effect of the transmission limitations on the local power grids. Please see “Risk Factors – Risks Relating to Our Wind Power Business – We rely on local grid companies for grid connection and electricity transmission.”

The 12th Five-Year Plan of China has outlined government investment plans to construct and improve the ultra high voltage transmission lines across Inner Mongolia, Gansu and other provinces in North and East China and further integrate existing and new transmission lines to ease the transmission limitations in Inner Mongolia and North China by 2015. In April 2011 the State Grid of China announced a White Paper on wind power development, which aimed at expanding and upgrading the electric grid system in China that can accommodate over 90 GW of wind power generation by 2015 and over 150 GW by 2020. In light of the PRC government’s increasing investments and commitments to improve the national power grid infrastructure and our diverse portfolio of power generating assets, our Directors expect that the risk of transmission limitations is temporary and will not negatively affect our overall business operations.

Wind turbine procurement

We have established over five years of relationships with leading turbine suppliers, such as Sinovel, Goldwind and Gamesa. As of December 31, 2011, our turbine purchase from these suppliers represented approximately 50.1% of our total installed wind power capacity, including 35.6% from Sinovel, 8.7% from Goldwind and 5.8% from Gamesa. According to China Wind Energy Association and BTM Consult ApS as measured by annual market share in 2010, Sinovel is the largest China-based turbine manufacturer and the second largest in the world, Goldwind is the second largest China-based turbine manufacturer and the fourth largest in the world, and Gamesa, headquartered in Spain, is the eighth largest turbine manufacturer in the world.

Our purchase agreements with turbine suppliers generally include quantity, pricing, payment, damages and termination, as well as warranty terms. The purchase prices in our purchase agreements include the price of turbines and the costs of service that our suppliers agree to perform such as transportation and installation of turbines. Generally, we make a 10% to 20% up-front payment upon execution of a turbine purchase agreement and additional progress payments in advance of turbine delivery. We are also entitled to liquidated damages, our exclusive remedy under the purchase agreements, for the suppliers' non-performance or late performance of their obligations, such as the failure or delay in delivery. Upon a default by a party, such as the failure to deliver turbines or make payments, the non-defaulting party has a right to terminate the purchase agreements.

Warranties give us certain protections against costs associated with turbine non-performance, typically for two or five years after a turbine successfully completes a non-stop trial run. These warranties typically include a "power curve" warranty, which requires the manufacturer to pay liquidated damages if turbine output falls below a specified level at certain wind speeds, and an "availability warranty," which ensures the reliability of the turbines for electrical production. For more information regarding risks relating to our turbine suppliers, see "Risk Factors – Risks Relating to Our Wind Power Business – Our electricity generation and results of operations are dependent on the operating performance of our wind turbines."

We generally select our turbine suppliers through a bidding process based on factors such as product quality, price, suitability, technology and after-sales support. In recent years, the PRC government's increasing support for the wind power industry has caused the turbine manufacturing industry to expand rapidly and turbine prices to decrease significantly in China. We believe that our turbine procurement strategy, together with the sufficiency of turbine supply in China, provide us a competitive advantage in turbine procurement and in negotiating favorable terms with suppliers.

OUR COAL-FIRED POWER BUSINESS

As of December 31, 2011, we had four coal-fired power plants in operation with a consolidated installed capacity of 2,050.0 MW, representing 31.4% of our total consolidated installed capacity. Meanwhile, we also had two coal-fired generating units under construction, totaling 600.0 MW. After the completion of these two generating units, which we expect to occur in late 2012, we do not intend to develop and construct additional coal-fired power plants or generating units in the foreseeable future.

As compared to wind power and hydropower generation, coal-fired power generation is less prone to seasonal fluctuation, climate and other natural effects, and its utilization hours are more predictable. As a result, our coal-fired power business has provided significant revenue and cash flow to support our development of wind power and other clean energy projects.

The following table sets forth the key operating data of our coal-fired power business:

	As of or for the year ended December 31,		
	2009	2010	2011
Consolidated installed capacity (MW)	2,650.0	2,650.0	2,050.0
Attributable installed capacity (MW)	2,690.4	2,690.4	2,090.4
Average utilization hours(1)	4,942.5	4,466.5	6,045.2

(1) The average utilization hours of our coal-fired power business during the Track Record Period only include the average utilization hours of our Kemen Power Plant because (i) as a back-up power plant in Fujian province, our Shaowu Power Plant only generates electricity when the regional grid system is overburdened and this plant purchased most of its electricity generation for sale from other coal-fired power plants under the substituted generation arrangements during the Track Record Period; and (ii) our Yong'an and Zhangping Power Plants only commenced operations by the end of December 2011.

Our coal-fired power plant portfolio

Kemen Power Plant

Kemen Power Plant is located in Fuzhou, Fujian province, and was previously operated by two wholly owned subsidiaries, Kemen and Kemen II. As of December 31, 2010, Kemen Power Plant had four coal-fired generating units with a consolidated installed capacity of 2,400.0 MW. In January 2011, we divested Kemen II with two coal-fired generating units totaling 1,200.0 MW of installed capacity, and as a result, the consolidated installed capacity of our Kemen Power Plant decreased to 1,200.0 MW.

Kemen Power Plant commenced operations in October 2006 and is currently entitled to an on-grid tariff of RMB0.380/kWh (excluding VAT). Our Kemen Power Plant is equipped with two supercritical coal-fired power generators and constructed with air pollution control measures, such as desulfurization and dedusting systems, in order to achieve the clean utilization of coal. By applying the latest technologies to reduce emission, the pollution emission and average standard coal consumption rate of our Kemen Power Plant are lower than the average industry standards in China.

The following table sets forth the key operating data of our Kemen Power Plant as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2009	2010	2011
Consolidated installed capacity (MW)	2,400.0	2,400.0	1,200.0
Attributable installed capacity (MW)	2,400.0	2,400.0	1,200.0
Average utilization hours	4,942.5	4,466.5	6,045.2
Average standard coal unit cost (RMB/ton)	689.2	803.4	740.3
Average standard coal consumption rate (kg/MWh)	307.8	305.3	304.1

Shaowu Power Plant

Shaowu Power Plant is located in Shaowu, Fujian province, and operated by a joint venture company, Fujian Huadian Shaowu Power Generation Co., Ltd. (福建華電邵武發電有限公司) in which we own a 60.0% equity interest. As of August 31, 2011, Shaowu Power Plant had two coal-fired generating units with a consolidated installed capacity of 250.0 MW. Shaowu Power Plant commenced operations in 1998 and is currently entitled to an on-grid tariff of RMB0.410/kWh (excluding VAT). Due to its strategic location at the north-western end of Fujian power grid, Shaowu Power Plant was designated by the local government as a back-up power plant in 2008, which only generates electricity when the grid system is overburdened to safeguard the grid. To maintain the sustainable operations of our Shaowu Power Plant, the local government allowed our Shaowu Power Plant to participate in the substituted generation arrangement and purchase electricity from other coal-fired power plants for resale. For a discussion of the substituted generation arrangement between our Shaowu Power Plant and Kemen II, please see "Connected Transactions – Non-Exempt Continuing Connected Transactions." For a detailed discussion of the substituted generation arrangement, please see "– Pricing and Sales – Coal-fired Power Business."

Yong'an Power Plant and Zhangping Power Plant

Yong'an Power Plant is located in Yong'an, Fujian province, and operated by our wholly owned subsidiary, Fujian Huadian Yong'an Generation Company Limited (福建華電永安發電有限公司). As of December 31, 2011, Yong'an Power Plant had one coal-fired generating unit of 300.0 MW in operation and another unit of 300.0 MW under construction. Yong'an Power Plant is currently entitled to an on-grid tariff of RMB0.393/kWh (excluding VAT).

Zhangping Power Plant is located in Zhangping, Fujian province, and operated by our wholly owned subsidiary, Fujian Huadian Zhangping Coal-fired Power Company Limited (福建華電漳平火電有限公司). As of December 31, 2011, Zhangping Power Plant had one generating unit of 300.0 MW in operation and another unit of 300.0 MW under construction. Zhangping Power Plant is currently entitled to an on-grid tariff of RMB0.393/kWh (excluding VAT).

As required by the PRC government regulation to shut down small and obsolete coal-fired power plants in China to reduce emissions and enhance operational efficiency, we have decommissioned all of the generating units at our Yong'an and Zhangping Power Plants in 2007 and 2008. We intend to sell the decommissioned units as scrap equipment and the buyer will bear the costs associated with the demolition of these units. In 2009, the local government approved our plans to construct two 300.0 MW generating units for each power plant near their original locations, which would apply the clean coal technology to reduce pollution and increase operating efficiency. In 2010, we received a one-off government grant of RMB135.0 million as a compensation for our decommissioning of obsolete coal-fired power plants, which we used principally to compensate dismissed coal-fired power plant workers.

During the reconstruction period of our Yong'an and Zhangping Power Plants from 2009 to 2012, the local government allowed these two power plants to participate in the substituted generation arrangement and purchase electricity from other coal-fired power plants for sale in order to maintain sustainable operations. For a detailed discussion of the substituted generation arrangement, please see "– Pricing and Sales – Coal-fired Power Business." We began the construction of one 300.0 MW generating unit at each of our Yong'an and Zhangping Power Plants in 2009 and completed construction at the end of 2011. As of the Latest Practicable Date, we expect to complete the construction of another 300.0 MW generating unit at each of our Yong'an and Zhangping Power Plants by the end of 2012. After the completion of the remaining two generating units, we do not intend to develop and construct additional coal-fired generating units in the near future.

Coal procurement

Our coal-fired power plants are fueled by coal. For the years ended December 31, 2009, 2010 and 2011, our costs of coal amounted to RMB2,466.0 million, RMB2,560.4 million, RMB1,743.7 million, respectively, which represented 70.1%, 69.2% and 73.1%, respectively, of the operating expenses (excluding costs of substituted electricity) in our coal-fired power business.

For the years ended December 31, 2009, 2010 and 2011, we purchased approximately 82.1%, 94.1% and 33.4%, respectively, of our coal supplies, as measured by purchase value, from our connected persons, including Huadian Coal and its subsidiaries. Since January 1, 2012, we have ceased our connected transactions with them. As part of our business strategy, we intend to purchase a substantial portion of our coal supplies, through third-party coal distributors, from major coal suppliers in China, pursuant to key supply agreements, and the remainder in the open market. For example, in June 2011 we entered into a six-month supply agreement with a third-party coal distributor, Shanxi Xishan Coal and Electricity Power Trading Co., Ltd, with whom we have no prior dealings, whereby this distributor agreed to resell one million tons of coal it purchased from Shenhua Group and ChinaCoal with different grades to our Kemen Power Plant at a price based on the actual grade of each supply (for example RMB574.7 per ton for a heat grade of approximately 5,500 kcal/kg) and we agreed to make full payment for each supply upon shipment. This key supply agreement further provides that in the event of any failure by the coal distributor to comply with our quantity or quality requirements, we are entitled to the right to sue it for damages. Our key supply agreement with Shanxi Xishan Coal and Electricity Power Trading Co., Ltd was renewed in January 2012 for one year with a quantity requirement of two million tons.

We negotiate coal prices with coal distributors, and such prices are subject to factors including market conditions, applicable VAT, government pricing policies and the cost of transportation. For the years ended December 31, 2009, 2010 and 2011, the average price of standard coal (7,000 kcal/kg) per ton we purchased was RMB673.3, RMB757.3 and RMB728.0, respectively.

Our Kemen Power Plant owns two deep-water ports in close proximity, through which we can transfer coal supplies directly from the piers to our thermal plant through conveyor belts in order to further reduce our transportation costs. In addition, in December 2011, the NDRC announced a price cap of RMB800 per ton (including VAT) on the market price of thermal coal (5,500 kcal/kg) in China. As a result, we believe the price of coal we purchase in the open market would not rise significantly in the near future. However, we cannot assure you that the market price of coal will not increase further. Please see "Risk Factors – Risks Relating to Our Coal-fired Power Business – An increase in coal price and a disruption in coal supply or its transportation could materially adversely affect our coal-fired power business."

Although the market price of coal could affect our results of operations and profitability, we intend to implement the following measures to mitigate the impact of such price increases:

- continuing to enter into key supply agreements, through coal distributors, with major coal suppliers in the PRC to ensure sufficient and uninterrupted coal supplies at reasonable costs;
- sourcing coal supplies from foreign vendors by taking advantage of different coal prices between the PRC and international markets; and
- enhancing coal consumption efficiency through technology improvements and equipment upgrades.

OTHER CLEAN ENERGY BUSINESS

We also develop or hold interests in other types of clean energy projects, including distributed energy, nuclear power, solar power and biomass energy projects. We believe that the operation of these other clean energy power projects will generate a more diverse mix of revenue and bring new growth prospects to our business. We started our other clean energy business in 2009. For the years ended December 31, 2009, 2010 and 2011, revenue from this business segment amounted to RMB110.6 million, RMB457.5 million and RMB322.1 million, respectively. Going forward, we plan to expand our portfolio of distributed energy projects, increase our investment in the Fuqing Nuclear Power Plant and selectively develop solar power or biomass energy projects.

Distributed energy projects

Distributed energy business in China is still at its early stage of development and we believe this business has significant growth potential. According to the 12th Five-Year Plan and a guidance letter issued by the NDRC in October 2011, the PRC government is committed to support the wider development of distributed energy projects and expects more than 1,000 distributed energy projects to be constructed in China by the end of 2015 with the total installed distributed energy capacity reaching approximately 50,000 MW by 2020.

We are a pioneer in the PRC distributed energy industry. We developed the 156.0 MW Guangzhou University Town Distributed Energy Project, which was (as of December 31, 2011 and according to Frost & Sullivan):

- the first large-scale distributed energy project in China;
- the largest distributed energy project in China;
- the only distributed energy project in China connected to the power grid; and
- the first distributed energy project in China to be successfully registered with the CDM EB.

We held a 43.0% equity interest in the Guangzhou University Town Distributed Energy Project as of December 31, 2011, after we disposed of 12.0% of our equity interest to our Controlling Shareholder in August 2011 at a consideration of RMB37.8 million (based on an independent asset valuation), which we used to supplement our working capital. Our Directors decided to reduce our shareholding in this distributed energy project because the changes in project design during the construction stage required us to obtain an additional government approval and the timing of such approval was uncertain, which our Directors believe may potentially delay this Global Offering. With a view towards reserving an option to regain a controlling interest after this project meets our certain requirements, such as obtaining all necessary permits and approvals and being valued at a reasonable price, we did not dispose of all of our equity interest in this distributed energy project in August 2011. In January 2012, the Guangzhou University Town Distributed Energy Project obtained the remaining government approval. Given that the acquisition process is complex and time-consuming, which could potentially delay this Global Offering, we may consider to reacquire the 12.0% equity interest from our Controlling Shareholder within two years after the completion of this Global Offering. Should we seek to reacquire the 12.0% equity interest, we expect to negotiate with our Controlling Shareholder the amount of consideration based on an independent asset valuation. As of the Latest Practicable Date, we have not commenced any negotiation in relation to such reacquisition nor have we entered into any agreement, letter of intent or memorandum of understanding of any form with our Controlling Shareholder in connection with this contemplated reacquisition.

Guangzhou University Town Energy Development Co., Ltd., which is an independent third party primarily engaged in the provision of electricity, heating and cooling, as well as related management services to the residents in the Guangzhou University Town, held the remaining 45.0% equity interest in the Guangzhou University Town Distributed Energy Project. After our disposal of the 12.0% equity interest in this distributed energy project, we agreed with other shareholders to reduce our management presence on its five-person board from three to two members to reflect our reduced shareholding in this project, and have been involved in its daily operations with other members of its board. For the years ended December 31, 2009, 2010 and 2011, the profit of the Guangzhou University Town Distributed Energy Project was RMB7.3 million, RMB38.2 million and RMB45.4 million, respectively.

Leveraging our experience in developing and managing distributed energy projects in China, we have secured a strong project pipeline for future development. As of December 31, 2011, we have entered into development agreements with local governments to develop distributed energy projects in 15 provinces in China with approximately 6,500 MW of prospective capacity.

We plan to construct our distributed energy projects along the network of "West-to-East Gas Pipeline," a PRC government project for transporting natural gas from Xinjiang province to the Yangtze River Delta area, where we can gain convenient access to natural gas. In January 2011 we entered into a strategic five-year framework agreement with Kunlun Natural Gas, a subsidiary of PetroChina, whereby Kunlun Natural Gas agreed to supply a sufficient amount of natural gas to our future distributed energy projects on a priority basis. The actual quantity and pricing terms will be agreed upon by both parties when we place our order for natural gas supply, after our distributed energy projects complete construction. This agreement also provides that both parties agree to cooperate on the development of natural gas distributed energy projects that will be constructed along PetroChina's pipeline network in China, near LNG terminals or in developed regions, and that Kunlun Natural Gas has the option to make equity investments in our distributed energy projects.

Advanced

Advanced pipeline projects are those for which we have obtained the construction approval, but construction has not yet begun. As of December 31, 2011, we had five advanced pipeline distributed energy projects with a total prospective capacity of 602.0 MW, which we expect to commence operation in 2013 or 2014. The following table sets forth a brief overview of our advanced pipeline distributed energy projects as of December 31, 2011:

Location	**Prospective capacity**	**Estimated year of commencement of operations**
	(MW)	
Guangxi	180.0	2013
Hebei	120.0	2014
Tianjin	120.0	2014
Shaanxi	104.0	2014
Jiangxi	78.0	2013
Total	**602.0**	

Intermediate

Intermediate pipeline projects are those for which we have obtained the preliminary government approval, but have not yet received the construction approval. As of December 31, 2011, we had ten intermediate pipeline distributed energy projects totaling 1,008.4 MW, which we expect to commence construction after we receive the construction approval. The following table sets forth a brief overview of our intermediate pipeline distributed energy projects as of December 31, 2011:

Location	Prospective capacity
	(MW)
Guangxi	270.0
Tianjin	200.0
Jiangxi	176.0
Shanghai	155.0
Jiangsu	154.0
Fujian	33.2
Hubei	20.2
Total	**1,008.4**

Early

Early pipeline projects are those in their earliest stage of development and for which we have entered into framework agreements with local governments and commenced preliminary assessment. As of December 31, 2011, our early pipeline distributed energy projects had a prospective capacity of approximately 4,900 MW. The actual timing and the future capital requirements for the development and construction of these early pipeline projects may vary, which our management determines based on various factors, including, among others, the timing of government approvals.

Nuclear power projects

As of December 31, 2011, we held a 39.0% equity interest in the Fuqing Nuclear Power Plant, while the remaining equity interest of 51.0% and 10.0% was respectively held by China Nuclear Power Engineering Co., Ltd and Fujian Investment and Development Holdings Corporation, both of which are independent third parties. The Fuqing Nuclear Power Plant is located in Fujian province and has four 1,000.0 MW nuclear generating units under construction, totaling 4,000.0 MW. As of December 31, 2011, we had made an aggregate amount of financial investments of approximately RMB1,439.1 million to fund the development and construction of the Fuqing Nuclear Power Plant. We intend to further make approximately RMB800 million of investments each year from 2012 to 2014 in the Fuqing Nuclear Power Plant. We expect that this plant will commission one generating unit each year from 2013 to 2016.

We intend to increase our equity interest in the follow-up projects of Fuqing Nuclear Power Plant in order to obtain controlling rights after we receive the government permit for operating a nuclear power plant. The timing for us to receive such permit depends on the PRC government's nuclear power policy and the relevant approval procedures.

According to our agreement with other shareholders, we have appointed three members to the 11-person board of the Fuqing Nuclear Power Plant to jointly oversee its activities with other members of the board. China Nuclear Power Engineering Co., Ltd. is primarily engaged in the development, investment, construction, operation and management of nuclear power projects, and Fujian Investment and Development Holdings Corporation is primarily engaged in the production and supply of electricity, gas and water, as well as investment and development of industry projects.

Solar power projects

As of December 31, 2011, we owned and managed eight operating solar power projects, with a consolidated installed capacity of 79.4 MW. The following table sets forth a summary of our solar power projects in operation as of December 31, 2011:

Project name	Consolidated installed capacity	Attributable installed capacity	Ownership	On-grid tariff (excluding VAT)	Commencement date of operation
	(MW)	(MW)	(%)	(RMB/kWh)	
Dongtai II (東台二期)	20.0	18.0	90.0	1.197	December 2011
Jiayuguan I (嘉峪關一期)	10.0	8.0	80.0	0.983	May 2011
Yancheng Dongtai (鹽城東台)	10.0	9.0	90.0	1.453	December 2010
Ge'ermu (格爾木)	10.0	10.0	100.0	0.983	December 2011
Minqin (民勤)	10.0	10.0	100.0	0.983	December 2011
Jiayuguan II (嘉峪關二期)	9.0	7.2	80.0	0.983	December 2011
Jiayuguan III (嘉峪關三期)	9.0	7.2	80.0	0.983	December 2011
Shanghai Huadian (上海華電)	1.4	0.7	51.0	3.419	December 2009
Total	**79.4**	**70.1**			

Biomass energy projects

As of December 31, 2011, we had two biomass energy projects under construction, with a total capacity under construction of 25.3 MW. The following table sets forth a summary of the two projects under construction as of December 31, 2011:

Project name	Capacity under construction	Ownership	Commencement date of operation
	(MW)	(%)	
Huachuan (樺川生物質)	24.0	100.0	June 2012
Hubei Longganhu (湖北華電龍感湖)	1.3	80.0	August 2012
Total	**25.3**		

INVESTMENT IN ASSOCIATES AND JOINTLY CONTROLLED ENTITY

From time to time, we acquire interest and make investment in our associates and jointly controlled entity. We typically seek presence on the board of directors of each of our associates and jointly controlled entity to jointly oversee the corporate activities of these entities with other board members. The following table sets forth an overview of the power generating projects in operation managed by our associates and jointly controlled entity as of December 31, 2011:

Project name	Total installed capacity	Attributable installed capacity	Ownership	Commencement date of operation
	(MW)	(MW)	(%)	
Hydropower				
– Pingnan Houlongxi (屏南縣後壟溪)	48.0	21.6	45.0	June 2006
– Yong'an Yamutan (永安鴨姆潭)	27.8	6.4	23.0	December 2006
– Sanming Taijiang (三明台江)	30.0	9.0	30.0	February 2008
Sub-total	105.8	37.0	–	–
Wind power				
– Huagang I (華港一期)	19.5	9.8	50.0	June 2011
Coal-fired power				
– Longyan Kengkou (龍岩坑口)	540.0	140.4	26.0	September 2006
Other clean energy				
– Guangzhou University Town Distributed Energy (廣州大學城分佈式能源)	156.0	67.1	43.0	October 2009
– Putian Natural Gas (莆田燃氣)	1,560.0	390.0	25.0	September 2009
Sub-total	1,716.0	457.1	–	–
Total	**2,381.3**	**644.3**		

On March 28, 2012, we sold all of our 28.0% equity interest in an associate, Fujian Kemen Port Logistics Co., Ltd., with a carrying amount of RMB124.2 million as of December 31, 2011, to an independent third party, for a cash consideration of RMB256.0 million, which was determined between us and the buyer on normal commercial terms with reference to an independent asset valuation report. This disposal resulted in a net investment gain of approximately RMB131.8 million, which was treated as other net income on our financial statements in March 2012. We have fully received the total consideration of this disposal as of April 2012.

PRICING AND SALES

In general, the on-grid tariffs of our power generating projects are approved or fixed by the relevant pricing authorities in China based on various factors. As such, our business is dependent on the PRC pricing policy for different energy sources. We set forth below a brief summary of the pricing policies applicable to our hydropower, wind power and coal-fired power businesses, as well as their respective electricity sales during the Track Record Period.

Hydropower business

The current tariff-setting mechanism for hydropower projects is designed to enable a project to recover all operating and debt servicing costs and to earn a reasonable rate of return on the net fixed assets. The determination of average costs of a hydropower project usually takes into consideration the following factors:

- construction costs (including resettlement and relocation compensation costs);
- operating and administrative expenses;
- maintenance and repair costs; and
- finance expenses on outstanding debts.

Based on the factors listed above, our hydropower projects receive lower tariffs in comparison to coal-fired power plants because hydropower projects have (i) minimal fuel costs and (ii) lower operating and maintenance costs compared to coal-fired power plants.

For a hydropower project over 50.0 MW of installed capacity, the NDRC reviews and adjusts its on-grid tariffs based on the following:

- the increase in our operating and maintenance costs, such as those due to increased CPI;
- prevailing pricing policy in China, such as the NDRC's efforts to equalize on-grid tariff for hydropower and increase those tariffs that are below the regional average; and
- the increase in our construction costs, such as those due to increased resettlement compensation. Please see "Risk Factors – Risks Relating to Our Hydropower Business – The resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects."

For a hydropower project with less than 50 MW of installed capacity, the provincial or municipal pricing bureau reviews and adjusts its on-grid tariffs based on similar considerations, such as changes in CPI, pricing policy in China and construction costs. However, the review and adjustment process for small-sized hydropower projects is less time-consuming compared to larger projects, which requires NDRC approvals. Of our 36 operating hydropower projects as of December 31, 2011, 29 projects require tariff reviews and approvals by the provincial or municipal pricing bureau and the remaining seven projects require tariff reviews and approvals by the NDRC.

In recent years, the NDRC and local pricing bureaus have implemented measures to improve the profitability of hydropower projects in China and announced a series of on-grid tariff increments for hydropower, in light of the newly imposed water resource fees, rising resettlement and relocation compensation costs, increasing cost of construction materials and services, and higher interest rates.

The following table sets forth the historical on-grid tariff increments (including VAT) for our hydropower plants as of March 31, 2012.

Year	Tariff increments
2009	The NDRC announced a tariff increment of RMB0.03/kWh for three of our hydropower projects.
2009	The local pricing bureau in Fujian province announced a tariff increment of RMB0.03/kWh for one of our hydropower projects.
2009	The local pricing bureau in Fujian province increased the benchmark on-grid tariff for small-sized hydropower projects from RMB0.301-0.345/kWh to RMB0.323-0.367/kWh.
2011	The NDRC announced a tariff increment of RMB0.04/kWh for four of our hydropower projects.
2012	The local pricing bureau in Fujian province announced a tariff increment of RMB0.021/kWh for 24 of our hydropower projects.

Each of our hydropower projects has entered into a PPA with the local grid company to which it is connected and is required to sell electricity to that grid company. Since all of our hydropower projects in operation are located in Fujian province, these projects sell electricity to Fujian Electric Power Company. Our hydropower projects generally enjoy preferential treatments in selling electricity, such as priority dispatch over coal-fired power and guaranteed full acceptance of electricity generation. Our PPAs generally have a term of one to three years and can be renewed upon expiry, which generally include annual electricity supply, pricing, metering, settlement and payments, liabilities for breach of contract, damages and termination.

The following table sets forth the pricing and sales information in our hydropower business for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
Net generation (MWh)	4,903,329.7	8,622,963.3	5,647,097.5
Weighted average on-grid tariff (excluding VAT) (RMB/kWh)	0.251	0.254	0.253
Sales of electricity (RMB in million)	1,228.6	2,187.1	1,427.7

Wind power business

Effective August 1, 2009, the NDRC replaced the previous government-guided pricing with government-fixed pricing, and the on-grid tariff for wind power projects is based on the actual location of such projects. The NDRC divided China into four wind resource zones, applying the same on-grid tariff to all wind power projects in each zone. Specifically, wind power projects in the first, second, third and fourth wind resource zones are entitled to a benchmark on-grid tariff (including VAT) of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively. In addition to the benchmark on-grid tariff fixed by the NDRC, some of our wind power projects are entitled to tariff subsidies to compensate us for the costs of constructing transmission lines to connect our wind power projects to the power grids.

As the average on-grid tariffs of wind power are generally higher than that of coal-fired power, the PRC regulatory framework for renewable energy adopted a cost-sharing system by which the additional cost of developing renewable energy projects will be shared across the whole electricity system. Specifically, electricity end users in China are required to pay a surcharge on their electricity price to cover (i) the premium of the on-grid tariff for clean energy paid by grid companies over the benchmark on-grid tariff for coal-fired power, and (ii) the cost of connecting renewable energy projects to the grid. Local power grid companies collect these renewable energy surcharges and then distribute them among the provincial grid companies, subject to the allocation of the relevant government authorities. As such, like other wind power producers in China, we are normally entitled to two payments from the local grid companies on our sales of wind power. The first payment reflects the benchmark on-grid tariff for coal power, which is settled in the same way as our coal-fired power generation and generally within 15 to 30 days after sales. The second payment is settled within two to 18 months after sales because it reflects the tariff premium on our wind power, which is subject to nationwide government allocations. Please see “Financial Information – Certain Items in the Consolidated Balance Sheets – Trade Debtors and Bills Receivable” for a discussion of our collection period of electricity sales.

Each of our wind power projects is required to sell electricity to the local power grid. Our wind power business enjoys preferential treatments in selling electricity, such as priority dispatch over hydro and coal-fired power and guaranteed full acceptance of electricity generation. Each of our wind power projects in operation has entered into a PPA with the grid company to which it is connected, which typically includes terms such as on-grid tariff, metering and settlement. Our PPAs generally have a term of one year, and can be renewed upon expiry. However, such PPAs have not specifically provided for any compensation from the respective local grid companies for any financial losses caused by transmission limitations and we did not receive such compensation from grid companies during the Track Record Period.

The following table sets forth the pricing and sales information in our wind power business for the periods indicated:

	Year ended December 31,		
	2009	**2010**	**2011**
Net generation (MWh)	558,300.0	1,204,624.9	2,514,413.0
Weighted average on-grid tariff (excluding VAT) (RMB/kWh)	0.418	0.454	0.481
Sales of electricity (RMB in million)	233.1	546.6	1,209.9

Coal-fired Power Business

The current tariff-setting mechanism for coal-fired power plants is based on the operating terms of power plants, as well as the average costs of comparable power plants. The NDRC approves the on-grid tariff for our coal-fired power plants and adjusts such tariff for material changes, such as a substantial increase in the coal price, from time to time. In December 2011, the NDRC announced an increase to the benchmark on-grid tariff for coal-fired power plants in Fujian province by RMB0.0274/kWh.

Each of our coal-fired power plants is required to sell its electricity to the grid company to which it is connected pursuant to a PPA. Accordingly, both Kemen Power Plant and Shaowu Power Plant sell electricity to Fujian Electric Power Company. Generally, our PPA has a term of one year and provides that the annual utilization hours of our coal-fired power plant will be determined with reference to the average annual utilization hours of the similar generating units connected to the same grid within the same province.

Historically, net generation of our coal-fired power plants consisted of the following:

- *Self-generation:* Net generation produced by our own coal-fired power plants.

- *Substituted generation:* Net generation we purchased under the substituted generation arrangement for sale, which allows a coal-fired power plant to purchase electricity generated by other coal-fired power plants and resell such electricity to local grid companies based on the buyer's approved on-grid tariff.

The following table sets forth the pricing and sales information in our coal-fired power business for the years indicated:

	Year ended December 31,		
	2009	2010	2011
Net generation (MWh)	15,902,516.3	14,045,451.6	11,119,728.9
– Self-generation	11,481,728.7	10,326,702.6	7,586,978.9
– Substituted generation	4,420,787.6	3,718,749.0	3,532,750.0
Weighted average on-grid tariff (excluding VAT) (RMB/kWh)	0.360	0.354	0.364
Sales of electricity (RMB in millions)	5,730.4	4,973.7	4,044.0
– Revenue from self-generation	4,063.7	3,592.9	2,706.1
– Revenue from substituted generation	1,666.7	1,380.8	1,337.9

Due to its strategic location at the north-western end of Fujian power grid, Shaowu Power Plant was designated by the local government as a back-up power plant in 2008, which is only allowed to generate electricity when the grid system is overburdened to safeguard the grid and is not in operation during any other time. In 2010, Shaowu Power Plant was exempt from the requirement of installing desulphurization equipment by the local environmental authority in 2010 on the basis that Shaowu Power Plant continues to operate as a back-up power plant. From 2008 to 2010, Shaowu Power Plant's SO_2 emission levels were in compliance with the emission requirements imposed by the relevant government authorities. Since January 2011, Shaowu Power Plant has not been subject to any inspection under the relevant laws and regulations in China.

To maintain the sustainable operations of our Shaowu Power Plant, the local government allowed Shaowu Power Plant to participate in the substituted generation arrangement and to purchase up to approximately 1.1 million MWh of electricity each year from other coal-fired power plants for resale from 2008 to 2012. The local government will further determine the amount of substituted generation that Shaowu Power Plant is entitled to purchase for the period from 2013 to 2018. If Shaowu Power Plant is unable to fully purchase 1.1 million MWh of electricity under the substituted generation arrangement each year, it can carry forward any shortfall to the next year. The relevant local government instructs our Kemen Power Plant to sell a portion of its electricity generation to Shaowu Power Plant at a price not more than the comparable price for other substituted generation arrangements in Fujian province during the same period. Our Shaowu Power Plant generally purchased the substituted generation at a price lower than its approved on-grid tariff because the sellers under this arrangement, usually large-scale power plants, such as our Kemen Power Plant, could produce more electricity than had been previously planned by the local government in order to generate more revenue. Shaowu Power Plant enters into substituted generation agreements with the sellers, which typically include the total amount of substituted generation to be supplied by the seller and purchased by Shaowu Power Plant during a period, and a fixed price for the substituted generation, as well as payment and settlement terms. During the Track Record Period, our Shaowu Power Plant complied with its obligations as a back-up power plant and purchased approximately 33.6% of substituted generation from the Kemen Power Plant and the remainder from other third-party power plants.

During the reconstruction period of our Yong'an and Zhangping Power Plants from 2009 to 2011, local government allowed these two power plants to participate in the substituted generation arrangement and purchase electricity from other coal-fired power plants for sale in order to maintain sustainable operations. The purchase price under their substituted generation arrangements is generally lower than the approved on-grid tariff of these two power plants. The substituted generation agreements that Yong'an and Zhangping Power Plants entered into typically include the total amount of substituted generation to be supplied by the seller and purchased by our power plants during a period, and a fixed price for the substituted generation, as well as payment and settlement terms. For the years ended December 31, 2009, 2010 and 2011, our Yong'an and Zhangping Power Plants purchased a total amount of substituted generation of approximately 3.4 million MWh, 3.1 million MWh and 2.7 million MWh, respectively, in accordance with local government plans.

REPAIR AND MAINTENANCE

We strive to improve our O&M capabilities, in particular by increasing the operating efficiency, performing repair and maintenance with our in-house resources and enhancing our equipment monitoring and diagnosis systems. Each of our power generating projects has timetables for routine maintenance, inspections and repairs. With our extensive operational experience and technical know-how, we have developed a self-sufficient in-house O&M center to serve as a central facility for routine inspection, maintenance, repair and spare parts delivery for our projects. As of December 31, 2011, our in-house O&M team for the hydropower, wind power and coal-fired power business consists of approximately 800 employees, 450 employees and 530 employees, respectively. For mid-level and major overhaul on our hydropower projects and coal-fired power plants, we typically engage third-party O&M specialists from reputable institutes in China.

We generally conduct a major overhaul on our hydropower turbines every five to eight years. Our repair and maintenance is generally scheduled in dry seasons, such as the winter and spring. In addition, to minimize the downtime of our hydropower projects during repair, we normally allow our upstream reservoirs to increase water storage while we temporarily shut down cascade hydropower projects for maintenance.

We aim to achieve and maintain high levels of availability factor for our wind turbines, principally by utilizing a systematic approach to monitor the different drivers for wind farm and wind turbine availability, conducting subsequent reviews of periods of non-availability and implementing corrective initiatives to mitigate systemic failures. Due to its smaller size, a wind power project, which consists of multiple wind towers typically has no major overhaul period compared to a hydropower project or a coal-fired power plant and its maintenance and repair work requires relatively less time and, therefore, does not materially interrupt wind power production. As a result, we have deployed an O&M team, usually with eight to ten engineers, to each wind power project site to perform routine maintenance and repair functions. We aim to continue to increase our control of key O&M activities rather than outsourcing O&M services to third-party contractors. This enables us to reduce our overall O&M costs and improve the efficiency of our wind power projects.

We generally conduct a major overhaul on our coal-fired generating units every three to five years. As a major overhaul requires the entire generating unit to be shut down for one to three months, our maintenance timetable for coal-fired power plants is carefully scheduled and coordinated to ensure the stable and safe power generation while minimizing downtime. We generally schedule the overhaul of our coal-fired power plants during periods with a higher level of rainfall so that our hydropower projects could increase production in the meantime to minimize the potential loss of revenue from our suspended coal-fired power plants. It usually takes our coal-fired power plants approximately 10 hours to resume full operation after they have been shut down for a major overhaul. In 2010, we performed major overhauls on two generating units of our Kemen Power Plant when the hydropower conditions near our hydropower projects were considered favorable for power generation.

Our total repair and maintenance expenses for the years ended December 31, 2009, 2010 and 2011, were RMB147.5 million, RMB226.0 million and RMB163.6 million, respectively, representing approximately 2.5%, 3.4% and 3.0%, respectively, of our operating expenses for those periods.

CARBON CREDIT TRANSACTIONS

In addition to selling electricity generated from our power generating projects, we also derive proceeds from the sales of CERs in relation to our CDM projects to improve the economic viability of these projects.

Regulatory Framework

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

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

On December 11, 2011, the United Nations Climate Change Conference in Durban have concluded with an agreement to extend the Kyoto Protocol by five years, from 2013 to 2017, the second commitment period. According to this conference, the details of the extended Kyoto Protocol will be negotiated among the participating countries in 2012. We believe that the European Union will continue to accept CERs from CDM projects registered before the end of 2012 under the Clean Development Mechanism of the Kyoto Protocol, from 2013 to 2017, and the extension of the Kyoto Protocol could result in the ability for our clean energy projects to register under CDM beyond 2012. Please see "Risk Factors – Risks Relating to the Clean Energy Industry – Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB."

For a clean energy project to be recognized as a qualified project, it must satisfy certain requirements, including establishing that reductions in emissions are additional to any that would occur in the absence of the project activity, a concept known as "additionality." Moreover, a project can only qualify through a rigorous and public registration process designed to ensure real, measurable and verifiable emission reductions. The mechanism is overseen by the CDM EB. In order to be considered for registration, a project must be approved by the Designated National Authorities (the "DNA") and validated by a third-party agency, known as a DOE. The CDM EB then decides whether to register the project and issues CER credits based on the monitored emission reductions verified by the DOE. A CDM project activity cycle typically includes the following:

- *Identification of a CDM project and potential project.* CDM project participants shall decide the type of CDM project and secure a potential buyer of the CERs from the Annex I Countries.

- *CDM project design.* CDM project participants shall design their proposed CDM project using the project design documents ("CDM-PDD") developed by the CDM EB. Once completed, the participants shall submit the CDM-PDD to the DOE.

- *Use of an approved methodology or proposal of a new methodology.* CDM project participants can either use a methodology previously approved and made publicly available by the CDM EB or proposed a new baseline methodology. If the participant chooses to propose a new methodology, such new methodology, together with the draft CDM-PDD, shall be submitted by the DOE to the CDM EB for review and approval.

- *DNA approval.* CDM project participants shall submit the CDM application and CDM-PDD to relevant national CDM authorities for approval. Both the CDM project participant and the potential buyer shall obtain a letter of approval from their respective DNA.

- *DOE validation.* Prior to registration of a project, DOE conducts an independent evaluation of the proposed project against the relevant requirements based on the CDM-PDD, a process known as "validation." If a DOE determines the proposed project to be valid, it shall submit a CDM Project Activity Registration Form, together with the CDM-PDD and the written approval issued by the DNA of the host country, to the CDM EB.

- *Registration of the CDM project.* Registration is the formal acceptance by the CDM EB of a validated project as a CDM project activity, a prerequisite for the verification, certification and issuance of CERs. If a proposed project is rejected, it may be reconsidered for validation and subsequent registration after appropriate revisions.

- *Certification and verification of the CDM project.* Verification is the periodic independent review and ex-post determination by the DOE of the monitored reductions in greenhouse gases emission that have occurred as a result of a registered CDM project activity during the verification period. Certification is the written assurance by the DOE that, during a specified period, a project activity achieved the reductions in greenhouse gas emissions as verified. Both the monitoring report and the certification report shall be made publicly available by the DOE.

- *Issuance and transfer.* Upon successful completion of all of the above procedures, the CDM EB issues CER credits to the CDM participants' account, after deducting a 2.0% share of proceeds. The CERs are then transferred by the CDM participants to the buyer from Annex I countries at prices specified in the CER sales agreements.

According to the Measures for Operation and Management of Clean Development Mechanism Projects (《清潔發展機制項目運行管理辦法》) jointly issued by the NDRC and other ministries, only companies wholly owned or controlled by PRC parties may carry out CDM projects in the PRC. All of our clean energy project companies meet this requirement. In addition, for wind power and other clean energy projects that are registered as CDM projects, 2.0% of the proceeds from sale of CERs shall be paid to the PRC government.

CDM projects and sales of CERs

All of our wind power, hydropower and other clean energy projects were developed with a view to be registered as CDM projects, and thus have the potential to be registered with the CDM EB.

The following table sets forth the number of our clean energy projects that were registered with the CDM EB during the Track Record Period:

	Registered			
	Hydropower	**Wind power**	**Solar power**	**Total**
2009	1	4	–	5
2010	–	5	–	5
2011	–	13	1	14
Total	**1**	**22**	**1**	**24**

As of December 31, 2011, we owned 22 wind power projects, one hydropower project and one solar project that were successfully registered with the CDM EB as CDM projects. In February 2010, CDM EB rejected the applications for two wind power projects owned by Heilongjiang Huafu Power Investment Company Limited, a subsidiary which we acquired in December 2010, on the grounds of lacking "additionality" due to their perceived high level of on-grid tariff. As of the Latest Practicable Date, we have submitted the revised applications for these two wind power projects to the CDM EB.

We generally engage third-party agents to assist in our CDM business. All buyers in relation to our CDM projects are reputable energy companies, funds or trading companies active in the international CER market, including those from the U.K., Sweden, Luxembourg, Italy and other European countries. Pursuant to the CER sales agreements we entered into with these buyers, they agreed to purchase all of our CERs issued by the CDM EB until December 31, 2012, at a unit price ranging from EUR8.5 to EUR12.5 per ton. Our international buyers are required to make payments to us within 30 days upon receipt of the invoice after the transfer of the CERs. We derived net income from the sales of CERs of RMB30.6 million, RMB75.2 million and RMB153.4 million for the years ended December 31, 2009, 2010 and 2011, respectively.

To centralize the management of our carbon credit transactions, we have established a carbon asset management team to manage the application and registration of our CDM projects and the sale of CERs, including finding and negotiating with potential CER buyers and coordinating government approvals and the registration, verification, issuance and delivery of CERs. As of December 31, 2011, our carbon asset management team had seven staffs, with four to 22 years of experience in the energy, research and management or the CDM industry, and we have provided CDM-related services to 101 projects owned by us and 75 projects owned by Huadian Group. These 101 projects represent all of our projects that have been registered with the CDM EB or are in the process of applying for CDM registration, primarily including wind power projects, distributed energy projects, solar power projects and hydropower projects at various stages of operation or development. Our Directors confirm that all of the CER sales contracts that we entered into with our CER buyers are binding and enforceable.

TOP FIVE CUSTOMERS AND SUPPLIERS

During the Track Record Period, we derived substantially all of our revenue from sales of electricity generated by our power generating projects. All of our sales of electricity are made to the local grid companies that are directly or indirectly controlled by the PRC government. For the years ended December 31, 2009, 2010 and 2011, sales to our five largest customers in the aggregate represented 98.6%, 97.3% and 89.9%, respectively, of our total revenue (excluding service concession construction revenue) for the same periods. During the same periods, sales to our largest customer, Fujian Electric Power Company Limited, represented 92.2%, 84.2% and 74.5%, respectively, of our total revenue (excluding service concession construction revenue).

For the years ended December 31, 2009, 2010 and 2011, our purchases from our five largest suppliers (excluding purchases reflecting capital expenditures) represented 72.5%, 71.8% and 55.9%, respectively, of our total purchases from our suppliers (excluding purchases reflecting capital expenditures). During the same periods, our purchases from our single largest supplier, Huadian Coal, represented 32.4%, 43.5% and 20.5%, respectively, of our total purchase. Huadian Coal is a connected person of our Company, and we primarily relied on the coal supplies from Huadian Coal and its subsidiaries during the Track Record Period. Going forward, we intend to enter into key supply agreements, through third-party distributors, with major coal suppliers in China. Please see "Risk Factors – Risks Relating to Our Coal-fired Power Business – An increase in coal price and a disruption in coal supply or its transportation could materially adversely affect our coal-fired power business." In 2009 and 2010, China Huadian Coal Transportation and Sales Co., Ltd, a connected person of our Company, was one of our five largest suppliers. Both Huadian Coal and China Huadian Coal Transportation and Sales Co., Ltd are subsidiaries of our Controlling Shareholder.

In addition to coal supplies, our purchase of equipment, principally wind turbines, and project contracting services also represented a substantial portion of our total procurement expenditure. For the years ended December 31, 2009, 2010 and 2011, our purchases from our five largest suppliers of equipment and project contracting services represented 25.1%, 29.6% and 25.6%, respectively, of our capital expenditures in 2009, 2010 and 2011, respectively. During the same periods, our purchases from our single largest supplier of equipment and project contracting services represented 9.5%, 9.9% and 7.9% of our capital expenditures in 2009, 2010 and 2011, respectively. In 2009, Huadian Engineering, a connected person of our Company, was one of our five largest supplies of equipment and project contracting services. In 2010 and 2011, Huadian Heavy Industries Co., Ltd, a connected person of our Company, was one of our five largest suppliers of equipment and project contracting services.

Save as disclosed above, to the knowledge of our Directors, none of our Directors or Supervisors, their respective associates or any of our shareholders holding more than 5% of our issued capital, held any interest in any of the above five largest customers or suppliers as of the Latest Practicable Date.

COMPETITION

We compete with other clean energy companies in China, primarily for development rights, suitable construction location, acquisition opportunities, equipment supplies and access to bank borrowings. A few major power generation groups dominate the clean energy power industry in China, and we face competition mainly from top players, such as China Longyuan Power Group Corporation Limited, China Datang Corporation Renewable Power Co., Limited and Huaneng Renewables Corporation Limited. We believe that competition in the PRC clean energy industry is becoming increasingly intense as other PRC power generation companies strive to capture greater market share in response to the favorable government policies promoting the development of clean energy, especially wind power. Our failure to maintain a competitive position to compete successfully against our competitors may materially and adversely affect our business, financial position, results of operations and prospects.

Our hydropower business currently does not face substantial competition in its operations in Fujian province since we hold a dominant position in the local market.

Our coal-fired power business currently does not face substantial competition since the PRC government authorities determine and review its on-grid tariff and planned generation.

EMPLOYEES

As of December 31, 2011, we had 7,531 full-time employees. The following table sets forth a breakdown of our employees by business segment as of December 31, 2011:

Business segment	Numbers
Hydropower	3,529
Wind power	1,150
Coal-fired power	1,890
Others clean energy	806
Headquarters	156
Total	**7,531**

We have not experienced any strikes or other material labor disturbances that have interfered with our operations to date, and we believe our management, the labor union and employees have maintained good relationships with each other.

ENVIRONMENTAL REGULATION

We are committed to conducting our operations in compliance with applicable environmental laws and regulations, and endeavor to mitigate the adverse effect of our operations on the environment. Our operations are subject to environmental laws and regulations relating to noise control, air and water emissions, water and ground protection and waste management in the construction and operation of renewable energy projects and coal-fired power plants. We operate under a number of licenses and authorizations that are related to environmental regulations. As advised by our PRC legal advisers, we are subject to applicable environmental law and regulation in China and the construction and operation of our power generating projects must be approved by the relevant department of environmental protection administration.

We believe we are in compliance with the applicable environmental laws and regulations. Our PRC legal advisers confirmed that we were in material compliance with all relevant environmental laws and regulations in the PRC, and were not subject to any material environmental claims, lawsuits, administrative penalties due to violations of such environmental laws and regulations in relation to our operation of hydropower, wind power, coal-fired power and other clean energy businesses during the Track Record Period and up to the Latest Practicable Date.

However, the PRC government is moving towards more rigorous enforcement of applicable environmental laws and regulations and the adoption of more stringent environmental standards. The future imposition of stricter environmental legislation could have a material adverse effect on our financial conditions and results of operations. Please see "Risk Factors – Risks Relating to Our Business Operations – We may fail to comply with laws and regulations in the PRC relating to the development, construction and operation of power projects."

For the years ended December 31, 2009, 2010 and 2011, our cost of compliance with applicable environmental laws and regulations was RMB12.3 million, RMB7.3 million and RMB6.2 million, respectively. The cost of compliance with applicable environmental laws and regulations depends on the capacity of our power generating projects.

HEALTH AND SAFETY COMPLIANCE

Our business operations involve risks and hazards that are inherent in such activities. These risks and hazards could result in damage to, or destruction of, property or production facilities, personal injury, business interruption and possible legal liability. All of our power generating projects have adopted various internal policies and taken protective measures to prevent health and safety risks and hazards. As of the Latest Practicable Date, our power generating projects had not encountered any material unplanned outages due to health and safety issues.

As of the Latest Practicable Date, we were in compliance with the applicable PRC laws and regulations on health and safety, including Safe Production Law of the PRC, Supervision Measures on Safe Power Generation issued by the SERC, Measures on Supervision and Administration of Safe Production of Electric Power Industry (電力安全生產監督管理辦法), and implementation rules on safe production issued by various local governments. As of the Latest Practicable Date, we have not been subject to any fines or administrative actions involving noncompliance with any relevant regulations, nor are we required to take any specific compliance measures. Our Directors also confirmed that we did not experience any serious accident in our power plants during the Track Record Period.

INTELLECTUAL PROPERTY

Our intellectual property consists primarily of industry know-how and trade secrets. We do not have any registered patents or trademarks in the PRC. We have entered into a trademark licensing agreement with our Controlling Shareholder regarding our use of its trademarks. Please see "Connected Transactions – Exempt Connected Transactions – (A) Trademark Licensing Agreement."

We have not been involved in any litigation or legal proceedings for violation of intellectual property rights of third parties, nor have we suffered from any infringement of our intellectual property. Please see "Appendix IX – Statutory and General Information."

INSURANCE

We maintain all property and construction risk insurance, machinery breakdown insurance, and customary worker's compensation and automobile insurance with reputable insurance companies in the PRC on terms as generally carried by companies engaged in similar businesses and owning similar properties. We review our insurance policies annually. We do not carry any third-party liability insurance to cover claims in respect of personal injury, property or environmental damages arising from accidents on our property or relating to our operations, nor do we carry any business interruption insurance. We believe that the insurance coverage of our power generating projects is adequate and customary for the power and clean energy industries in China.

LEGAL PROCEEDINGS

As of the Latest Practicable Date, there were no pending or threatened litigation, arbitration, or administrative penalties, and we were not involved in litigation or other proceedings, which would materially and adversely affect our business, financial condition or results of operations as of the Latest Practicable Date. Our PRC legal advisers confirmed that we complied with applicable PRC laws and regulations in all material aspects, and had obtained permits, licenses, qualifications, authorizations and approvals material to our business operations during the Track Record Period and up to the Latest Practicable Date.

We are involved in disputes with the relevant local government authority regarding the amount of resettlement compensation that our Mianhuatan Hydropower Project is required to pay. For more details, please refer to "Risk Factors – Risks Relating to Our Hydropower Business – The resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects" and "Business – Our Hydropower Business – Recent disputes involving the Mianhuatan Hydropower Project" in this prospectus.

PROPERTY

Land

Land for Operating Projects

As of December 31, 2011, we owned, held or occupied 1,585 parcels of land, with a total site area of 15,020,478.4 m^2 for operating projects. We have proper land use rights to all such land, except for three parcels of land, with a total site area of 24,582.0 m^2. These title defects relate to our two wind power projects that became operational in 2011 and our application for land use right certificates to these three parcels of land is being reviewed and processed by the relevant government authorities.

Our Directors believe that our use of the three parcels of land without land use right certificates will not materially adversely affect our business operations due to the following:

- the site areas underlying the three parcels of land only accounted for approximately 0.2% of our total site areas for operating projects as of December 31, 2011;

- our PRC legal advisers have confirmed that there is no material legal impediment for us to obtain the land use rights to these three parcels of land once our applications are approved by the relevant government authorities, and we expect to receive these land use right certificates in 2012; and

- our Controlling Shareholder, Huadian, has undertaken in the Reorganization Agreement that it will indemnify us against any losses, claims, charges or expenses arising from our failure to obtain the outstanding land use right certificates. Our PRC legal advisers have confirmed that the above undertaking given by Huadian is legally binding and enforceable.

Land for Projects under Construction

As of December 31, 2011, we owned, held or occupied 20 parcels of land, with a total site area of 1,480,861.8 m^2 for projects under construction, among which we had not obtained land use rights to 18 parcels of land, with a total site area of 1,455,242.8 m^2.

These title defects were primarily caused by the complex administrative approval procedures, usually with a long waiting period, and the special characteristics of the wind power project construction. Our Directors believe that the title defects in our land for projects under construction will not materially and adversely affect our operations due to the following:

- we have obtained the preliminary government approvals necessary for obtaining the land use right certificates and are in the process of obtaining the relevant land use right certificates for the 18 parcels of land;

- our PRC legal advisers have also confirmed that there is no material legal impediment for us to obtain the land use right certificates for these parcels of land if the necessary procedural requirements are satisfied. We expect that we will be able to obtain the relevant land use right certificates by the time these projects complete construction; and

- our Controlling Shareholder, Huadian, has undertaken in the Reorganization Agreement that it will indemnify us against any losses, claims, charges or expenses arising from our failure to obtain the outstanding land use right certificates. Our PRC legal advisers have confirmed that the above undertaking given by Huadian is legally binding and enforceable.

Leased Land

As of December 31, 2011, we leased one parcel of land with a site area of 262,068.0 m^2, the owner of which had not obtained the land use right certificate.

Our Directors believe that this title defect will not materially and adversely affect our operations due to the following:

- the site area underlying this leased land only accounted for approximately 1.8% of our total site areas for operating projects as of December 31, 2011; and

- our Controlling Shareholder, Huadian, has undertaken in the Reorganization Agreement that it will indemnify us against any losses, claims, charges or expenses arising from the title defect on our leased land. Our PRC legal advisers have confirmed that the above undertaking given by Huadian is legally binding and enforceable.

Buildings

Owned Buildings

As of December 31, 2011, we owned, held or occupied 789 buildings, with a total gross floor area of 733,032.6 m^2. We have proper building ownership certificates to all such buildings, except for 43 buildings, with a total gross floor area of 69,620.9 m^2.

Among our 43 buildings without ownership certificates:

- we are in the process of applying for the certificates to 38 buildings, with a total gross floor area of 67,020.5 m^2;

- we did not apply for the ownership certificate to one building, which we use as office and dormitory, with a gross floor area of 733.4 m^2, due to its noncompliance with the relevant construction standards in China; and

- we may not be able to obtain the ownership certificates to four buildings, totaling 1,867.0 m^2, which were constructed on leased land without land use rights certificate.

Our PRC legal advisers have advised that the potential legal risks for not having proper building ownership certificates may include suspension of construction, fines, demolishment or confiscation of the structure. Our Directors believe that our use of these 43 buildings with title defects will not materially adversely affect our business operations due to the following:

- our PRC legal advisers have confirmed that there is no material legal impediment for us to obtain the ownership certificates for 38 buildings once our applications is approved by the relevant government authorities;

- our PRC legal advisers have also confirmed that there is no material legal impediment for us to obtain the ownership certificates for the building that did not satisfy the relevant construction standards in China after we properly adjust the structure of this building and our application is approved by the relevant government authorities;

- our Controlling Shareholder, Huadian, has undertaken in the Reorganization Agreement that it will assist us in obtaining building ownership certificates; and

- the four buildings, to which we may not obtain their building ownership certificates, are not material to our operations, and the estimated fines we may face for not having ownership certificates to these four buildings were up to approximately RMB92,000.

Leased Buildings

As of December 31, 2011, we leased 45 buildings, with a total gross floor area of 14,725.1 m^2, among which, the owners of 12 buildings totaling 3,613.3 m^2 of gross floor area had not obtained building ownership certificates.

Our PRC legal advisers have advised us that the PRC law may not fully protect our rights under the leases of these buildings. As a result, third parties may challenge our rights to use these buildings and we may have to vacate the relevant premises should any challenge succeed. Our Directors believe that our use of these 12 leased buildings with title defects will not materially adversely affect our business operations due to the following:

- these 12 leased buildings with title defects are primarily used for office and residential purposes;

- our PRC legal advisers have advised us that the effectiveness of the lease agreements shall not be affected without proper filing procedures pursuant to PRC laws, and the lease agreements for these 12 buildings are enforceable and legally binding; and

- our Controlling Shareholder, Huadian, has undertaken in the Reorganization Agreement that it will indemnify us during the terms of our relevant leases against our actual losses, claims, charges and expenses arising from our landlords' failure to obtain the outstanding building ownership certificates and our relevant leases being deemed void. Our PRC legal advisers have confirmed that the above undertaking given by Huadian is legally binding and enforceable.

If Huadian undertakes to indemnify us against any losses, claims, charges or expenses arising from (i) our failure to obtain the outstanding land use right certificates; (ii) the title defect on our leased land; or (iii) our landlords' failure to obtain the outstanding building ownership certificates and our relevant leases being deemed void, such indemnities will be treated as capital reserves on our financial statements.

For further details and risks in our title defects, please see "Appendix IV – Property Valuation Report," and "Risk Factors – Risks Relating to Our Business Operations – We do not possess the title certificates or construction permits in respect of certain land and buildings we own and occupy."

OVERVIEW

In preparation for the Global Offering, our Company was established as a joint stock limited company under the Company Law on August 19, 2011. Upon establishment of our Company, Huadian, our largest Shareholder, owned 90.4% of the total issued share capital of the Company (as to 85.8% being held directly and as to 4.6% being held through its two subsidiaries, Huadian Engineering and Wujiang Hydropower). Immediately upon completion of the Global Offering, Huadian will own, directly and through Huadian Engineering and Wujiang Hydropower, approximately 70.5% of the total issued share capital of the Company (or 68.2% if the Over-allotment Option is exercised in full). Huadian will remain our Controlling Shareholder.

DELINEATION OF BUSINESS AND COMPETITION

Business of our Group

We are a leading diversified clean energy company in China, primarily engaging in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China. We also hold minority interests in a large-scale distributed energy project in Guangdong province and a nuclear power plant in Fujian province which is under construction. According to Frost & Sullivan, as of December 31, 2011, we were the largest hydropower company in Fujian province and in East China (including Fujian province) in terms of consolidated installed hydropower capacity and the fifth largest wind power company in China in terms of consolidated installed wind power capacity. The Group will continue to develop wind power and other clean energy businesses throughout China, and the hydropower and coal-fired power businesses within Fujian province.

Business of Huadian

Huadian is a wholly state-owned enterprise established in 2003 with a registered capital of RMB12.0 billion. The main businesses of Huadian Group (which for the purpose of the description under this subsection, includes our Group) include power generation and supply of electricity and heat, the development of power-related primary energy such as coal and the supply of technological related services.

As of December 31, 2011, the total installed capacity of Huadian Group was 94.10 GW, consisting of 74.91 GW of coal-fired power, 15.95 GW of hydropower and 3.24 GW of wind power and other types of energy. As of December 31, 2011, the total assets of Huadian Group were approximately RMB522.8 billion.

Business Retained by Huadian Group

In preparation for the Global Offering, we undertook the Reorganization, through which we retained the power generation businesses of Huadian Fujian and Huadian injected Huadian New Energy's business into our Group. Please see the section headed "History, Reorganization and Corporate Structure" for details of the Reorganization. As of the Latest Practicable Date, all of our hydropower and coal-fired power businesses were located in Fujian province, while our wind power and other clean energy businesses were located throughout China (the "Existing Business").

Huadian, through its listed and unlisted subsidiaries, has retained certain of its power generation businesses, which competes or is likely to compete with us (the "Competing Business") and will continue to operate the Competing Business after the Global Offering. The Competing Business principally includes:

- two wind power projects (Huadian Nujiang Wind Power Project and Huadian Inner Mongolia Wind Power Project) currently under construction, with a total estimated capacity of 99.0 MW, which are owned by Huadian's unlisted subsidiaries as of December 31, 2011;

- one coal-fired power plant (Kemen II) currently in operation, with a total capacity of 1,200.0 MW, which is owned by Huadian's unlisted subsidiary in Fujian province as of December 31, 2011; and

- equity interests in the following four listed companies, which are engaged in, among others, coal-fired power, hydropower and wind power generation, including:

  - ***Huadian International***

    As of December 31, 2011, Huadian directly held a 45.95% equity interest in Huadian International, a joint stock company with limited liability listed on the Shanghai Stock Exchange (Stock Code: 600627) and the Stock Exchange (Stock Code: 01071).

    Based on the 2011 annual report of Huadian International filed with the Stock Exchange ("Huadian International 2011 Annual Report"),[(1)] Huadian International mainly engages in the construction and operation of power plants, including large-scale efficient coal- and gas-fired generating units and various renewable energy projects, and the development, construction and operation of coal mines.

    Based on the Huadian International 2011 Annual Report, as of December 31, 2011, the net assets of Huadian International totaled approximately RMB23.8 billion, the total controlled installed capacity amounted to 29,818 MW, including 27,934 MW attributable to coal- and gas-fired generating units, and 1,884 MW attributable to renewable energy generating units. For the year ended December 31, 2011, revenue generated from sale of electricity amounted to approximately RMB51,125 million and its operating profit amounted to RMB3,155 million.

(1) It is prepared in accordance with International Financial Reporting Standards.

- ***Huadian Energy***

As of December 31, 2011, Huadian directly held a 44.8% equity interest in Huadian Energy, a joint stock company with limited liability listed on the Shanghai Stock Exchange (Stock Code: 600726).

Huadian Energy is primarily engaged in the construction and operation of power plants heat provision and coal sales. Based on the 2011 annual report of Huadian Energy filed with the Shanghai Stock Exchange ("Huadian Energy 2011 Annual Report"),(2) most of Huadian Energy's power plants were coal-fired power plants located in the Northeast of China. For the year ended December 31, 2011, most of the revenue of Huadian Energy was generated within Heilongjiang province.

Based on the Huadian Energy 2011 Annual Report, for the year ended December 31, 2011, the revenue of Huadian Energy was RMB9.74 billion and it recorded a loss of approximately RMB118.7 million. As of December 31, 2011, the total assets of Huadian Energy totaled RMB22.1 billion. As of December 31, 2011, the total installed capacity of all power businesses controlled by Huadian Energy was 6,048 MW and the total attributable installed capacity of Huadian Energy was 5,709.5 MW.

- ***Shenyang Jinshan***

As of December 31, 2011, Huadian indirectly held a 29.8% equity interest in Shenyang Jinshan, a joint stock company with limited liability listed on the Shanghai Stock Exchange (Stock Code: 600396).

Shenyang Jinshan is primarily engaged in the construction and operation of power plants and other businesses related to power generation. Based on the 2011 annual report of Shenyang Jinshan filed with the Shanghai Stock Exchange ("Shenyang Jinshan 2011 Annual Report"),(2) most of Shenyang Jinshan's power plants were coal-fired power plants and wind power plants located in Liaoning province and coal-fired power plants located in Inner Mongolia.

Based on the 2011 annual report of Shenyang Jinshan filed with Shanghai Stock Exchange, for the year ended December 31, 2011, the revenue of Shenyang Jinshan was RMB3,207 million and its operating profit was RMB159.2 million. As of December 31, 2011, the total assets of Shenyang Jinshan totaled RMB14.0 billion.

(2) It is prepared in accordance with PRC GAAP.

- ***Qianyuan Power***

  Qianyuan Power is a joint stock company with limited liability listed on the Shenzhen Stock Exchange (Stock Code: 002039). As of December 31, 2011, Huadian directly held a 13.58% equity interest in Qianyuan Power. Wujiang Hydropower, a subsidiary of Huadian, directly held a 12.2% equity interest in Qianyuan Power.

  Qianyuan Power is primarily engaged in the construction and operation of power plants and other businesses related to power generation. Based on the 2011 annual report of Qianyuan Power filed with the Shenzhen Stock Exchange ("Qianyuan 2011 Annual Report"),(3) all of the power plants owned by Qianyuan Power were hydropower plants in Guizhou province.

  Based on the Qianyuan 2011 Annual Report, for the year ended December 31, 2011, the revenue of Qianyuan Power was RMB980 million and it recorded a loss of approximately RMB119.66 million. As of December 31, 2011, the total assets of Qianyuan Power were RMB15.51 billion. As of December 31, 2011, the total installed capacity of Qianyuan Power in operation was 2,467 MW and the total attributable installed capacity of Qianyuan Power in operation was 1,475 MW; the total installed capacity of Qianyuan Power under construction was 745.5 MW and the total attributable installed capacity of Qianyuan Power under construction was 381 MW.

- Various other clean energy power projects.

Except for the Competing Business, there is no other material business retained or operated by Huadian Group, which competes or is likely to compete with our Existing Business.

Huadian entered into the Non-Competition Agreement with us on June 4, 2012, under which we were granted an option for new business opportunities in any Existing Business, as well as an option and pre-emptive rights to acquire the Competing Business of Huadian's unlisted subsidiaries. Huadian has acknowledged that we were formed and are operated as the platform for Huadian to develop diversified clean energy business. Please see "– Non-Competition Agreement and Undertakings" in this section for further details.

(A) Competing Business by Huadian's Unlisted Subsidiaries

Wind Power Business

As of the Latest Practicable Date, Huadian, through its unlisted subsidiaries other than our Group, operates two wind power projects in the PRC.

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(3) It is prepared in accordance with PRC GAAP.

Huadian holds, and will after the Global Offering continue to hold, 51% equity interest in Huadian Nujiang River Hydropower Development Co., Ltd. (華電怒江水電開發有限公司), which owns one wind power plant in Yunnan province, namely Maoniuping Wind Power Plant (犛牛坪風電場) (the "Huadian Nujiang Wind Power Project"). As of December 31, 2011, Huadian Nujiang Wind Power Project was under construction with an estimated total installed capacity of 49.5 MW. During the Track Record Period, Huadian Nujiang Wind Power Project had not recorded any revenue, profit or loss. As of December 31, 2011, the total investment made into Huadian Nujiang Wind Power Project (unaudited) amounted to approximately RMB156.0 million.

Huadian holds, and will after the Global Offering continue to hold, 100% equity interest in Huadian Inner Mongolia Energy Co., Ltd. (華電內蒙古能源有限公司), which owns one wind-solar hybrid power plant in Inner Mongolia, namely Huadian Erlianhaote Wind-Solar Hybrid Power Electricity Supply Experimental Project (華電二連浩特風光互補城市供電示範項目) (the "Huadian Inner Mongolia Wind Power Project"). As of December 31, 2011, Huadian Inner Mongolia Wind Power Project was under construction with an estimated total installed capacity of 49.5 MW. During the Track Record Period, Huadian Inner Mongolia Wind Power Project had not recorded any revenue, profit or loss. As of December 31, 2011, the total assets of Huadian Inner Mongolia Wind Power Project (unaudited) were approximately RMB705.3 million and the net assets of Huadian Inner Mongolia Wind Power Project (unaudited) were approximately RMB90 million.

Set out below is a table summarizing the two wind power projects:

Project Company	**Total Estimated Capacity**	**Location**	**Status**
	(in MW)		
Huadian Nujiang Wind Power Project	49.5	Yunnan	Under construction
Huadian Inner Mongolia Wind Power Project	49.5 (wind power only)	Inner Mongolia	Under construction

Huadian Nujiang Wind Power Project is located in Yunnan province, where our Group also owns some pipeline wind power projects. Meanwhile, Huadian Inner Mongolia Wind Power Project is located in Inner Mongolia, where our Group also operates wind farms. Due to the similar business nature and overlapping geographical markets, our Directors consider that there may be potential competition between Huadian Group and us. However, for the following reasons, such potential competition, if it were to materialize, will be limited to our Group, and has been sufficiently addressed by the terms of the Non-Competition Agreement:

- According to the Renewable Energy Law, grid companies are required to provide grid connection services and related technical support, and purchase all of the electricity generated from renewable energy projects that are located in the areas covered by the grid company within the guaranteed purchase scope. In addition, the PRC government regulates the on-grid tariffs for wind power plants. In light of the above, our Directors are of the view that there is no competition between wind power projects in the PRC, even if they are located within the same province in terms of grid connection, electricity sales and on-grid tariff, due to the aforementioned legal requirements.

However, while the PRC government has repeatedly reaffirmed its intention to continue and strengthen the support to the wind power industry, and our Directors are not aware of any indication of potential changes to the existing policies and regulations favorable to wind power businesses, we cannot assure you that the PRC government will not change the favorable policies and regulations at any time. For risk associated with any potential changes to the existing favorable policies and regulations applicable to the wind power industry and the adverse impact relating thereto, please see the section entitled "Risk Factors – Risks Relating to the Clean Energy Industry – Our clean energy business depends on support from PRC government's policies and regulations" for more details.

- Although the mandatory purchase obligation may in theory prevent wind power companies from competing with each other, wind power plants in certain regions of PRC sometimes experience dispatch problems due to transmission capacity limitation of local power grids. Please see the section headed "Risk Factors – Risks Relating to Our Wind Power Business – We rely on local grid companies for grid connection and electricity transmission" for more details. As such, after completion of the wind power plants owned by Huadian's unlisted subsidiaries, electricity transmission limitation may have certain potential impact on the competition relationship between our Group's and Huadian Group's wind power businesses in overlapping provinces:

(1) Yunnan Province:

Our Group owns one advanced pipeline project and three intermediate pipeline projects in Yunnan Province, none of which have commenced construction as of the Latest Practicable Date. The estimated total installed capacity of these projects is 193.5 MW. After completion of Huadian Nujiang Wind Power Project, its wind power plants will have 49.5 MW of installed capacity. Hence the impact of the potential dispatch problem on the competition between Huadian Nujiang Wind Power Project and the wind power businesses of our Group in Yunnan province, even if it were to materialize, is expected to be limited.

(2) Inner Mongolia:

Wind power plants in Inner Mongolia sometimes experience dispatch problem. However, compared to our Group's wind power business in Inner Mongolia, Huadian Inner Mongolia Wind Power Project is much smaller in scale. As of December 31, 2011, our Group's wind power plants in Inner Mongolia had 722.8 MW of installed capacity in operation and an additional capacity of 447.5 MW of our Group's wind power projects is expected to be added to our capacity after our wind power projects under construction in Inner Mongolia become fully operational by the end of 2012. After completion of Huadian Inner Mongolia Wind Power Project, its wind power plants will have 49.5 MW of installed capacity. Hence the impact of the potential dispatch problem on the competition between Huadian Inner Mongolia Wind Power Project and the wind power businesses of our Group in Inner Mongolia, even if it were to materialize, is expected to be limited.

Moreover, the competition to dispatch generated electricity generally exists among all the wind power plants located in the area covered by the same local power grid, rather than between certain specific wind power plants. In the event that the generating capacity by the existing wind power plants exceeds the dispatch capacity of such local power grid, there is certain possibility that the local power grid will constrain the dispatch of electricity generated by all the wind power plants in such area. Under such circumstance, the local power grid will inform such wind power plants from time to time that all of them shall reduce their generated electricity to a similar extent. Accordingly, no single wind power plant will be affected disproportionately.

In view of the above, our Directors believe that even though there is some degree of potential competition between Huadian Group and us with respect to the wind power plants in Yunnan province and Inner Mongolia, the competition, even if it were to materialize, is limited to us.

Our Group acquired the current wind power projects owned by Huadian New Energy through the Reorganization. Huadian Inner Mongolia Wind Power Project and Huadian Nujiang Wind Power Project were not owned by Huadian New Energy, therefore, they were not included as part of our Group's assets. Notwithstanding the plan for the Huadian Group to continue to operate these two wind power projects, we have been closely monitoring the development of these two projects. In particular, it is noted that the two wind power projects owned by Huadian Group through Huadian's unlisted subsidiaries are still under construction and are in the process of obtaining land use rights from relevant regulatory authorities. In addition, as the first wind-solar hybrid power electricity supply project in Inner Mongolia, Huadian Inner Mongolia Wind Power Project is an experimental project. Compared with wind power projects currently operated or constructed by the Group, the technical, operational and financial parameters of this experimental project have not been generally accepted by its industry. It faces a greater extent of uncertainty with respect to the future performance and financial merits when compared with the Group's wind power projects. Our Directors are of the view that the financial merits of these retained wind power projects are uncertain, and the inclusion of these two wind power projects into our Group prior to the completion of the Global Offering is not in the best interest of us and our Shareholders as a whole.

Nonetheless, Huadian undertakes under the Non-Competition Agreement that, our Group has the Option for Acquisition and Pre-emptive Right to acquire these two wind power projects during the term of the Non-Competition Agreement, and we may consider to purchase these two wind power projects within two years after the Listing of our Group on the Stock Exchange, when their land use rights from relevant regulatory authorities are obtained, and subject to compliance with applicable laws, regulations and rules (including, but not limited to, the Hong Kong Listing Rules). Please see "– Non-Competition Agreement and Undertakings" in this section for details of the Non-Competition Agreement. As of the Latest Practicable Date, Huadian has agreed in principle to sell Huadian Nujiang Wind Power Project to our Group and such disposal has been submitted to other shareholders of Huadian Nujiang River Hydropower Development Co., Ltd. for consideration.

Coal-fired Power Business

Huadian, through its unlisted subsidiaries, holds, and will continue to hold, after the Global Offering, various coal-fired power businesses located throughout the PRC, outside Fujian province (except Kemen II). All the coal-fired power plant that we own, develop and operate are located in Fujian province.

Relationship between Kemen II and Us

Set out below is a table summarizing Kemen II as of the Latest Practicable Date:

Project Company	**Total Capacity (in MW)**	**Location**	**Status**
Kemen II	1,200	Fujian	In operation

Huadian Fuxin Energy Co., Ltd. transferred its 100% equity interest in Kemen II to Huadian in January 2011 for a cash consideration of RMB206.5 million. On the date of disposal, the carrying amount of net assets of Kemen II was RMB142.3 million. We recorded a profit of approximately RMB64.2 million from this transaction. The consideration was determined with reference to an independent valuation report. The difference between the consideration received and the carrying amount of net assets of Kemen II was recorded as other net income.

During the years ended December 31, 2009, 2010 and 2011, the unaudited revenue of Kemen II was approximately RMB1.6 billion, RMB1.4 billion and RMB2.7 billion, representing approximately 21.8%, 16.7% and 28.1%[(1)], respectively, of our total revenue. For the year ended December 31, 2009, the net profit of Kemen II was approximately RMB113 million, representing approximately 25.6% of our Group's net profit. Kemen II recorded unaudited losses of approximately RMB121 million and RMB53 million for the two financial years ended December 31, 2010 and 2011, respectively.

(1) Calculated based on the assumption that Kemen II was not disposed of in January 2011.

Our Directors are of the view that the competition between Huadian Group through Kemen II and us is limited for the following reasons:

- Historically, Kemen II operated to serve customers in Fujian province. As of the Latest Practicable Date, Kemen II fulfilled all pre-conditions for the final approval from the NDRC, which is the only outstanding PRC regulatory approval for coal-fired power development and generation. Huadian has undertaken to assume all the potential fines and/or penalties in relation to Kemen II's operation without relevant permits and approvals. In order to minimize potential competition between Kemen II and us, Kemen II has entrusted Kemen to operate and manage the businesses of Kemen II in accordance with the entrusted operation agreement, dated January 29, 2011, between Kemen II and Kemen. Please see section headed "Connected Transactions" for more details. Notwithstanding the plan for the Huadian to operate Kemen II, we have been closely monitoring the development of Kemen II. In particular, it is noted that Kemen II is in the process of obtaining final approval from the NDRC. Our Directors are of the view that the inclusion of this business into our Group prior to the completion of the Global Offering is not in the best interest of us and our Shareholders as a whole. Nonetheless, Huadian undertakes under the Non-Competition Agreement that, our Group has the Option for Acquisition and Pre-emptive Right to acquire Kemen II, subject to compliance with applicable requirements under the Listing Rules. We may consider to exercise the option to acquire Kemen II from Huadian after the Listing of our Group on the Stock Exchange, when such option is exercisable (*i.e.*, after Kemen II has obtained the final approval from the NDRC for coal-fired power development and generation), and subject to compliance with applicable laws, regulations and rules (including, but not limited to Hong Kong Listing Rules). Please see "– Non-Competition Agreement and Undertakings" in this section for details of the Non-Competition Agreement.

- In the PRC, on-grid tariffs for coal-fired power are two-fold: (i) the on-grid tariffs regulated by the PRC government for power generation within certain amounts; and (ii) a competitive tariff determined through the competitive bidding process for power generation that exceeds the threshold. The percentage of our revenue derived from the amount of coal-fired power generation subject to the competitive tariff in relation to our total revenue derived from coal-fired power generation for the years ended December 31, 2009, 2010 and 2011 was approximately 0.9%, 0.7% and 0.1%, respectively. Given that the percentage of the revenue derived from coal-fired power generation subject to competitive tariff is minimal compared with that for coal-fired power generation subject to the government regulated tariff, our Directors are of the view that the competition between Kemen II and us is not extreme.

(B) Competing Business by Huadian's Listed Subsidiaries

Huadian currently holds equity interest in four listed companies, namely Qianyuan Power, Huadian International, Huadian Energy and Shenyang Jinshan. These listed subsidiaries are mainly engaged in the hydropower, wind power and coal-fired power businesses.

Our Directors are of the view that there is no competition between Huadian's listed subsidiaries and us in terms of hydropower and coal-fired power businesses for the reason that, as of the Latest Practicable Date, all the hydropower and coal-fired power businesses retained by the listed subsidiaries of Huadian were located outside Fujian province, and all of our Group's hydropower and coal-fired power businesses are located within Fujian province, thus there is no geographic overlap between the hydropower and coal-fired power businesses retained by the listed subsidiaries of Huadian and our Group's hydropower and coal-fired power businesses.

Due to the similar nature of our businesses and common customers, our Directors are of the view that there may be potential competition between Huadian's listed subsidiaries and us with respect to wind power businesses. However, our Directors are of the view that the competition is limited for the following reasons:

- According to the Renewable Energy Law, grid companies are required to provide grid connection services and related technical support, and purchase all of the electricity generated from renewable energy projects that are located in the areas covered by the grid company within the guaranteed purchase scope. In addition, the PRC government regulates the on-grid tariffs for wind power plants. However, in practice, the sale of electricity generated by our Group's wind power projects may be limited by the transmission capacity of the local power grids. Please see the section headed "Risk Factors – Risks Relating to Our Wind Power Business – We rely on local grid companies for grid connection and electricity transmission" of this prospectus for more details. In light of the above, our Directors are of the view that there is no direct competition between wind power projects in operation in the PRC even if they are located in the same province in terms of grid connection, electricity sales and on-grid tariff due to the aforementioned legal requirements.

- Although the mandatory purchase obligation may in theory prevent wind power companies from competing with each other, wind power plants in certain regions of PRC sometimes experience dispatch problems due to transmission capacity limitation of local power grids. Please see the section headed "Risk Factors – Risks Relating to Our Wind Power Business – We rely on local grid companies for grid connection and electricity transmission" of this prospectus for more details. As such, electricity transmission capacity limitation may have certain impact on the competition relationship between Huadian's listed subsidiaries and us with respect to wind power businesses.

  Among the four listed subsidiaries, only Huadian International and Shenyang Jinshan own and operate wind power businesses in the provinces where our Group also owns and operates wind power businesses and where transmission limitation exists:

(1) Huadian International

According to Huadian International 2011 Annual Report, as of December 31, 2011, Huadian International owned and operated wind power businesses in Inner Mongolia (448.5 MW), Hebei province (100.5 MW) and Shandong province (40.5 MW) where our Group also owns and operates wind power businesses. However, our Directors are of the view that the competition between Huadian International and us is limited for the following reasons:

(i) The total installed capacity of our Group's wind power businesses in the overlapping provinces only represents a small portion of the total installed capacity of the respective overlapping provinces:

- In respect of Inner Mongolia: Power plants located in the eastern area of Inner Mongolia and those located in the western area of Inner Mongolia are connected to different local grids. Therefore, there is no competition between power plants located in different areas of Inner Mongolia. As of December 31, 2011, the total installed capacity of Huadian International's wind power plants in Inner Mongolia was 448.5 MW, all of which were located in the eastern area of Inner Mongolia. As of December 31, 2011, the total installed capacity of our Group's wind power plants located in the eastern area of Inner Mongolia was only 49.5 MW in operation and 148.5 MW under construction.

- In respect of Hebei province: As of December 31, 2011, the total installed capacity of Huadian International's wind power plants in Hebei province was 100.5 MW, representing approximately 1.4% of the total installed capacity of the wind power plants in Hebei province. As of December 31, 2011, the total installed capacity of our Group's wind power plants in Hebei Province was 50 MW in operation, representing approximately 0.7% of the total installed capacity of the wind power plants in Hebei province.

- In respect of Shandong province: As of December 31, 2011, the total installed capacity of Huadian International's wind power plants in Shandong province was 40.5 MW, representing approximately 0.9% of the total installed capacity of the wind power plants in Shandong province. As of December 31, 2011, we had no wind power project in Shandong province, either in operation or under construction. We own two advanced pipeline wind power projects in Shandong province, with an estimated total installed capacity of 96.0 MW. Therefore, there is only potential competition between Huadian International and us with respect to wind power business in the Shandong province.

(ii) The competition to dispatch generated electricity generally exists among all the wind power plants located in the area covered by the same local power grid, rather than between certain specific wind power plants. In the event that the generating capacity of the existing wind power plants exceeds the dispatch capacity of such local power grid, there is a certain possibility that the local power grid will constrain the dispatch of electricity generated by all the wind power plants in such area. Under such a circumstance, the local power grid will inform such wind power plants from time to time that all of them shall reduce their generated electricity to a similar extent. Accordingly, no single wind power plant will be affected disproportionately.

(iii) As of December 31, 2011, the total installed capacity of our Group's wind power plants in operation that compete with Huadian International (99.5 MW), represented only a small portion (approximately 4.6%) of the total installed capacity of our Group's wind power plants in operation throughout China (2,171.3 MW).

(iv) As of December 31, 2011, the total installed capacity of our Group's pipeline wind power plants throughout China was 40,054.5 MW, while the total installed capacity of Huadian International's pipeline wind power plants throughout China was only 2,076.5 MW.

Based on the above, our Directors are of the view that the competition between Huadian International and our Group with respect to wind power businesses is limited.

Furthermore, Huadian will not compete with the Group through Huadian International for the following reasons:

- As Huadian International, in which Huadian owns 45.95% of its equity interest, is a company listed on the Stock Exchange and Shanghai Stock Exchange, the operational and investment decisions of Huadian International are made by its directors and management teams. The current board of directors of Huadian International is comprised of 12 directors (two executive directors, six non-executive directors and four independent non-executive directors) and the senior management comprises nine members. Among the 12 directors, only two are executive directors, neither of whom holds any position within Huadian Group, and only four non-executive directors hold positions within Huadian Group. Among the nine senior management, only two of them previously held positions within Huadian Group. Moreover, a director would have to abstain from voting at the board meetings and not be counted in the quorum if he/she is connected with Huadian Group. Therefore, Huadian may not be able to control all the business decisions of Huadian

International. In addition, there is no overlapping in the management team between Huadian International and us. Furthermore, according to the Company Law, a director of a PRC incorporated company shall act in the best interest of all shareholders of the company with respect to the affairs of the company and shall not conduct any act solely with a view to protect the interest of the shareholder who nominated him or her.

- The directors shall also comply with the requirements of the respective rules of stock exchanges, including those relating to equal treatment of shareholders and the operational independence of a listed company, and shall seek independent shareholders' approval on certain matters, in particular those relating to connected party transactions in which the controlling shareholder has a material interest, including decisions on whether or not to inject any business into the Group and whether or not to compete with the Group. Therefore, it is practically unattainable to obtain any undertaking made by Huadian with respect to inclusion of the business of Huadian International into the Company or any non-competition undertaking. For this purpose, the Non-Competition Agreement expressly carves out the compliance of the non-competition undertaking by Huadian with respect to Huadian International.

(2) Shenyang Jinshan

According to Shenyang Jinshan 2011 Annual Report, as of December 31, 2011, Shenyang Jinshan owned and operated wind power businesses in Liaoning province where our Group also owns and operates wind power businesses. However our Directors are of the view that the competition between Shenyang Jinshan and us is limited for the following reasons:

(i) The installed capacity of the wind power plants in operation of our Group only accounts for a small portion of the total installed capacity of the wind power plants in Liaoning province. As of December 31, 2011, the total installed capacity of our Group's wind power plants in operation in Liaoning province was 96.0 MW, representing approximately 1.8% of the total installed capacity of the wind power plants in Liaoning province. As of December 31, 2011, Shenyang Jinshan owned and operated four wind power plants in Liaoning province. Shenyang Jinshan did not disclose the total installed capacity of these four wind power plants in its annual report.

(ii) The competition to dispatch generated electricity generally exists among all the wind power plants located in the area covered by the same local power grid, rather than between certain specific wind power plants. In the event that the generating capacity by the existing wind power plants exceeds the dispatch capacity of such local power grid, there is a certain possibility that the local power grid will constrain the dispatch of electricity generated by all the wind power plants in such area. Under such a circumstance, the local power grid will inform such wind power plants from time to time that all of them shall reduce their generated electricity to a similar extent. Accordingly, no single wind power plant will be affected disproportionately.

(iii) Furthermore, as of December 31, 2011, the total installed capacity of our Group's wind power plants in operation, which competes with Shenyang Jinshan (96.0 MW), represents only a small portion (approximately 4.4%) of the total installed capacity of our Group's wind power plants in operation throughout China (2,171.3 MW).

Based on the above, our Directors are of the view that the competition between Shenyang Jinshan and our Group with respect to wind power businesses is limited.

Other than the above-mentioned wind power businesses as in the overlapping provinces, the Directors have confirmed that as of December 31, 2011, Huadian's listed subsidiaries did not operate any wind power plant in provinces where we also operate wind power plants.

In addition, our Directors believe that Huadian Group would not compete with us through Huadian's listed subsidiaries for the following reasons:

- As Qianyuan Power, Huadian International, Huadian Energy and Shenyang Jinshan are all listed companies, their operational and investment decisions are made by their respective directors and management teams. Moreover, a director would have to abstain from voting at the board meetings and not be counted in the quorum if he/she is connected with their respective controlling shareholder. According to the Company Law, a director of a PRC incorporated company shall act in the best interest of all shareholders of the company with respect to the affairs of the company and shall not conduct any act solely with a view to protecting the interest of the shareholder who nominated him or her. Our directors shall also comply with the requirements of the respective rules of stock exchanges, including those relating to equal treatment of shareholders, and shall seek independent shareholders' approval on certain matters, in particular those in which the controlling shareholder has a material interest.

- As Qianyuan Power, Huadian International, Huadian Energy and Shenyang Jinshan are all listed companies and subject to the listing rules of the relevant stock exchange in respect of the operational independence of listed companies, business decisions shall be made independently from their respective controlling shareholder. Huadian is not able to control all of the business decisions of its listed subsidiaries simply by virtue of its shareholding, including decisions on whether or not to inject any business into our Company and whether or not to compete with us. Therefore, it is practically impossible to obtain any undertaking made by Huadian with respect to inclusion of the business of any of Huadian's listed subsidiaries into the Company or any noncompetition undertaking.

In view of the above, Huadian has not and is not in the position to go through the process of trying to inject the wind power and other clean energy businesses operated by its listed subsidiaries into our Group.

Other Clean Energy Power Projects

Huadian holds and will continue to hold (through its listed subsidiaries and unlisted subsidiaries), after our Listing, interest in various other clean energy power projects (including, but not limited to, distributed energy, nuclear power, solar power and biomass energy projects, collectively, the "Other Clean Energy Power Projects"). However, the Directors believe that Huadian's Other Clean Energy Power Projects do not compete with us for the following reasons:

- According to the Renewable Energy Law, grid companies are required to provide grid connection services and related technical support to, and to purchase all of the electricity generated from renewable energy projects that are located in the areas covered by the grid company within the guaranteed purchase scope. In addition, the PRC government regulates the on-grid tariffs for wind power plants.

- As of December 31, 2011, Huadian International owned and operated one solar power project in Ningxia province with a total installed capacity of 10.0 MW and one biomass energy power project in Anhui province with a total installed capacity of 25.0 MW. Except as disclosed above, as of December 31, 2011, none of the listed subsidiaries of Huadian owned or operated any other clean energy power projects. As of December 31, 2011, our Group did not have any other clean energy power project in operation in Ningxia province or Anhui province. As of December 31, 2011, Huadian, through its unlisted subsidiaries, did not have any other clean energy power project in operation that competes or is likely to compete with us. In light of the above, the Directors are of the view that the Huadian's Other Clean Energy Power Project do not compete with us.

- Furthermore, the consolidated installed capacity of our other clean energy projects accounts for only a minimal portion of the total consolidated installed capacity of all of our power generating projects. For the years ended December 31, 2009, 2010 and 2011, the consolidated installed capacity of our other renewable energy projects accounted for approximately 2.9%, 2.6% and 1.2%, respectively, of the total consolidated installed capacity of all of our power generating projects.

Relationship Between Conventional Energy Power Projects and Clean Energy Power Projects

According to the Renewable Energy Law, grid companies are required to provide grid connection services to, and to purchase all of the electricity generated from the renewable energy projects that are located in the areas covered by the grid companies within the guaranteed purchase scope. Moreover, renewable energy projects enjoy priority in dispatch when comparing with conventional energy projects. Please see the section headed "Industry Overview – Overview of the Global and PRC Clean Energy Industry – The PRC Clean Energy Industry" of this prospectus for details.

In light of the above, our Directors are of the view that Huadian's conventional energy projects do not compete with our Group's wind power and other clean energy projects throughout China, even though they are located in the same province.

DIRECTORS' COMPETING INTERESTS

Other than the position in Huadian held by our Directors, Huang Xianpei and Mao Xishu, which will be further discussed below, our Directors have confirmed that they did not have any interests in any business, which directly or indirectly competes or is likely to compete with our business as of the Latest Practicable Date.

NON-COMPETITION AGREEMENT AND UNDERTAKINGS

Huadian's Non-Competition Undertakings to its Listed Subsidiaries

Huadian entered into a non-competition agreement with Huadian International on February 2, 2012, according to which Huadian undertook that: (i) Huadian International is the platform through which Huadian develops its conventional energy-based electricity generation businesses, (ii) Huadian will inject its non-listed conventional energy-based electricity generation assets into Huadian International within approximate five years when such assets are suitable for injection into a listed company; and (iii) Huadian grants Huadian International the pre-emptive right to acquire conventional energy-based electricity generation projects. Huadian made a further clarification to Huadian International on February 20, 2012, according to which "the non-listed conventional energy-based electricity generation assets owned by Huadian, which Huadian will inject into Huadian International within approximate five years, and the pre-emptive right given by Huadian to Huadian International to acquire conventional energy based electricity generation projects" as mentioned in the previous non-competition agreement, does not cover the conventional energy-based electricity generation projects (including, but not limited to, coal-fired power business and hydropower business) within Fujian province. Furthermore, except for the Group, Huadian and its subsidiaries (both listed subsidiaries and unlisted subsidiaries) will not develop any electricity generation business (including, but not limited to, coal-fired power business and hydropower business) in Fujian province going forward. Huadian International acknowledged its recipient of the clarification above on February 21, 2012.

Huadian entered into the Non-Competition Agreement with us on June 4, 2012, according to which Huadian undertook that: (i) our Group is the sole clean energy platform of Huadian for the ultimate consolidation of its wind power and other clean energy businesses (including, but not limited to, distributed energy, nuclear power, solar power and biomass energy businesses) throughout China and its hydropower business in Fujian province; (ii) Huadian will support the development of our Group's wind power and other clean energy businesses throughout China and our hydropower business in Fujian province on a priority basis and will not give priority to other subsidiaries of Huadian (including its listed subsidiaries) in the development of wind power and other clean energy businesses throughout China and the hydropower business in Fujian province; (iii) Huadian grants our Group the pre-emptive right and acquisition right to acquire the wind power and other clean energy businesses retained by Huadian and its unlisted subsidiaries, and the option for new opportunities to develop wind power and other clean energy business throughout China and hydropower business in Fujian province that Huadian and its unlisted subsidiaries become aware of; and (iv) Huadian will facilitate the consolidation of its wind power and other clean energy businesses on an arm's-length basis within five years. As such, the Directors are of the view that there is no conflict between the undertakings granted under the Huadian's non-competition undertakings to Huadian International and the non-competition undertakings granted to our Company under the Non-Competition Agreement.

In addition, after reviewing publicly available information relating to Huadian's non-competition undertakings to Huadian International and the relevant documentation, our PRC legal advisers are of the view that the undertakings granted under Huadian's non-competition undertakings to Huadian International do not contradict with the non-competition undertakings granted to our Company under the Non-Competition Agreement.

Non-Competition Agreement

We entered into the Non-Competition Agreement with Huadian on June 4, 2012, under which Huadian agreed not to, and to procure its unlisted subsidiaries not to, compete with us in the clean energy businesses, including hydropower within Fujian province, wind power, distributed energy, nuclear power, solar power and biomass energy businesses throughout China and our coal-fired power business in Fujian province (the "Existing Business") and granted to us options for new business opportunities, options for acquisitions, and preemptive rights. In addition, since the Non-Competition Agreement is not binding on Huadian's listed subsidiaries, these subsidiaries are free to acquire and/or develop businesses that may compete with our business.

Huadian has irrevocably undertaken in the Non-Competition Agreement that, other than the Existing Businesses currently held by Huadian, during the term of the Non-Competition Agreement, it will not, and will also procure its unlisted subsidiaries (other than our Group) not to, in or outside of the PRC, alone or with any other entity, in any form, directly or indirectly, engage in, participate in or assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with the Existing Business.

Notwithstanding the above, the foregoing restrictions do not apply to the holding of securities in a company that engages in any Existing Business and whose securities are listed on any stock exchange, provided that Huadian and/or its subsidiaries hold or control in aggregate less than 10% of the voting power at any general meeting of such company.

Options for New Business Opportunities

Huadian has undertaken in the Non-Competition Agreement that:

(i) during the term of the Non-Competition Agreement, if Huadian or its unlisted subsidiaries (other than our Group) become aware of a new business opportunity in any Existing Business, Huadian will notify us in writing immediately and provide to us all information that is reasonably necessary for us to consider whether or not to engage in such business opportunity (the "Offer Notice"). Huadian is also obligated to use its best efforts to procure that such opportunity is first offered to us on terms that are fair and reasonable. We are entitled to decide whether or not to take up such business opportunity within 30 days from receiving the Offer Notice, subject to compliance with the applicable requirements under the Listing Rules; and

(ii) Huadian shall procure its unlisted subsidiaries (other than our Group) to first offer to us any business opportunity in any Existing Business.

If we decide not to take up the new business opportunity for any reason or do not respond to Huadian and/or its subsidiaries within 30 days from receiving the Offer Notice, Huadian or its subsidiaries may operate such new business opportunity at their discretion.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to us by Huadian and/or its subsidiaries. When Huadian and/or its subsidiaries deliver to us the Offer Notice, we will report to our independent non-executive Directors within seven days of receipt for their consideration before returning to Huadian and/or its subsidiaries within the 30-day period from the date of receiving such Offer Notice. When considering whether or not to exercise the options for a new business opportunity, our independent non-executive Directors will form their views based on a range of factors, including, but not limited to, the power plant's natural resource condition, geological characteristics, construction and grid connection condition, whether in line with our strategy, estimated profitability and investment value (if the estimated rate of return of the project is 10% or more, our independent non-executive Directors will consider to exercise the option), as well as permits and approval requirements.

Options for Acquisitions

In relation to:

(i) any Existing Business currently retained by Huadian through its unlisted subsidiaries and the remaining 12.0% equity interest in Guangzhou University Town Distributed Energy Project; and/or

(ii) any new business opportunity for Existing Business owned by Huadian referred to in the Non-Competition Agreement which has been offered to, but has not been taken up by, us,

Huadian has undertaken to grant us the option, which is exercisable at any time during the term of the Non-Competition Agreement, subject to applicable laws and regulations, to purchase, at one or more times, any equity interest, assets or other interests which form part or all of the businesses as described above, or to operate the businesses as described above by way of, including, but not limited to, management outsourcing, leasing or subcontracting. However, if a third party has the pre-emptive rights in accordance with applicable laws and regulations and/or a prior legally binding document (including, but not limited, to Articles of Association and shareholders' agreement), our options for acquisitions shall be subject to such third-party rights. In such case, Huadian will use its best efforts to procure the third party to waive its pre-emptive rights.

Huadian shall procure its unlisted subsidiaries (other than our Group) to comply with the terms in respect of the option granted to us by Huadian above.

The consideration shall be determined following negotiation between the parties under the fair and reasonable principle according to the valuation to be conducted by a third-party professional valuer and the mechanism and procedure in accordance with applicable laws and regulations.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the option for an acquisition. When considering whether or not to exercise the option for an acquisition, our independent non-executive Directors will form their views based on a range of factors, including, but not limited to, the power plant's natural resource condition, geological characteristics, construction and grid connection condition, whether it is in line with our strategy, estimated profitability and investment value (if the estimated rate of return of the project is 10% or more, our independent non-executive Directors will consider to exercise the option), as well as permits and approval requirements.

Pre-emptive Rights

Huadian has undertaken that, during the term of the Non-Competition Agreement, if it intends to transfer, sell, lease or license or otherwise transfer or permit to use any of the following interests to a third party:

(i) any Existing Business currently retained by Huadian through its unlisted subsidiaries and the remaining 12.0% equity interest in Guangzhou University Town Distributed Energy Project; and/or

(ii) any new business opportunity for Existing Business owned by Huadian referred to in the Non-Competition Agreement which has been offered to, but has not been taken up by, us, Huadian shall notify us by written notice (the "Selling Notice") in advance. The Selling Notice shall attach the terms of the transfer, sale, lease or license and any information which may be reasonably required by us to make a decision. We shall reply to Huadian within 30 days after receiving the Selling Notice from Huadian. Huadian has undertaken that until it receives a reply from the Company, it shall not notify any third party of the intention to transfer, sell, lease or license the interests. If the Company decides not to exercise its pre-emptive rights or if the Company does not reply to Huadian within 30 days after receiving the Selling Notice from Huadian, Huadian is entitled to transfer, sell, lease or license the interests to a third party pursuant to the terms stipulated in the Selling Notice.

Huadian shall procure its unlisted subsidiaries (other than our Group) to comply with the terms in respect of the above pre-emptive rights.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise our pre-emptive rights. When Huadian and/or its subsidiaries deliver to us the Selling Notice, we will report to our independent non-executive Directors within seven days of receipt for their consideration before reverting to Huadian and/or its subsidiaries within the 30-day period from the date of receiving such Selling Notice. When considering whether or not to exercise our pre-emptive right, our independent non-executive Directors will form their views based on a range of factors, including, but not limited to, the power plant's natural resource condition, geological characteristics, construction and grid connection condition, whether it is in line with our strategy, estimated profitability and investment value (if the estimated rate of return of the project is 10% or more, our independent non-executive Directors will consider to exercise the option), as well as permits and approval requirements.

Huadian's Further Undertaking

Huadian has further undertaken that:

(i) notwithstanding the foregoing, Huadian agrees to sell and we agree to purchase Huadian Nujiang Wind Power Project and Huadian Inner Mongolia Wind Power Project within two years after the Listing, when the land use rights from relevant regulatory authorities are obtained, subject to compliance with applicable laws, regulations and rules (including, but not limited to, the Hong Kong Listing Rules);

(ii) upon the request of our independent non-executive Directors, it will provide all information necessary for our independent non-executive Directors to review the compliance with and enforcement of the Non-Competition Agreement by Huadian and its subsidiaries (other than our Group);

(iii) it agrees that we disclose the decision made by our independent non-executive Directors related to the compliance with and enforcement of the Non-Competition Agreement and the basis of our independent non-executive Directors' decision (a range of factors, including, but not limited to, the power plant's natural resource condition, geological characteristics, construction and grid connection condition, whether it is in line with our strategy, estimated profitability, investment value as well as permits and approval requirements) in our annual report, or by way of announcement; and

(iv) it will make a declaration to our Company and our independent non-executive Directors annually regarding its compliance with the Non-Competition Agreement for us to disclose in our annual report.

Our Company will also adopt the following procedures to ensure that the undertakings under the Non-Competition Agreement are observed:

(i) we will provide to our independent non-executive Directors the Offer Notice and Selling Notice (as the case may be) on the new business opportunity referred to us by Huadian or pre-emptive rights within seven days of receipt;

(ii) our independent non-executive Directors will report in our annual report (a) their findings on the compliance by Huadian of the Non-Competition Agreement and (b) any decision made pursuant to the options and pre-emptive rights granted to the Company and the basis of such decision; and

(iii) our Directors consider that our independent non-executive Directors have sufficient experience in assessing whether or not to take up the new business opportunities or exercise our pre-emptive rights. In any event, our independent non-executive Directors may appoint a financial adviser or professional expert to provide advice, at the cost of the Company, in connection with the exercise or non-exercise of the option or pre-emptive rights under the Non-Competition Agreement.

The Non-Competition Agreement will become effective upon Listing and remain in full force and be terminated upon the earlier of:

(i) Huadian and its subsidiaries (other than our Group), directly and/or indirectly in aggregation, holding less than 30.0% of our total issued share capital; or

(ii) our H Shares no longer being listed on the Stock Exchange.

Our PRC legal advisers are of the view that the Non-Competition Agreement does not violate applicable PRC laws, and the Non-Competition Agreement does not contradict with those prior undertakings which Huadian has given to its listed subsidiaries. Huadian's undertakings pursuant to the Non-Competition Agreement are valid and binding obligations of Huadian under PRC law after the Non-Competition Agreement takes effect, and the agreement may be enforced by us in the courts of the PRC.

Based on: (a) the undertaking by Huadian that it will give priority support to our development of the Existing Business, (b) the legally binding obligations of Huadian as set out in the Non-Competition Agreement and the related grant of the options for business opportunities and acquisitions, as well as the pre-emptive rights, and (c) the information sharing and other mechanisms in place as described above to monitor compliance by Huadian, our Directors are of the view that our Company has taken all appropriate and practicable steps to ensure compliance by Huadian with its obligations under the Non-Competition Agreement.

INDEPENDENCE FROM HUADIAN GROUP

Having considered the following factors, our Directors are satisfied that we can conduct our business independently from Huadian Group and its associates after the Global Offering.

Operational Independence

We are in possession of all production and operating facilities and technology relating to our Group's business. Currently, we engage in our Group's Core Business independently, with the independent right to make operational decisions and implement such decisions. We have independent access to customers and suppliers and are not dependent on Huadian Group with respect to supplies for our business operations. We have sufficient capital, equipment and employees to operate our business independently from Huadian Group.

We have our own organizational structure with independent departments, each with specific areas of responsibility. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business. We have adopted protective measures to ensure the enforceability of the Non-Competition Agreement with Huadian. Please see "– Non-Competition Agreement and Undertakings" in this section for details. We have also adopted a set of corporate governance manuals, such as rules of the shareholders' meeting, rules of the board meeting, rules of the supervisory board and rules on the conduct of connected transactions, which are based on relevant laws, rules and regulations.

The Group has entered into certain continuing connected transactions with Huadian, pursuant to which Huadian Group and/or its associates may provide services or commodities to the Group or vice versa. However, the provision of such services and commodities from Huadian Group are on a non-exclusive basis and such services or commodities are readily available from Independent Third Parties or can be readily provided to Independent Third Parties, as appropriate. With respect to the coal shipping service provided by Huadian Group to the Group, as there exists a large number of coal shipping service providers, the Company believes that it can easily find independent coal shipping service providers on the open market. Moreover, the Group intends to increase the procurement of coal shipping services from Independent Third Parties from 2012 onward. Please refer to the "Connected Transactions – Non-exempt Continuing and Connected Transactions – (A) Continuing connected transactions which are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement – 4. Coal Shipping Service Framework Agreement" in the Prospectus. With respect to the substituting generation purchased by Shaowu Power Plant from Kemen II, historically, Shaowu Power Plant purchased the substituting generation from approximately eight independent coal-fired power plants. The Group will continue to engage approximately six independent coal-fired power plants, and the coal-fired power plants for the substituting generation, including Huadian Group and Independent Third Parties, will be selected through an open market competition process after the Listing. The Group has approximately 11 independent suppliers with respect to the provision of project contracting services and equipment, and the suppliers for project contracting services and equipment to be engaged by the Group, including Huadian Group and Independent Third Parties, will be determined through a bidding process. Moreover, our Directors believe there is a fully competitive market for such services and commodities. Thus, our Directors believe that the Company is able to readily find independent suppliers and customers on comparable terms.

We have secured the long-term use of Huadian's trademarks by entering into a trademark licensing agreement with Huadian. Pursuant to the trademark licensing agreement, Huadian has granted us a license to use various trademarks owned by Huadian with a nominal annual royalty of RMB1.0 for an initial term of ten years from the establishment date of our Company as a joint stock limited company. Subject to the class for which Huadian is granted the trademarks, our Group is entitled to use the licensed trademarks in products, services and documents (including, but without limitation to, the listing documents, promotion documents or advertisement). We believe the trademark licensing agreement is fair and reasonable and in the interest of our Shareholders as a whole. Our Directors are of the view that there is no risk for us to use the trademarks during our operations for the following reasons: (1) although the trademarks are not currently registered by the Group, Huadian has undertaken to grant the Group the right to use the trademarks for a term of ten years and such term will be automatically renewed for a further term of three years, and on a repetitive basis as long as Huadian remains the controlling shareholder of the Company; and (2) although the trademarks are licensed to the Group on a non-exclusive basis, all the other licensees are intra-group companies of Huadian Group.

Despite the continuation of the connected transactions, we will be able to function and operate independently from Huadian Group as we do not place undue reliance on Huadian Group in respect of the continuing connected transactions after the Listing.

During the Track Record Period, we purchased a substantial portion of our coal supplies from connected persons of our Company, including Huadian Coal and its subsidiaries, in the ordinary course of business and on normal commercial terms. The purchase value paid by us to connected persons for coal supplies for the years ended December 31, 2009, 2010 and 2011 were approximately RMB2.2 billion, RMB2.5 billion and RMB1.7 billion, representing approximately 82.1%, 94.1% and 33.4%, respectively, of our coal supplies, as measured by purchase value. Going forward, we intend to source our coal supplies from Independent Third Parties. We will be able to operate our coal-fired power business independently because we will be able to purchase a substantial portion of our coal supplies, through readily available third-party coal distributors, from major coal suppliers in China, such as Shenhua Group and ChinaCoal, pursuant to key supply agreements, and the remainder on the open market. Please refer to the "Business – Our Coal-fired Power Business – Coal procurement" in the prospectus for more details.

Based on the above, our Directors are of the view that the Company operates independently from Huadian Group.

Financial Independence

We have our own finance department responsible for discharging treasury, accounting, reporting, group credit and internal control functions independent from Huadian Group.

Huadian New Energy, our wholly-owned subsidiary, entered into a trust loan agreement with Zhong Rong International Trust Co., Ltd. (中融國際信託有限公司) ("ZRITC"), under which, ZRITC provided RMB1 billion trust loan to Huadian New Energy for a term of five years commencing from June 12, 2009 and ending on June 11, 2014, and the loan will be fully settled and repaid by Huadian New Energy in one installment on June 11, 2014. Huadian, as the guarantor, entered into a guarantee agreement (together with the trust loan agreement, the "Trust Loan Agreement") with ZRITC in relation to Huadian New Energy's obligations under the trust loan agreement as borrower (the "Guarantee by Huadian"). Huadian New Energy paid RMB11.52 million to Huadian as a one-time guarantee fee. We do not propose to discharge the Guarantee by Huadian prior to the Listing because the early discharge of the Guarantee by Huadian would amount to a breach by us to the Trust Loan Agreement, which would trigger renegotiation with ZRITC and would be an unduly burdensome and cost-ineffective exercise for us. As of December 31, 2011, the outstanding loan was RMB1.0 billion, representing approximately 4.61% of our long-term borrowings (approximately RMB21.7 billion in total), and our unutilized banking facility amounted to approximately RMB15.5 billion, which is substantially higher than the RMB1.0 billion trust loan. On December 14, 2011, Huadian New Energy entered into a letter of intent with Beijing Rural Commercial Bank, pursuant to which Beijing Rural Commercial Bank agreed to provide Huadian New Energy with a banking facility of RMB1.0 billion without guarantee to be provided by any Shareholder or any other party, which can be used as a replacement of the trust loan. Given that our Company has the ability to obtain financing independently and that the size of the trust loan is not significant for our business, the Directors are of the view that the Guarantee by Huadian does not affect our financial independence. Please see the section headed "Connected Transactions – Exempt Connected Transactions" in this prospectus for further details.

Except for the transaction above, we have settled all amounts due to Huadian Group of a non-trade nature and released all guarantees provided to us by Huadian Group prior to the Listing.

As of the Latest Practicable Date, the Group did not and has no existing plan to participate in Huadian Group's cash surplus and pooling arrangement. The Group is unable to exclude the possibility that it will participate in Huadian Group's cash surplus and pooling arrangement in the ordinary course of its business after the Listing depending on the then business development needs and the financial condition of the Group. In case the Group decided to participate in Huadian Group's cash surplus and pooling arrangement after the Listing, we will ensure that such transactions will be on normal commercial terms and that the interest rates will be comparable to the interest rates by commercial banks in the PRC during the same periods;

and we will further undertake to fully comply with applicable laws, regulations and rules, including the Listing Rules (including, but not limited to, the rules governing notifiable transactions and connected transactions).

Our Directors are of the view that our Group is capable of obtaining financing from third parties without relying on any guarantee or security to be provided by Huadian Group or other connected persons. Therefore, we operate independently from Huadian Group from a financial perspective.

Management Independence

Upon listing, our Board of Directors will consist of nine directors. Mr. Huang Xianpei, Mr. Mao Xishu and Mr. Wang Xuxiang will continue to hold positions with Huadian Group after the Listing.

Mr. Huang Xianpei, our Chairman and executive Director, also holds a senior position in Huadian. Mr. Huang Xianpei's title as Assistant to the General Manager in Huadian is a title which represents his seniority and conforms to our internal human resources policy. Mr. Huang has no direct involvement in Huadian's corporate affairs, does not attend any senior management meetings of Huadian nor receives any remuneration from Huadian. Mr. Huang has been able to execute his office faithfully and diligently in our Company without interference from his senior position in Huadian. Upon the listing of the Company, Mr. Huang will continue to devote 100.0% of his time and effort to the Group.

Mr. Huang Shaoxiong, our executive Director, also serves as the president and member of the party committee of Fujian branch of Huadian. However, Mr. Huang Shaoxiong will discontinue to hold positions in Huadian Group upon the Listing and will continue to devote full time and effort to our Group.

Mr. Mao Xishu, our non-executive Director, also holds and will continue to hold positions in Huadian Group after the Listing. However, since he is not an executive director of our Company, and therefore not responsible for our day-to-day operation and management, we believe such overlapping will not affect our management independence.

Mr. Wang Xuxiang, our non-executive Director, also holds and will continue to hold positions in Huadian Group (including serving as a director of Huadian Energy and Shenyang Jinshan) after the Listing. However, Huadian Energy only focuses on the development of coal-fired power plants in the northeast of China, with no competition with our Group. Shenyang Jinshan mainly focuses on the development of coal-fired power plants in Liaoning province, with only a small portion of wind power business in provinces where the Group also operates wind power business. The competition between Shenyang Jinshan and us is limited, thus the effect of such overlapping on our management independence is limited. Furthermore, Mr. Wang is not an executive director and therefore is not responsible for our day-to-day operation and management. In light of the above, we believe such overlapping will not affect our management independence.

None of our independent non-executive Directors has any relationship with Huadian Group. Therefore, there are sufficient non-overlapping directors who are independent and have relevant experience to allow the proper functioning of the Board.

Upon listing, none of our senior management will be part of the senior manager of Huadian Group and none of our supervisors is a supervisor of Huadian Group.

We believe that our Directors and senior management will be able to perform their roles in the Company independently and the Company is capable of managing its business independently of Huadian Group after the Listing for the following reasons:

- the decision-making mechanism of the Board set out in the Articles of Association includes provisions to avoid conflicts of interest by providing, among other things, that in the event of a conflict of interest, such as a consideration of resolutions in relation to transactions with Huadian Group, the relevant Director who is connected with Huadian Group shall abstain from voting and not be counted in the quorum. Further, when considering connected transactions, our independent non-executive Directors will review the relevant transactions;

- the day-to-day operation of the Company is managed by our senior management, none of whom holds any senior position in Huadian Group, and are our full-time employees;

- none of our Directors or members of the senior management has any shareholding interest in Huadian Group;

- each of our Directors is aware of his or her fiduciary duties as a Director, which requires, among other things, that he or she acts for the benefit and in the best interests of us; and

- we have appointed three independent non-executive Directors, comprising one-third of the total Board members, to provide a balance of the number of interested and independent Directors with a view to promote the interests of the Company and our Shareholders as a whole.

Based on the above, our Directors believe that the Company is capable of maintaining management independence from Huadian Group.

Upon the listing of our H Shares on the Stock Exchange, transactions between us and our Connected Persons will constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Upon completion of the Listing, the following persons, with whom we have entered into certain transactions in our ordinary course of business, will become our Connected Persons:

- Huadian: immediately following the completion of the Global Offering, Huadian will, directly and indirectly, own approximately 70.5% of our issued share capital if the Over-allotment Option is not exercised (or approximately 68.2% if the Over-allotment Option is exercised in full). Huadian will continue to be a Substantial Shareholder of the Company, and will hence become our Connected Person upon completion of the Listing; and

- Huadian's associates such as Kemen II, a wholly-owned subsidiary of Huadian.

Accordingly, the following transactions between each of Huadian and Kemen II, on the one hand, and us, on the other hand, will constitute connected transactions for us under Chapter 14A of the Listing Rules upon completion of the Listing.

EXEMPT CONNECTED TRANSACTIONS

We have entered into the following transactions in our ordinary course of business, which will, upon the completion of the Listing, constitute continuing connected transactions or connected transactions under Chapter 14A of the Listing Rules. These transactions are on normal commercial terms where each of the relevant percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, not be more than 0.1% on an annual basis. By virtue of Rule 14A.33(3)(a) of the Listing Rules, these transactions are exempt from the reporting, annual review (as the case may be), announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(A) Trademark Licensing Agreement

Parties: Huadian (as the licensor); and

Our Company (as the licensee).

Principal terms: We entered into a trademark licensing agreement (the "Trademark Licensing Agreement") with Huadian on June 4, 2012, pursuant to which Huadian agreed to grant our Group a non-exclusive license for the use of certain trademarks registered under Huadian as at the date of the Trademark Licensing Agreement with an annual royalty of RMB1.0. For details of the licensed trademarks, please see "Appendix IX – Statutory and General Information – 3. Further Information about Our Business – B. Our intellectual property rights" to this prospectus.

The term of the Trademark Licensing Agreement is ten years commencing from August 19, 2011, which was the date of the establishment of our Company as a joint stock limited company under the Company Law, and will be automatically renewed for a further term of three years subject to one-month's written notice by our Company to Huadian prior to expiration of the Trademark Licensing Agreement.

Reasons for the transaction: We are a major subsidiary of Huadian, operating diversified power generation businesses and committed to developing clean energy projects. To use trademarks of Huadian Group helps us to identify ourselves as a platform of Huadian to develop diversified power generation business and, in particular, clean energy business.

(B) Entrusted Operation Agreement

Parties: Kemen II (as the trustor); and

Kemen (as the trustee).

Principal terms: Kemen II entered into an entrusted operation agreement (the "Entrusted Operation Agreement") with Kemen, a wholly-owned subsidiary of our Company, on January 29, 2011, pursuant to which, Kemen II agreed to entrust Kemen to operate and manage the businesses of Kemen II, and Kemen II agreed to pay management fees to Kemen.

The term of the Entrusted Operation Agreement is from January 29, 2011 to December 31, 2013. The annual management fee for such entrusted operation is RMB2.0 million. The annual management fee was determined following arm's-length negotiations between Kemen II and Kemen based on the actual cost (including, but not limited to, staff cost) and expense incurred in providing such management service, plus a certain margin.

Reasons for the transaction: Our predecessor, Huadian Fuxin Energy Co., Ltd. transferred all of the equity interest that it held in Kemen II to Huadian in January 2011. As Kemen has extensive experience in our industry and is familiar with the assets and business of Kemen II, Kemen II considers that it would be more cost efficient and more favorable to its business development to entrust Kemen to operate and manage its business under the Entrusted Operation Agreement.

(C) Trust Loan Agreement

Parties: Zhong Rong International Trust Co., Ltd. (as the lender);

Huadian (as the guarantor); and

Huadian New Energy (as the guarantee and borrower).

Principal terms: Huadian New Energy, our wholly-owned subsidiary, entered into a trust loan agreement with Zhong Rong International Trust Co., Ltd. (中融國際信託有限公司) ("ZRITC"), an Independent Third Party, on May 26, 2009. Huadian, as the guarantor, entered into a guarantee agreement (together with the trust loan agreement, the "Trust Loan Agreement") with ZRITC on the same date, in relation to Huadian New Energy's obligations under the trust loan agreement as borrower (the "Guarantee by Huadian"). This trust loan was to provide funding for the construction of certain wind farm project(s) by Huadian New Energy. Huadian New Energy paid RMB11.52 million to Huadian as a one-time guarantee fee for the Guarantee by Huadian for the benefit of Huadian New Energy. Such guarantee fee was determined in accordance with Huadian Group's internal policy and guidelines. The trust loan amount is RMB1.0 billion for a term of five years commencing from June 12, 2009 and ending on June 11, 2014, and the loan will be fully settled and repaid by Huadian New Energy in one installment on June 11, 2014. With the Guarantee by Huadian, we were able to obtain a favorable interest rate for the trust loan, which is 14% lower than the benchmark interest rate as promulgated by People's Bank of China. Therefore, notwithstanding the guarantee fee we paid to Huadian, we benefited from the whole arrangement. As of December 31, 2011, the outstanding loan is RMB1.0 billion, representing approximately 4.61% of our Company's long-term borrowing (approximately RMB21.7 billion in total).

Reasons for the transaction: For the purpose of funding the construction of certain wind power project(s) by Huadian New Energy, Huadian New Energy entered into the Trust Loan Agreement with ZRITC and Huadian. We do not propose to discharge the guarantee by Huadian with respect to the Trust Loan Agreement prior to the Listing and we intend to keep the trust loan until the expiration of the Trust Loan Agreement. The early discharge of the guarantee by Huadian would amount to a breach by us of the Trust Loan Agreement which would trigger renegotiation with ZRITC and would be an unduly burdensome and cost-ineffective exercise for us. As of December 31, 2011, our unutilized banking facility amounted to approximately RMB15.5 billion, which is substantially higher than the RMB1.0 billion trust loan. On December 14, 2011, Huadian New Energy entered into a letter of intent with Beijing Rural Commercial Bank, pursuant to which Beijing Rural Commercial Bank agreed to provide Huadian New Energy with a banking facility of RMB1.0 billion without guarantee to be provided by any Shareholder or any other party, which can be used as a replacement of the trust loan. Given that our Company has the ability to obtain financing independently and that the size of the trust loan is not significant for our business, we are of the view that we are able to operate independently of Huadian from a financial perspective, notwithstanding the existence of the guarantee by Huadian.

The guarantee by Huadian under the Trust Loan Agreement constitutes financial assistance provided by a Connected Person of our Company for the benefit of the Group under Rule 14A.65 of the Listing Rules. The Trust Loan Agreement will be exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules because (i) this financial assistance agreement is on normal commercial terms; and (ii) no security over our assets is granted in respect of this financial assistance arrangement.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions in our ordinary course of business, which will, upon the completion of the Listing, constitute continuing connected transactions of our Company subject to the reporting, annual review, announcement or independent shareholders' approval requirements (as the case may be) under Chapter 14A of the Listing Rules (the "Non-exempt Continuing Connected Transactions").

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

1. Property Leasing

Parties: Huadian (as the lessor); and

Our Company (as the lessee).

Principal terms: We entered into a property leasing framework agreement (the "Property Leasing Framework Agreement") on June 4, 2012, with Huadian, pursuant to which, our Group may rent properties from Huadian Group. The principal terms of the Property Leasing Framework Agreement are as follows:

- the rents (including property management fee) payable under the Property Leasing Framework Agreement shall be agreed based on arm's-length negotiations between the relevant parties with reference to market rates at the relevant location, but the annual rent per sq. m. shall not exceed 115.0% of that of the previous year;
- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant leased properties according to the principles, and within the parameters, provided for under the Property Leasing Framework Agreement;
- we are entitled to lease the available properties owned by members of Huadian Group during the term of the Property Leasing Framework Agreement;
- either party may, at any time before the Property Leasing Framework Agreement expires, by giving not less than six months' written notice, to terminate any lease made pursuant to and contemplated under such agreement, and the rents will accordingly be reduced; and
- the term of the Property Leasing Framework Agreement is no more than three years commencing on the Listing Date and ending on December 31, 2014, subject to renewal.

Existing leases: During the Track Record Period, our Group, through Beijing Anfu Real Estate Development Co., Ltd. ("Anfu," a wholly-owned subsidiary of Huadian) leased several properties from Huadian Group as offices. All of such leased properties are located at China Huadian Corporation Building, No. 2, Xuanwumennei Avenue, Xicheng District, Beijing, China, with a total area of approximately 3,557.8 sq. m. by the end of 2011. The principal business of Anfu is the development and management of real estate.

Reasons for the transaction: We have historically leased certain properties from the members of Huadian Group as offices. Compared with Independent Third Party, Huadian Group has a better understanding of our requirements in terms of office premises. In addition, relocating our offices to other premises will cause unnecessary disruptions to our operation and incur unnecessary costs.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer and consultant, has confirmed that the annual rentals payable by us under the Property Leasing Framework Agreement are fair and reasonable to the parties thereto, and reflect the prevailing market rates for similar premises in the vicinity of the relevant property.

Historical figures: The historical figures of the rent paid to Huadian Group for the Track Record Period were approximately RMB7.3 million, RMB11.2 million and RMB12.8 million, respectively.

Annual caps: The maximum aggregate annual amount of rent payable to Huadian Group for the years ending December 31, 2012, 2013 and 2014 shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Estimated amount of rent to be paid by us to Huadian Group	14.2	20.5	20.5

Basis of Caps: In determining the above annual caps, our Directors have considered: (i) the annual rental amount of the existing property leasing entered into for 2012; (ii) the increase in the total area of the leased properties from approximately 3,557.8 sq. m. by the end of 2011 to approximately 5,500 sq. m. from 2013 onwards due to business expansion (such as expansion of our wind power business) and the relocation of staff from Fujian province to Beijing; and (iii) the increase of annual rental amount (including property management fee) from 2011 to 2012.

2. Assets Lease Agreement

Parties: Kemen (as the lessor); and

Kemen II (as the lessee).

Principal terms: Kemen, a wholly-owned subsidiary of our Company, entered into an assets lease agreement (the "Assets Lease Agreement") on January 29, 2011, with Kemen II, a wholly-owned subsidiary of Huadian, according to which Kemen II may rent certain assets from Kemen, including transmission projects, ferries, coal transportation system, public system, ash yards, offices and apartments. The principal terms of the assets lease agreement are as follows:

- the rent shall be calculated based on: original value of the asset x 12.0% (asset lease ratio) x 50.0% (power generation ratio);
- the annual fee, which Kemen II will pay to Kemen under the Assets Lease Agreement shall be no more than RMB48.9 million;
- the term of the Assets Lease Agreement is no more than three years commencing on January 29, 2011 and ending on December 31, 2013, subject to renewal; and
- to renew the Assets Lease Agreement, Kemen II should notify Kemen in writing, within one (1) month prior to the expiration of the Assets Lease Agreement. Kemen should make a written response on whether it will renew the Assets Lease Agreement within 15 days after receiving Kemen II's notification.

Reasons for the transaction: Our predecessor, Huadian Fuxin Energy Co., Ltd. transferred all of the equity interest that it held in Kemen II to Huadian in January 2011. Certain assets had been used and will continue to be shared by Kemen and Kemen II for their daily operation. Since such assets are located in Kemen, and cannot be separately transferred to Kemen II, Kemen agreed that Kemen II may continue to use such assets on a leasing basis.

Historical figures: The asset lease by Kemen II from Kemen commenced from the entry into the Assets Lease Agreement in 2011 and the historical amount of rent paid to Kemen by Kemen II for the 11 months ended December 31, 2011, was approximately RMB44.8 million.

Annual caps: The maximum aggregate annual amount of rentals payable to Kemen by Kemen II for the years ending December 31, 2012, 2013 and 2014 shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Estimated total rent to be paid by Kemen II to Kemen	48.9	48.9	48.9

Basis of Caps: In determining the above annual caps, our Directors have considered the historical rent paid by Kemen II to Kemen for the 11 months ended December 31, 2011 on an annual basis which will remain stable from 2012 onward.

3. Substituting Generation Purchase Framework Agreement

Parties: Shaowu Power Plant (as the vendee); and

Kemen II (as the vendor).

Principal terms: During the Track Record Period, Fujian Huadian Shaowu Power Generation Co., Ltd ("Shaowu Power Plant," with 60.0% of its equity interests being held by our Company) entered into several substituting generation purchase agreements with Kemen (Kemen II formed part of Kemen prior to January 2011) and Kemen II (Kemen II became a wholly-owned subsidiary of Huadian following the completion of the equity transfer in January 2011). Pursuant to these agreements, Shaowu Power Plant purchased a certain substituting generation (as clarified below) from Kemen II and its predecessor (as the case may be).

In the ordinary course of business, Shaowu Power Plant entered into a substituting generation purchase framework agreement dated June 4, 2012, with Kemen II (the "Substituting Generation Purchase Framework Agreement") pursuant to which, Kemen II will provide substituting generation to Shaowu Power Plant. The principal terms of the Substituting Generation Purchase Framework Agreement are as follows:

- the purchase price of the annual substituting generation will be determined through the open market competition process organized by the Local Government (as defined below);

- Shaowu Power Plant and Kemen II shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant provision of substituting generation according to the principles, and within the parameters, provided for under the Substituting Generation Purchase Framework Agreement; and

- the term of the Substituting Generation Purchase Framework Agreement is three years commencing from the Listing Date and ending on December 31, 2014, subject to renewal.

Reasons for the transaction: In 2008, Fujian Provincial Economics and Trade Commission and Fujian Provincial Pricing Bureau (the "Local Government") issued the "Implementation plan to designate Shaowu Power Plant as the emergency back-up power sources of Fujian province" (the "Implementation Plan"). According to the Implementation Plan, two generating units of Shaowu Power Plant were designated as the back-up generating units for the local grid, and they were required to be continuously operational whenever requested so as to meet the needs of the local grid.

To maintain the sustainable operations of Shaowu Power Plant, the Local Government grants Shaowu Power Plant a right to purchase substituting generation generated by other coal-fired power plants at a relatively lower price and sell such substituting generation to the local grid at a relatively higher price. Shaowu Power Plant had purchased substituting generation from Kemen, Kemen II and Independent Third Parties during the Track Record Period. Shaowu Power Plant is expected to be granted the right to purchase a maximum of approximately 1,137,500 MW substituting generation for each of the three years ending December 31, 2012, 2013 and 2014.

The purchasing of substituting generation by Shaowu Power Plant has been and will continue to be conducted through the open market competition process organized and supervised by the Local Government, and based on the principle of price priority. We have a long-term relationship with Kemen II, and Kemen II has advantages in fuel efficiency and operating efficiency, as well as pricing competitiveness. Kemen II's participation in the open market competition process organized by the Local Government enables Shaowu Power Plant to obtain the most competitive purchasing price. For details of Kemen II, please see the section headed "Relationship with Huadian Group – Delineation of Business and Competition – Business Retained by Huadian Group – (A) Competing Business by Huadian's Unlisted Subsidiaries – Coal-fired Power Business." Taking into account the above considerations, as well as the need and benefit to give Shaowu Power Plant the flexibility to purchase substituting generation at the most competitive price, our Directors consider that entering into the Substituting Generation Purchase Framework Agreement with Kemen II is in the best interest of us and our Shareholders as a whole.

Historical figures: Kemen II was divested from Kemen on January 29, 2011. Kemen commenced providing substituting generation to Shaowu Power Plant since April 2008. According to the most recent substituting generation purchase agreement entered into between Shaowu Power Plant and Kemen before Kemen II being divested from Kemen, Kemen would provide substituting generation to Shaowu Power Plant until June 30, 2011. The historical amount of substituting generation Shaowu Power Plant purchased from Kemen for the three years ended December 31, 2009, 2010 and 2011, were approximately 350,000 MWh, 569,000 MWh and 304,750 MWh, respectively, representing approximately 25.8%, 50.0% and 26.8% of the total substituting generation purchased by Shaowu Power Plant, during the corresponding time periods, respectively. The historical figures of the fees paid by Shaowu Power Plant to Kemen for the three years ended December 31, 2009, 2010 and 2011, were approximately RMB97.2 million, RMB160.4 million and RMB88.6 million, respectively.

Kemen had no capacity to provide a substituting generation to Shaowu for the second half of 2011. Therefore, Shaowu Power Plant entered into a substituting generation purchase agreement with Kemen II, pursuant to which Kemen II would provide a substituting generation to Shaowu Power Plant from July 1, 2011 to December 31, 2011. The historical amount of a substituting generation Shaowu Power Plant purchased from Kemen II for the year ended December 31, 2011, was approximately 568,750 MWh, representing approximately 50.0% of the total substituting generation purchased by Shaowu Power Plant during the corresponding time period. The historical figures of the fees paid by us to Kemen II for the year ended December 31, 2011, was approximately RMB165.3 million.

Annual caps: The maximum amount of the substituting generation that will be purchased by Shaowu Power Plant from Kemen II for each year ending December 31, 2012, 2013 and 2014, will be approximately 1,137,500 MWh, representing 100.0% of the total substituting generation, which Shaowu Power Plant will purchase during the corresponding time period. The maximum aggregate annual amount of fees payable by us to Kemen II for the years ending December 31, 2012, 2013 and 2014, shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Estimated total fees payable by us to Kemen II	335.0	335.0	335.0

Basis of Caps: In determining the above annual caps, our Directors have considered: (i) the historical purchase amount paid by Shaowu Power Plant to Kemen II for the six months ended December 31, 2011; (ii) the expected electricity volume allowed by the Local Government for Shaowu Power Plant to purchase substituting generation of approximately 1.14 million MWh of substituting generation for the three years from 2012 to 2014; (iii) the purchasing price will be stable from 2011 onwards; and (iv) the estimated capacity of Kemen II to provide competitive substituting generation.

4. *Coal Shipping Service Framework Agreement*

Parties: Huadian (as service provider); and

Our Company (as service receiver).

Principal terms: In the ordinary course of business, we entered into a framework coal shipping service agreement, dated June 4, 2012, with Huadian (the "Coal Shipping Service Framework Agreement"), pursuant to which Huadian Group (for the purpose of the Coal Shipping Service Framework Agreement, including its associates) will provide coal shipping services to us. The principal terms of the Coal Shipping Service Framework Agreement are as follows:

- the service fees shall be agreed on arm's-length negotiations between the relevant parties with reference to the price, which an Independent Third Party will charge for such coal shipping services in the ordinary course of business; and where the aforementioned pricing mechanism is not applicable, the price shall be agreed on arm's-length negotiations between the relevant parties, based on the calculation of "the actual cost and expense incurred in providing such coal shipping services plus reasonable profits;"

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant coal shipping according to the principles and within the parameters provided for under the Coal Shipping Service Framework Agreement; and

- the term of the Coal Shipping Service Framework Agreement is no more than three years commencing on the Listing Date and ending on December 31, 2014, subject to renewal.

Reasons for the transaction: Historically, we have engaged Huayuanxing Shipping Co., Ltd. to provide coal shipping service since July 2007. Huadian Coal (with 42.65% of its equity interest being held by Huadian directly) holds 58.0% equity interest in Huayuanxing Shipping Co., Ltd. As Huadian Group is familiar with our industry and have extensive experience in coal shipping, our Directors consider that the demands of our Group for coal shipping could be effectively and efficiently satisfied by the shipping service to be provided by Huadian Group under the Coal Shipping Service Framework Agreement.

Historical figures: The historical figures of the fees paid by us to Huadian Group for the coal shipping, for the three years ended December 31, 2009, 2010 and 2011, were approximately RMB78.7 million, RMB85.8 million and RMB68.1 million, respectively.

Set out below is a table summarizing the percentage of coal shipping fees paid to Huadian Group during the Track Record Period:

	Percentage for the years ended December 31,		
	2009	**2010**	**2011**
Coal shipping service	43.2%	39.4%	24.9%

Annual caps: The maximum aggregate annual amount of fees payable by us to Huadian Group and/or its associates for the years ending December 31, 2012, 2013 and 2014, shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Estimated total fees payable by us to Huadian Group	76.0	72.0	68.0

Set out below is a table summarizing the estimated percentage of coal shipping fees payable to Huadian Group for the years ending December 31, 2012, 2013 and 2014:

	Estimated percentage for the years ended December 31,		
	2012	**2013**	**2014**
Coal shipping service	20.0%	14.0%	12.0%

Basis of Caps: In determining the above annual caps, our Directors have considered (i) the increase of the aggregate annual amount of fees from 2011 to 2012 due to increase in the coal shipping fee per ton and the amount of coal to be shipped by Huadian Group; and (ii) the amount of connected transaction to be reduced by 5.0% per year after 2012, so as to enhance the marketization of the Group's practice in respect of coal shipping and to increase the proportion of coal shipping service to be obtained from Independent Third Parties.

5. CDM Services Framework Agreement

Parties: Our Company; and

Huadian.

Principal terms: During the Track Record Period, we entered into CDM services agreements with various subsidiaries of Huadian. Pursuant to these agreements, Huadian New Energy, our wholly-owned subsidiary, provided various management services to power generating projects of Huadian Group in relation to their CDM projects, including, but not limited to, the service for the registration of the managed CDM projects with relevant Chinese governmental authority as CDM projects.

In the ordinary course of business, we entered into a CDM services framework agreement dated June 4, 2012, with Huadian (the "CDM Services Framework Agreement"), pursuant to which we will provide CDM services to Huadian Group (for the purpose of the CDM Services Framework Agreement, including its associates)[(1)]. Our CDM services provided to Huadian Group mainly include consulting and management service, such as assistance in looking for and evaluating potential cooperative parties of the CDM projects, arrangement of the execution of cooperation agreements, registration of the managed CDM projects with Chinese governmental authority and the United Nations, and assistance in looking for an independent appraiser of the CDM projects.

The principal terms of the CDM Services Framework Agreement are as follows:

- the fees shall be agreed between the relevant parties with reference to the price, which an independent third party will charge for such CDM services in the ordinary course of business and the revenue generated by the CDM project, for which the CDM services are provided;

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant provision of CDM service according to the principles and within the parameters provided for under the CDM Services Framework Agreement; and

- the term of the CDM Services Framework Agreement is no more than three years commencing on the Listing Date and ending on December 31, 2014, subject to renewal.

Reasons for the transaction: We began providing services to several CDM projects of Huadian Group in March 2008. We have become the only CDM services provider to Huadian Group (including its listed subsidiaries) since 2009, when we established the CDM center in Huadian New Energy. We have an experienced team that is familiar with the CDM projects registration process and the business development of the companies within Huadian Group. As of December 31, 2011, we have provided services to 176 CDM projects, of which 101 CDM projects are owned by companies within our Group and 75 CDM projects are owned by Huadian Group. Please refer to "Business – Carbon Credit Transactions – CDM projects and sales of CERs" in this prospectus for more details. Our Group has not provided any CDM service to any third party outside Huadian Group and our Group's current focus will continue to be providing CDM services to Huadian Group. We have gained substantial experience from handling a considerable number of CDM projects. In consideration of all the above, our Directors and Huadian consider that it is to our advantage to continue the provision of the CDM services to Huadian Group after

(1) CDM projects do not only include clean energy projects but also include conventional energy projects such as hydropower projects and coal-fired power plants, the energy efficiency of which can be increased. The Non-Competition Agreement does not prohibit Huadian and the Unlisted Subsidiaries from owning and developing these CDM projects with respect to their conventional energy projects.

Listing. The fee payable by us under the CDM Services Framework Agreement is fair and reasonable to the parties thereto and in line with the market rate.

Historical figures: The CDM service provided by Huadian New Energy to Huadian Group commenced in March 2008 and the historical figures of the fees paid to us for the Track Record Period were nil, nil and approximately RMB7.9 million, respectively. For the year ended December 31, 2011, six CDM projects for which we provided CDM services to Huadian Group generated service fees. The total installed capacity of these projects was approximately 573.5 MW.

Annual caps: The maximum aggregate annual amount of fees payable to us for the years ending December 31, 2012, 2013 and 2014 shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Estimated total fees payable by Huadian Group to us	18.7	24.3	31.5

Basis of Caps: In determining the above annual caps, our Directors have considered the terms of the CDM services agreements[(1)] and various factors, which have an impact on the service fee determination, such as the various stages of application, the type of fuel source and the total installed capacity for each of the CDM projects under management.

Set out below is a table summarizing the number and total installed capacity of the CDM projects owned by Huadian Group, which will generate service fees for the three years ending December 31, 2012, 2013 and 2014:

	For the years ending December 31,		
	2012	**2013**	**2014**
Total number of CDM projects	13	20	23
Total installed capacity of the CDM projects (MW)	1,059.5	1,430.5	1,710.5

(1) We start charging the CDM service fee once the CDM project has been successfully registered with the United Nations. Thereafter, we charge the CDM service fee annually during the term of the CDM service agreement.

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

Project Contracting and Equipment Purchase Framework Agreement

Parties: Huadian (as contractor and supplier); and

Our Company (as party issuing contract and purchaser).

Principal terms: In the ordinary course of business, we have entered into a project contracting and equipment purchase framework agreement with Huadian on June 4, 2012 (the "Project Contracting and Equipment Purchase Framework Agreement"). Pursuant to the Project Contracting and Equipment Purchase Framework Agreement, Huadian Group agreed that it would undertake general contracting service (such as design, construction, installation and other relevant services) for the power generating projects of our Group and would sell power generation equipment to us. The principal terms of the Project Contracting and Equipment Purchase Framework Agreement are as follows:

- the project contracting fees together with the prices of the equipment shall be determined through a bidding process and in compliance with applicable bidding laws, regulations and rules;

- where the aforementioned pricing mechanism is not applicable, the project contracting fees together with the prices of the equipment shall be agreed on the basis of arm's-length negotiation between the relevant parties, taking into account the principle of "actual cost and expense plus reasonable profits";

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant project contracting and equipment purchase according to the principles and within the parameters provided for under the Project Contracting and Equipment Purchase Framework Agreement; and

- the term of the Project Contracting and Equipment Purchase Framework Agreement is no more than three years commencing on the Listing Date and ending on December 31, 2014, subject to renewal.

Reasons for the transaction: As a principle, our general contracting service and equipment providers will be determined through a competitive bidding process after the Listing, with Huadian or its subsidiaries as potential bidders. However, for the following reasons, our Directors consider that it is beneficial to our Group to enter into such a framework agreement with Huadian: (i) Huadian Engineering, a subsidiary of Huadian, was among the first to have started providing project contracting service in the PRC. Huadian Group has built up extensive experience and kept a reputable track record in the project contracting service market; (ii) during the Track Record Period, Huadian Group provided project contracting service and sold power generation equipment to us. Compared with the other third-party service providers, their established service network enables Huadian Group to be familiar with and have a better understanding of our industry and our needs and, as a result, could provide better service to us; and (iii) Huadian Group provides customized project contracting service and sells power generation equipment to us at competitive prices, which makes it cost efficient for our Group.

Historical figures: The historical figures of the fees paid to Huadian Group for the three years ended December 31, 2009, 2010 and 2011, were approximately RMB396.7 million, RMB441.4 million and RMB790.2 million, respectively.

	Historical figures for the years ended December 31,		
	2009	**2010**	**2011**
		(RMB millions)	
Distributed energy project[(1)]	211.2	25.0	–
Wind power project[(2)]	185.5	400.8	597.0
Others[(3)]	0.0	15.6	193.2
Total	**396.7**	**441.4**	**790.2**

(1) It included general contracting services for distributed energy projects and provision of combustion turbines and other equipments related to the distributed energy projects.

(2) It included general contracting services for wind power projects and provision of wind turbine towers and other equipments related to the wind power projects.

(3) It included general contracting services for solar power projects and provision of solar panels and other equipments related to the solar power projects.

Set out below is a table summarizing the percentage of contracting service fees and equipment purchase expenses paid to Huadian Group during the Track Record Period:

	Percentage for the years ended December 31,		
	2009	**2010**	**2011**
Distributed energy project	71.6%	70.0%	0.0%
Wind power project	2.9%	6.7%	11.6%
Others	0.0%	0.6%	9.7%

Annual caps: The maximum aggregate annual amount of fees payable to Huadian Group for the years ending December 31, 2012, 2013 and 2014, shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Estimated total fees payable by us to Huadian Group	824.1	1,141.1	1,359.0

Our Directors expect that the annual amount of project contracting service fees and equipment purchase expenses shall not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2012	**2013**	**2014**
		(RMB millions)	
Distributed energy project(1)	544.1	841.1	1,039.0
Wind power project(2)	280.0	300.0	320.0
Total	**824.1**	**1,141.1**	**1,359.0**

(1) It will include general contracting services for distributed energy projects and provision of combustion turbines and other equipments related to the distributed energy projects.

(2) It will include general contracting services for wind power projects and provision of wind turbine towers and other equipments related to the wind power projects.

Set out below is a table summarizing the estimated percentage of contracting service fees and equipment purchase expenses payable to Huadian Group for the years ending December 31, 2012, 2013 and 2014:

	Estimated percentage for the years ended December 31,		
	2012	**2013**	**2014**
Distributed energy project	43.5%	42.1%	47.2%
Wind power project	4.2%	4.8%	5.1%

Basis of Caps: In determining the above annual caps, our Directors have considered the following factors:

(i) the estimated project contracting and equipment purchase agreements.

Set out below is a table summarizing the estimated new installed capacity of the projects to be completed for the three years ending December 31, 2014, for which Huadian Group will provide general contracting service and equipment to our Group[(1)]:

	Estimated new installed capacity for the years ending December 31,		
	2012	**2013**	**2014**
		(MW)	
Distributed energy project	117.3	161.9	164.0
Wind power project	400.0	450.0	500.0
Total	**517.3**	**611.9**	**664.0**

(ii) Our Directors expect that the total installed capacity of the Group's wind power business is projected to continuously grow by more than approximately 37% each year from approximately 2,171.3 MW by the end of 2011 to approximately 5,589.3 MW by the end of 2014. On this basis, the Directors estimate that the annual amount of project contracting service fees and equipment purchase expenses with respect to the wind power projects of the Group will grow from 2012 onwards.

(iii) Huadian Group provided general contracting service and equipment to us with respect to our Guangzhou University Town Distributed Energy Project in 2009. Most of the project contracting service fees and equipment purchase expenses were paid to Huadian Group in 2009, with a small amount of fees and expenses having been paid to Huadian Group upon the examination and acceptance in 2010. Huadian Group also provided and will continue to provide project contracting service and equipment to our other distributed energy projects. However, most of these projects were in their preliminary construction stages and we expect to pay Huadian Group periodically in 2012, 2013 and 2014. In addition to the existing distributed energy projects, through which Huadian Group has been providing general contracting service and equipment to us, we expect to continuously expand our distributed energy business in the next few years. Our Directors, therefore, have determined the annual caps for our distributed energy business based on (i) our demand for general contracting service and related equipment is expected to increase, with the gradual commencement of the construction of the new distributed energy projects from 2012 and 2015; and (ii) the payment of the estimated contract amount in accordance with the estimated construction period for a distributed energy project is expected to be about two years.

(1) Generally, the contracting service fees and equipment purchase expenses increase as the installed capacity of the projects increase. However, for the avoidance of doubt, there is no positive correlation between the two.

LISTING RULES IMPLICATIONS

In relation to the continuing connected transactions under the Property Leasing Framework Agreement, Assets Lease Agreement, Substituting Generation Purchase Framework Agreement, Coal Shipping Service Framework Agreement and CDM Services Framework Agreement for each of the three financial years ending December 31, 2012, 2013 and 2014, the highest applicable percentage ratio is expected to be more than 0.1% but less than 5%, respectively. Accordingly, the transactions under the Property Leasing Framework Agreement, Assets Lease Agreement, Substituting Generation Purchase Framework Agreement, Coal Shipping Service Framework Agreement and CDM Services Framework Agreement are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules.

In relation to the continuing connected transactions under the Project Contracting and Equipment Purchase Framework Agreement for the three financial years ending December 31, 2012, 2013 and 2014, the highest applicable percentage ratio is expected to be more than 5%. Accordingly, the transactions under the Coal Project Contracting and Equipment Purchase Framework Agreement are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules and the independent shareholders' approval requirements under Rule 14A.48 of the Listing Rules.

Our Directors (including our independent, non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions set out above have been and will be entered into in our ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and the proposed annual caps for the Non-exempt Continuing Connected Transactions set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

We have applied to the Stock Exchange, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirements of the Listing Rules in respect of the transactions under the Property Leasing Framework Agreement, Assets Lease Agreement, Substituting Generation Purchase Framework Agreement, Coal Shipping Service Framework Agreement and CDM Services Framework Agreement; as well as from strict compliance with the announcement and independent shareholders' approval requirements in respect of the Project Contracting and Equipment Purchase Framework Agreement subject to the condition that the aggregate value of transactions under the Non-exempt Continuing Connected Transactions for each of the three financial years ending December 31, 2014, will not exceed the relevant annual cap amount set forth above.

Our independent non-executive Directors and auditors of our Company will review whether the Non-exempt Continuing Connected Transactions have been entered into based on the principal terms and pricing policies under the relevant agreements as disclosed in this section. The confirmations of our independent non-executive Directors and our auditors will be disclosed annually, as required by the Listing Rules.

SPONSORS' CONFIRMATION

The Joint Sponsors are of the view that the Non-exempt Continuing Connected Transactions set out above are entered into in the ordinary and usual course of business of our Company, on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the Non-exempt Continuing Connected Transactions set out above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors were all elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of our Board include, but are not limited to: convening Shareholders' meetings, reporting the Board's work at the Shareholders' meetings, implementing the resolutions passed at the Shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the Articles of Association. The following table presents certain information in respect of our Directors.

Members of Our Board

Name	Age	Position	Date of Appointment
Mr. Huang Xianpei (黃憲培) . . .	57	Chairman of the Board and Executive Director	October 29, 2010
Mr. Fang Zheng (方正)	47	Executive Director and President	October 29, 2010
Mr. Huang Shaoxiong (黃少雄) .	49	Executive Director	October 29, 2010
Mr. Mao Xishu (毛錫書)	60	Non-executive Director	October 29, 2010
Mr. Wang Xuxiang (王緒祥) . . .	44	Non-executive Director	October 29, 2010
Mr. Zong Xiaolei (宗孝磊)	46	Non-executive Director	August 18, 2011
Mr. Zhou Xiaoqian (周小謙) . . .	70	Independent non-executive Director	October 26, 2011
Mr. Yeung Pak Sing (楊佰成) . .	62	Independent non-executive Director	October 26, 2011
Mr. Zhang Bai (張白)	51	Independent non-executive Director	October 26, 2011

DIRECTORS

Executive Directors

Mr. Huang Xianpei, aged 57, has been the Chairman of the Board and an executive Director of our Company since October 2010. Mr. Huang previously served in various positions in Huadian Fujian from February 2003 to December 2010, including secretary of the party committee, president and chairman of the Board of Directors. Currently, Mr. Huang is the chairman of the board of directors of Kemen, Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司), Fujian Huadian Zhangping Power Generation Co. Ltd. (福建華電漳平發電有限公司), Fujian Huadian Yong'an Generation Co., Ltd. (福建華電永安發電有限公司), Fujian Mianhuatan Hydropower Development Co., Ltd. (福建棉花灘水電開發有限公司), Mindong Hydropower Development Co., Ltd. (閩東水電開發有限公司) and Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司) and the vice chairman of the board of Fujian Fuqing Nuclear Power Co., Ltd. (福建福清核電有限公司). He has been the assistant to general manager of Huadian since January 2010 and the secretary of the party committee of Fujian branch of Huadian since December 2010. He also served as the vice president of Fujian Electric Power Company Limited (福建省電力有限公司) from July 1997 to February 2003, the assistant to director of the Electric Power Industry Bureau of Fujian province from January 1995 to July 1997, and the deputy chief engineer and the general manager of Shuikou Hydropower Plant Construction Company (水口水電站工程建設公司)

from May 1990 to January 1995. He began to work in the power industry in 1975. Mr. Huang obtained his bachelor's degree in power equipment of hydropower station from East China University of Water Resources (currently named Hohai University) in July 1982 and his master's degree in hydropower generating project from Hohai University in June 1987. Mr. Huang is a senior engineer granted by the Electric Power Industry Bureau of Fujian province in November 1993. Mr. Huang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Fang Zheng, aged 47, has been an executive Director and the President of our Company since October 2010. Mr. Fang has served in various positions in Huadian New Energy since August 2007, including director, president and member of the party committee. Currently, Mr. Fang is the chairman of the board of directors of Guangdong Huadian Qianshan Wind Power Co., Ltd. (廣東華電前山風力發電有限公司), Heilongjiang Huafu Power Investment Co., Ltd. (黑龍江省華富電力投資有限公司), Maoming Zhong'ao Wind Power Co., Ltd. (茂名市中坳風力發電有限公司) and Guangzhou University Town Huadian New Energy Co., Ltd. (廣州大學城華電新能源有限公司), respectively. He was the chairman of the board of directors of Inner Mongolia Huadian Meiguiying Wind Power Co., Ltd. (內蒙古華電玫瑰營風力發電有限公司) from August 2009 to September 2010 and Inner Mongolia Huadian Huitengxile Wind Power Co., Ltd. (內蒙古華電輝騰錫勒風力發電有限公司) from March 2008 to September 2010. Mr. Fang served as the head of the strategic planning office and the deputy director of the planning and development department of Huadian from January 2003 to August 2007. He also served as the vice president of China Power Construction Engineering Consulting Corporation (中國電力建設工程諮詢公司) from April 1999 to December 2002, chief engineer of China Power Construction Engineering Consulting Corporation from October 2001 to December 2002, dean of the mechanical department of Electrical Planning and Design Institute (電力規劃設計總院) from August 1998 to October 1999 and the head, general design engineer, deputy dean and deputy chief engineer of Southwest Electric Power Design Institute (西南電力設計院) from July 1985 to August 1998. Mr. Fang obtained his bachelor's degree in thermal power of power plant from Xi'an Jiaotong University in July 1985. Mr. Fang is a senior engineer granted by China Power Engineering Consulting Group Corporation (中國電力工程顧問集團公司) in December 2004. Mr. Fang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Huang Shaoxiong, aged 49, has been an executive Director of our Company since October 2010. Mr. Huang previously served various positions in Huadian Fujian from October 2004 to December 2010, including head of discipline inspection group, vice president, president and secretary of the party committee. Currently, Mr. Huang is also a director of Huadian Coal, Kemen, Fujian Mianhuatan Hydropower Development Co., Ltd. and Fujian Fuqing Nuclear Power Co., Ltd., the vice chairman of the board of directors of CNOOC Gas Power Co., Ltd. (中海福建燃氣發電有限公司), Fujian Kemen Port Logistics Co., Ltd. (福建可門港物流有限責任公司), Fujian Longyan Power Generation Co., Ltd. (福建省龍岩發電有限公司) and Xiamen Yongchang Power Co., Ltd. (廈門永昌電力有限公司), the chairman of the board of directors of Fujian Minxing Hydropower Co., Ltd. (福建閩興水電有限公司), Fujian Shaxian Chengguan Hydropower Co., Ltd. (福建省沙縣城關水電有限公司) and Fujian Yong'an Gongchuan Hydropower Plant Co., Ltd. (福建省永安貢川水電站有限責任公司). He has been the president of Fujian branch of our Company since its establishment in October 2011. Since 2010, Mr. Huang has served as the president and member of the party committee of Fujian branch of Huadian. He also served as the chairman of the board of directors of Fujian Youxi Basin Hydropower Development Co., Ltd. (福建省尤溪流域水電開發有限公司) from December 2002 to October 2004, president of Fujian Shuikou Hydropower Plant Construction Corporation (福建省水口水電站工程建設公司) from May 2001 to October 2004, president and the secretary of the party committee of Fujian Shuikou Power Generation Company (福建省水口發電有限公司) from August 2000 to October 2004, the plant director and the secretary of the party committee of Fujian Shuikou Hydropower Plant (福建水口水電廠) from January 1999 to August 2000 and the plant director and the secretary of the party committee of Fujian Shaxikou Hydropower Plant (福建沙溪口水電廠) from January 1996 to January 1999. Mr. Huang previously held various positions in Fujian Ansha Hydropower Plant (福建安砂水電廠) from August 1983 to January 1996, including technician, director of the electrics branch, plant director and secretary of the party committee. Mr. Huang obtained his bachelor's degree in power plant and power systems from Fuzhou University in August 1983 and his master's degree in business administration (MBA) from The University of North Virginia in July 2006. Mr. Huang is a senior engineer granted by the Electric Power Industry Bureau of Fujian province in December 1997. Mr. Huang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Non-Executive Directors

Mr. Mao Xishu, aged 60, has been a non-executive Director of our Company since October 2010. Mr. Mao has been the director of planning and development department of Huadian since March 2008. Mr. Mao served as the president of Shanghai Company of Huadian from April 2007 to February 2008, the president of Shanghai Huadian Power Development Co., Ltd. (上海華電電力發展有限公司) from August 2004 to April 2007, the plant director of Huadian Wangting Power Plant (華電望亭發電廠) and the general manager of Wangting Natural Gas Generation Co., Ltd. (望亭天然氣發電公司) from January 2004 to April 2007, the plant director of Laicheng Power Plant of Huadian International from February 2002 to January 2004. He also served as the secretary of the party committee of Shandong Jining Canal Generation Co., Ltd. (山東濟寧運河發電有限責任公司) from February 1999 to January 2002, the secretary of the party committee and the head of the preparatory department of Shandong Rizhao Power Plant (山東日照發電廠) from February 1997 to January 1999 and the deputy plant director of Shandong Huangdao Power Plant (山東黃島發電廠) from November 1992 to January 1997. Mr. Mao completed the correspondence course on thermal engineering at North China Electric Power University in June 1998 and obtained his master's degree in thermal engineering from North China Electric Power University in June 2006. Mr. Mao is a senior engineer granted by State Power Corporation of China (國家電力公司) in December 2002. Mr. Mao has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Wang Xuxiang, aged 44, has been a non-executive Director of our Company since October 2010. Mr. Wang has served various positions in Huadian since March 2004, including deputy director of the clearing center, deputy director of the finance and assets department, director of the assets department and director of the capital operation and property management department. Mr. Wang served successively as the deputy head of the preparatory group and the vice president of China Huadian Finance Corporation Limited from May 2003 to October 2004. He held various positions in Jinan Yingda International Trust Co., LTD (濟南英大國際信託投資有限公司) from December 1997 to May 2003, including office director and vice president. He also served various positions in the Electric Power Industry Bureau of Shandong province from July 1991 to November 1997, including deputy secretary of the youth league committee, deputy head, head and director of the office documents department. Mr. Wang obtained his master's degree in finance from Tianjin University of Finance and Economics in July 2004. A mid-level economics certificate was granted to Mr. Wang by the Ministry of Personnel of China in November 1999. Mr. Wang currently serves as a director of Shenyang Jinshan, which is listed on Shanghai Stock Exchange (600396.SH) and a director of Huadian Energy, which is listed on Shanghai Stock Exchange (600726.SH). Other than the foregoing, Mr. Wang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Zong Xiaolei, aged 46, has been a non-executive Director of our Company since August 2011. Mr. Zong has served various positions in China Power Engineering Consulting Group Corporation since May 2004, including head, deputy director and deputy chief engineer and president of the Technology Development Company. He served as the deputy director and the director of China Power Construction Engineering Consulting Corporation from January 2002 to May 2004. He also held various positions in Electrical Planning and Design Institute from July 1991 to January 2002, including principal engineer and deputy director. Mr. Zong obtained his bachelor's degree in thermal engineering of power plant from Northeast Dianli College in August 1988 and his master's degree in management science and engineering from Wuhan University of Hydraulic and Electrical Engineering in June 2000. Mr. Zong is a senior engineer granted by China Power Engineering Consulting Group Corporation in December 2004. Mr. Zong has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Independent Non-Executive Directors

Mr. Zhou Xiaoqian, aged 70, is an independent non-executive Director of our Company. Mr. Zhou is the vice chairman of the Fifth Council of China Energy Research Society and the chairman of the Second Council of China Power Development Promotion Committee. Currently, he is an independent non-executive director of the following companies, namely, TBEA Co., Ltd. (600089.SH), Dalian Heavy Industry Corporation (002487.SZ) and China Sunergy Co., Ltd. (NASDAQ:CSUN). He also served as an independent non-executive Director of XJ Electric Co., Ltd. (000400.SZ) from March 2006 to March 2011. Mr. Zhou was the assistant to general manager in State Power Corporation of China in 2001 and was appointed as the member of party committee of State Power Corporation of China in September 1998. He was the general manager of China Power Grid Construction Corporation in 1996, director of China Southern Power Affiliated Company in 1993. He was also appointed as the director of Fuel Power Industry Projects Agency of State Development Planning Commission in September 1987 and deputy head of infrastructure department of Ministry of Hydropower in January 1986. In 1983, he was one of the heads of the Electric Power Industry Bureau of Henan province, in charge of the Infrastructure Department and Electric Power Design Institute. Mr. Zhou graduated from Zhejiang University in July 1964 majoring in thermal power equipment. He is a professor-level senior engineer granted by the Ministry of Energy of China. Other than the foregoing, Mr. Zhou has not been a director of any other public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Yeung Pak Sing, aged 62, is an independent non-executive Director of our Company. Mr. Yeung is a member of the Hong Kong Institution of Engineers and the Institution of Engineering and Technology, honorary fellow of the University of Hong Kong, Nanping municipal committee member of the Chinese People's Political Consultative Conference in Fujian and an individual director of Hong Kong Ideas Centre Limited. He served as an independent non-executive director of Vertex Group Limited (currently known as "National Arts Holdings Limited") (008228.HK) from June 2002 to April 2009. Mr. Yeung has been the director and general manger of World Power Investment Ltd. and World Power Management Consultancy Ltd. since January 1993, served in China Light and Power Company Limited from June 1977 to January 1993, an engineer on production and head of factory engineering department of Coronet Industrial Ltd. from May 1974 to June 1977 and served as an engineer of Control Data Corporation from August 1973 to May 1974. Mr. Yeung obtained his bachelor's degree in engineering and master's degree in engineering from the University of Hong Kong in November 1973 and November 1980, respectively. He is a chartered engineer granted by the Institution of Engineering and Technology in November 1990. Other than the foregoing, Mr. Yeung has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Zhang Bai, aged 51, is an independent non-executive Director of our Company, executive director of the Sixth Council of Fujian Auditing Society, chairman of the Fourth Council of Fujian Business Accounting Society. Currently, Mr. Zhang is an independent non-executive director of the following companies:

No.	Company Name and Stock Code
1 . . .	Fujian Fynex Textile Science & Technology Co., Ltd. (600493.SH)
2 . . .	Thaihot Group Co., Ltd. (000732.SZ)
3 . . .	Fujian Yong'an Forestry (Group) Joint Stock Co Ltd. (000663.SZ)
4 . . .	Citychamp Dartong Co., Ltd. (600067.SH)
5 . . .	Zhongfu Industries Co., Ltd. (000592.SZ)

Mr. Zhang has been a teacher, head of department and vice dean of Fuzhou University successively since August 1983, and served as the dean and a Certified Public Accountant of Minxing Accountants Firm of Fuzhou University from January 1989 to December 1999. He obtained his bachelor's degree in accounting from Xiamen University in July 1983 and his master's degree in business administration (MBA) from the Open University of Hong Kong in December 2000. He is a professor granted by the Personnel Department of Fujian province. Other than the foregoing, Mr. Zhang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Save as disclosed in this prospectus, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the appointment of our Directors and there is no other information relating to our Directors that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

BOARD OF SUPERVISORS

The board of Supervisors of the Company consists of six members. Except for the employee representative Supervisors elected by employees, the Supervisors were elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the board of Supervisors include, but are not limited to: reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and, if in doubt, appointing certified public accountants and practicing auditors to re-examine the Company's financial information; monitoring the financial activities of the Company; supervising the performance of the Directors, the President and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the President and senior management members to rectify actions which are damaging to the Company's interests; and exercising other rights given to them under the Articles of Association.

The following table presents certain information in respect of our Supervisors.

Name	Age	Position	Date of Appointment
Mr. Li Changxu (李長旭)	49	Chairman of the board of Supervisors	October 29, 2010
Mr. Yao Fei (姚飛)	44	Supervisor	December 29, 2010
Mr. Huang Chunqi (黃春齊) . . .	57	Employee Representative Supervisor	October 29, 2010
Mr. Huang Yuanhong (黃源紅) . .	45	Supervisor	August 18, 2011
Ms. Hu Xiaohong (胡曉紅)	41	Supervisor	October 29, 2010
Mr. Xu Jin (許進).	45	Employee Representative Supervisor	October 29, 2010

SUPERVISORS

Mr. Li Changxu, aged 49, has been the Chairman of the board of Supervisors of our Company since October 2010. Currently, Mr. Li is the chairman of the board of supervisors of Guodian Nanjing Automation Co., Ltd. (國電南京自動化股份有限公司). Mr. Li has served successively as the deputy director of the supervision and audit department, deputy director and director of audit department of Huadian since January 2003. He also served successively as the deputy director of the production audit department, deputy director of division II of the audit department and the director of the integration division of the audit department of State Power Corporation of China from August 1997 to January 2003. Mr. Li served as a principal staff member of division I and the deputy director of division III of the branch of China National Audit office in Ministry of Electric Power (國家審計署駐電力部審計局) from September 1993 to August 1997, a principal staff member of the branch of China National Audit office in Ministry of Energy (國家審計署駐能源部審計局) from June 1988 to September 1993, auditor of the audit office of the Ministry of Water Resources and Power (水利電力部審計局) from October 1986 to June 1988 and an accountant of Parts Company of the Ministry of Hydropower (水電部配件公司) from August 1985 to October 1986. Mr. Li obtained his bachelor's degree in finance and accounting through the adult higher education department from Renmin University of China in January 2000. Mr. Li is a senior accountant granted by the Ministry of Electric Power Industry of China in December 1997. Mr. Li has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Yao Fei, aged 44, has been a Supervisor of our Company since December 2010. Currently, Mr. Yao is the vice president of Kunlun Trust. He has served successively as the manager of the general management and finance department and the vice president of CNPC Assets Management Co., Ltd. (中油資產管理有限公司) since November 2007. Mr. Yao held various positions in Daqing Petroleum Administration Bureau (大慶石油管理局), including assistant engineer of the methyl alcohol plant and a cadre of the industrial corporation from July 1989 to November 1991, deputy director of international trade office of the institute for economic research from November 1991 to December 1997, cadre of the integration division and deputy head of office of the enterprise management department from December 1997 to August 2000, head of the equity interest management division of the operations management department from August 2000 to June 2001, assistant to manager of the finance and assets department from June 2001 to October 2003, deputy head of the preparatory group of the investment management department from October 2003 to December 2003, deputy manager of the capital operations department from December 2003 to April 2005, deputy manager of the finance and assets department from April 2005 to July 2007 and the office manager of the internal control system construction committee from July 2007 to November 2007. Mr. Yao obtained his bachelor's degree in technological economy from Jilin Institute of Technology in July 1990 and his master's degree in technological economy from Dalian University of Technology in March 1999. Mr. Yao is a senior economist granted by China National Petroleum Corporation (中國石油天然氣集團公司) in September 2000. Mr. Yao has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Huang Chunqi, aged 57, has been a Supervisor of our Company since October 2010. Mr. Huang has been the chairman of the board of directors and executive director of Huadian Tieling Wind Power Co., Ltd. successively and the secretary of the party committee of Huadian New Energy since September 2007. He served as the head of the discipline inspection group and vice president successively of Huadian Engineering from July 2003 to September 2007, member of party committee and head of the discipline inspection group of China Huadian Power Plant Equipment (Group) Corporation (中國華電電站裝備工程(集團)總公司) from March 2000 to July 2003, head of division III and division II of the inspection office of State Power Corporation of China from August 1997 to March 2000. He also served as the inspector and deputy director of division I of the supervision bureau of the Ministry of Electric Power Industry of China from September 1993 to August 1997, cadre and inspector of division I of the supervision bureau of the Ministry of Energy of China from July 1988 to September 1993, secretary of office of the Ministry of Hydropower of China from June 1982 to July 1988, secretary of the Ministry of Electric Power of China (電力部) from February 1979 to June 1982. Mr. Huang studied the undergraduate course of economic management in the correspondence school of the Party School of the CPC committee (中央黨校) from August 1990 to December 1992. Mr. Huang is a senior administration engineer (政工師) granted by Ministry of Electric Power Industry in February 1997. Mr. Huang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Huang Yuanhong, aged 45, has been a Supervisor of our Company since August 2011. Mr. Huang has served various positions in Huadian Engineering since October 2001, including the deputy manager and manager of the material conveying department, assistant to the president and vice president of the company. He served as the president and secretary of the party committee of Huadian Heavy Equipment Co., Ltd. (華電重工裝備有限公司) from February 2009 to October 2010. He also served successively as the deputy manager of the material conveying department and the manager of the market development department of China Huadian Power Plant Equipment (Group) Corporation from July 1995 to October 2001. Mr. Huang worked as a technician and an engineer of technical supervision office of the Institute for Product Quality Standard of Ministry of Electric Power (電力部產品質量標準研究所) from July 1988 to July 1995. Mr. Huang obtained his bachelor's degree in machinery manufacture and equipment from North China Electric Power College in July 1988 and an executive master of business administration (EMBA) from Cheung Kong Graduate School of Business in April 2007. He is a professor-level senior engineer granted by China Power Engineering Consulting Group Corporation in December 2008. Mr. Huang has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Ms. Hu Xiaohong, aged 41, has been a Supervisor of our Company since October 2010. Ms. Hu has served as the deputy director of the assets management department of Wujiang Hydropower since July 2009. She previously held various positions in Wujiangdu Hydropower Plant of Wujiang Hydropower successively from July 1992 to July 2009, including accountant of the finance department from July 1992 to April 2000, chief accountant of the construction management department of the machinery expansion project from April 2000 to January 2001, deputy director and director of the finance office of the construction management department of the machinery expansion project from January 2001 to August 2008 and deputy chief economist from March 2008 to July 2009. Ms. Hu obtained her bachelor's degree in accounting from Shenzhen University in June 1992. Ms. Hu is a senior accountant granted by State Power Corporation of China in December 2002. Ms. Hu has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Xu Jin, aged 45, has been a Supervisor of our Company since October 2010. Mr. Xu has been the head of the integration department of our Company since March 2011. He served successively as the deputy director of the plan and infrastructure department and the director of the president team office of Huadian Fujian and Huadian Fuxin Energy Co., Ltd. from June 2005 to March 2011. Mr. Xu obtained his bachelor's degree in materials science and engineering from Beihang University in July 1988. Mr. Xu is a senior economist granted by State Power Corporation of China in December 2003. Mr. Xu has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Name	Age	Position	Date of Appointment
Mr. Fang Zheng (方正). . . .	47	President	October 29, 2010
Mr. Tao Yunpeng (陶雲鵬). .	41	Vice President	October 29, 2010
Mr. Shu Fuping (舒福平) . .	47	Vice President	October 29, 2010
Mr. Liu Lei (劉雷)	38	Vice President and Chief Financial Officer	June 1, 2012
		Board Secretary	October 29, 2010

For details of Mr. Fang Zheng's biography, please see "– Directors" above.

Mr. Tao Yunpeng, aged 41, has been a vice president of our Company since October 2010. Mr. Tao served as a director of Huadian Fujian from February 2010 to October 2010 and has been the deputy director of the capital operation and property management department of Huadian since March 2008. He held various positions in Huadian International from August 2000 to March 2008, including the deputy manager and manager of the finance department and the deputy chief accountant. Mr. Tao obtained his bachelor's degree in machinery design and manufacture and his master's degree in industrial engineering from Tsinghua University in July 1993 and July 1998, respectively. Mr. Tao is a senior accountant granted by Huadian in December 2006. Mr. Tao currently serves as a director of Guodian Nanjing Automation Co., Ltd., which is listed on the Shanghai Stock Exchange (600268.SH). Other than the foregoing, Mr. Tao has not been a director of any other public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Shu Fuping, aged 47, has been a vice president of our Company since October 2010. Mr. Shu served as the executive director of Inner Mongolia Huadian Jieji Wind Power Co., Ltd. from September 2010 to April 2011, the chairman of the board of directors of Gansu Huadian Yumen Wind Power Co., Ltd. from January 2010 to September 2010 and Gansu Huadian Guazhou Wind Power Co., Ltd. from December 2008 to September 2010, and the chairman of the board of directors and executive director of Xinjiang Huadian Xiaocaohu Wind Power Co., Ltd. successively from April 2008 to April 2011. He also served as a member of the party committee and the vice president of Huadian New Energy from October 2007 to October 2010 and the plant director and secretary of the party committee of Baozhusi Power Plant (寶珠寺水電廠) from July 2003 to October 2007. He also served as the deputy chief engineer, director of the manufacture plan and technology department and plant director of Gaoba Power Plant of Sichuan Neijiang Power Central Plant (四川內江發電總廠高壩電廠) from August 1997 to July 2003 and the technician and deputy head of Baima Power Plant of Sichuan Neijiang Power Central Plant (四川內江發電總廠白馬發電廠) from July 1986 to August 1997. Mr. Shu obtained his college diploma in thermal measurement and automation from Shanghai University of Electric Power in July 1986, graduated from Southwest College for Nationalities in November 1997 (through adult higher education), majoring in economic management and obtained an executive master of business administration (EMBA) from the University of Electronic Science and Technology of China in June 2009. Mr. Shu is a senior engineer granted by the Electric Power Industry Bureau of Sichuan province in November 1998. Mr. Shu has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Mr. Liu Lei, aged 38, has been the vice president and chief financial officer of our Company since June 1, 2012, and the board secretary of our Company since October 2010. Mr. Liu served as the chief economist of our Company from October 2010 to June 1, 2012. Mr. Liu previously held various positions in Huadian, including the head of the financing management office of the capital operation and property management department from January 2007 to March 2010, cadre, deputy-director level staff and the deputy director of the secretary office of the president team from January 2003 to January 2007. He also served as a cadre and a head of the secretary office of Shandong Electric Power Corporation (山東電力集團公司) from March 2002 to January 2003 and a member of the Shandong Electric Power Research Institute Coal-Fire Power Branch (山東電力研究院熱能所) from July 1996 to March 2002. Mr. Liu obtained his bachelor's degree in thermal power plant and power engineering from Xi'an Jiaotong University in July 1996, and his master's degree (master of business administration (MBA)) from Baylor University's School of Business in May 2001. Mr. Liu is a senior engineer granted by Huadian in December 2007. Mr. Liu has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Mr. Liu Lei, is one of the joint company secretaries. Mr. Liu has profound knowledge and understanding of the PRC power industry and abundant operational and management experience. For details of Mr. Liu's biography, please see "– Senior Management" above.

Ms. Mok Ming Wai, aged 40, an associate director of KCS Hong Kong Limited, which is a corporate secretarial and accounting service provider in Hong Kong, is our joint company secretary. Ms. Mok has over 15 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom since December 2011. Ms. Mok currently serves as a joint company secretary of Shanghai Pharmaceuticals Holding Co., Ltd. (2607.HK), Huaneng Renewables Corporation Limited (958.HK), Haitong Securities Co., Ltd. (6837.HK), China Hanking Holdings Limited (3788.HK) and New China Life Insurance Company Limited (1336.HK) and the sole company secretary of Hongguo International Holdings Limited (1028.HK), Tenfu (Cayman) Holdings Company Limited (6868.HK) and SPT Energy Group Inc. (1251.HK).

BOARD COMMITTEES

Audit committee

The Audit Committee consists of three Directors: Mr. Zhang Bai (independent non-executive Director), Mr. Yeung Pak Sing (independent non-executive Director) and Mr. Zong Xiaolei. Mr. Zhang Bai currently serves as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to review and supervise our financial reporting process, which include, among other things:

- appointing and supervising the work of our independent auditors and pre-approving all non-audit services to be provided by our independent auditors;

- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;

- reviewing the planning and staffing of internal audits, the organization, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;

- reviewing our risk assessment and management policies; and

- establishing procedures for the treatment of complaints received by us regarding accounting, internal accounting controls, auditing matters, potential violations of law and questionable accounting or auditing matters.

Remuneration and Assessment committee

The remuneration and assessment committee of the Company consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director) and Mr. Huang Shaoxiong. Mr. Zhou Xiaoqian currently serves as the chairman of the Company's remuneration and assessment committee. The primary responsibilities of the remuneration and assessment committee are to formulate the evaluation standards and conduct evaluation of the Directors and senior management, and to determine, and review the compensation policies and schemes for the Directors and senior management, including, among other things:

- approving and overseeing the total compensation package for the Directors and senior management, evaluating the performance of and determining and approving the compensation to be paid to senior management;

- reviewing and making recommendations to the Board with respect to the Directors' compensation; and

- reviewing and making recommendations to the Board regarding compensation philosophy, strategy and principles of Directors and senior management.

Nomination committee

The nomination committee of the Company consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Huang Xianpei and Mr. Yeung Pak Sing (independent non-executive Director). Mr. Zhou Xiaoqian currently serves as the chairman of the nomination committee. The primary responsibilities of the Company's nomination committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management.

Strategic Committee

The strategic committee of the Company consists of three Directors: Mr. Fang Zheng, Mr. Mao Xishu and Mr. Zhou Xiaoqian (independent non-executive Director). Mr. Fang Zheng currently serves as the chairman of the strategic committee. The primary responsibilities of the strategic committee are to formulate our overall development plans and investment decision-making procedures, including, among other things:

- reviewing the Company's long-term development strategies;
- reviewing the Company's strategic planning and implementing reports; and
- reviewing significant capital expenditure.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Waiver from Rules 8.12 and 19A.15 of the Listing Rules

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 8.12 and Rule 19A.15 in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers from Compliance with the Listing Rules – Management Presence."

Waiver from Rule 3.28 of the Listing Rules

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver under Rule 3.28 in relation to the requirement on the qualifications of a company secretary. For details of the waiver, please see the section headed "Waivers from Compliance with the Listing Rules – Appointment of Joint Company Secretaries."

COMPENSATION OF THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

For the three years ended December 31, 2009, 2010 and 2011, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Directors and Supervisors were approximately RMB2.911 million, RMB3.332 million and RMB3.340 million, respectively.

Our Directors' and Supervisors' remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

The remuneration and benefits in kind (if applicable) received by the top five highest paid individuals (including Directors and Supervisors) for the three years ended December 31, 2009, 2010 and 2011 were approximately RMB3.078 million, RMB3.558 million and RMB3.373 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining the Company. No compensation was paid by us to, or receivable by, our Directors, past Directors, our Supervisors, past Supervisors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of our Directors or Supervisors waived any remuneration for any of the last three years. Save as disclosed above, no other payments have been paid, or are payable, by us or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

Under the remuneration policy of our Company, the remuneration and assessment committee will consider factors such as salaries paid by comparable companies, tenure, commitment, responsibilities and performance of our Directors, Supervisors and the senior management as the case may be, in assessing the amount of remuneration payable to our Directors, Supervisors and such employees. It is estimated that under the arrangements currently in force, the aggregate remuneration payable to the Directors and Supervisors for the year ending December 31, 2012, is estimated to be approximately RMB2.250 million and RMB0.720 million, respectively.

EMPLOYEES

As of December 31, 2011, we had 7,531 full-time employees. The following table sets forth a breakdown of our employees by business segment as of December 31, 2011:

Business segment	Numbers
Hydropower	3,529
Wind power	1,150
Coal-fired power	1,890
Others clean energy	806
Headquarters	156
Total	**7,531**

COMPLIANCE ADVISER

We have appointed CITIC Securities Corporate Finance (HK) Limited as our compliance adviser, pursuant to Rule 3A.19 and 19A.05 of the Listing Rules. The Company has entered into a compliance agreement with the compliance adviser, the material terms of which are as follows:

(a) the Company appoints CITIC Securities Corporate Finance (HK) Limited as the compliance adviser for the purpose of Rule 3A.19 and 19A.05 of the Listing Rules for a period commencing on the date of Listing of the Shares on the Stock Exchange and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the date of Listing;

(b) the compliance adviser will provide us certain services, including providing us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines in Hong Kong, and provide advice to the Company on the continuing requirements under the Listing Rules and applicable laws and regulations;

(c) the compliance adviser will inform us as soon as reasonably practicable of any amendment or supplement to the Listing Rules announced by the Stock Exchange from time to time and any new or amended law, rule, code and guideline in Hong Kong applicable to us;

(d) the compliance adviser will act as one of the Company's additional channels of communication with the Stock Exchange, if the Authorized Representatives are expected to be frequently outside Hong Kong;

(e) the Company undertakes to indemnify the compliance adviser for certain actions against the losses incurred by the compliance adviser arising out of or in connection with (i) the performance by the compliance adviser of its duties under the agreement; (ii) any breach or alleged breach on the part of the Company of any of the provisions of this Agreement; or (iii) any default under or breach by the Company of any of the provisions of the Listing Rules and/or applicable laws, regulations, rules, codes and guidelines, provided that this indemnity shall not apply to any action or loss which is finally judicially determined to have been caused solely by the wilful default, fraud or gross negligence on the part of the compliance adviser; and

(f) the Company shall have the right to terminate the appointment of the compliance adviser only if the work of the compliance adviser is of an unacceptable standard or if there is a material dispute over fees payable by the Company to the compliance adviser.

COMPLIANCE

The Company will comply with the revised Corporate Governance Code and Associated Listing Rules, which have been effective since January 1, 2012.

As of the date of this prospectus, the registered share capital of the Company is RMB6,000,000,000, divided into 6,000,000,000 Domestic Shares with a nominal value of RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of the Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
5,850,000,000	Domestic Shares(1)	78.0%
150,000,000	H Shares to be converted from Domestic Shares and held by NSSF	2.0%
1,500,000,000	H Shares to be issued under the Global Offering	20.0%
7,500,000,000		100.0%

(1) These Domestic Shares will be held by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital.

Public Float Requirements

Rule 8.08(1)(a) and (b) of the Hong Kong Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital and must have an expected market capitalization at the time of listing of not less than HK$50 million.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.08(1)(d) of the Listing Rules to accept a minimum public float percentage of 22% (or a higher percentage after the exercise of the Over-allotment Option).

We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after listing.

Assuming the Over-allotment Option is exercised in full, the share capital of the Company immediately after the Global Offering will be as follows:

Number of Shares	Description of Shares	Approximate percentage to total share capital
5,827,500,000	Domestic Shares[(1)]	75.5%
172,500,000	H Shares to be converted from Domestic Shares and held by NSSF	2.2%
1,725,000,000	H Shares to be issued under the Global Offering	22.3%
7,725,000,000		100.00%

(1) These Domestic Shares will be held by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital.

The above tables assume the Global Offering becomes unconditional and is completed.

Our Shares

Our Domestic Shares and H Shares are both ordinary shares in the share capital of our Company. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can only be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in RMB.

Our Promoters hold all existing Domestic Shares as promoter shares (as defined in the Company Law). Under the Company Law, promoter shares may not be sold within a period of one year from August 19, 2011, on which we were organized as a joint stock limited company. This lock-up period will expire on August 18, 2012. The Company Law further provides that in relation to the public share offering of a company, the shares of the company, which have been issued prior to the offering shall not be transferred within one year from the date of the listing. However, based on the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds issued by the State Council and based on the discussions between our PRC legal advisers and the relevant competent PRC authorities, our PRC legal advisers advised that any transfer of the Shares issued to the NSSF before the Listing will not be subject to such transfer restriction. Please see the section headed "Risk Factors – Risks Relating to the Global Offering – Future sales, or market perception of sales, of substantial amounts of our H Shares or other securities relating to our H Shares in the public market could materially and adversely affect the prevailing market price of our H Shares." Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares may be converted into H Shares.

Except as described in this prospectus and in relation to the dispatch of notices and financial reports to our Shareholders, dispute resolution, registration of Shares in different parts of our register of Shareholders, the method of share transfer and the appointment of dividend receiving agents, which are all provided for in the Articles of Association and summarized in Appendix VIII to this prospectus, our Domestic Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of Domestic Shares is subject to such restrictions as PRC law may impose from time to time. Save for the Global Offering, we do not propose to carry out any public or private issue or to place securities simultaneously with the Global Offering or within the next six months from the Listing Date. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

Conversion of Domestic Shares

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange; provided that prior to the transfer and trading of such transferred shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such transfer, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of our Domestic Shares are to be transferred to overseas investors and to be traded as H Shares on the Stock Exchange, such transfer and conversion will need to obtain the approval of the relevant PRC regulatory authorities including the CSRC. Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the transfer and conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed transfer to ensure that the transfer process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share Register. As any listing of additional shares after our initial listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our initial listing in Hong Kong. No class shareholder voting is required for the listing and trading of the transferred shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of any proposed transfer.

Mechanism and Procedures for Conversion

After all the requisite approvals have been obtained, the following procedures will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the Hong Kong H Share Registrar to issue H Share certificates. Registration on our H Share Register will be conditioned on (i) our H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (ii) the admission of the H Shares to trade on the Stock Exchange complying with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. Until the transferred shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

So far as our Directors are aware, none of our Promoters currently proposes to convert any of the Domestic Shares held by it into H Shares, except for the Domestic Shares to be converted and transferred by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF in connection with the Global Offering.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

The Company Law provides that in relation to the Hong Kong Public Offering of a company, the shares issued by a company prior to the Hong Kong Public Offering shall not be transferred for a period of one year from the date on which the publicly offered shares are traded on any stock exchange. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and shall not be transferred for a period of one year from the Listing Date. However, the Shares to be transferred by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF, in accordance with relevant PRC regulations regarding the reduction of State-owned shares, are not subject to such statutory restrictions on transfer following their transfer to the NSSF.

TRANSFER OF STATE-OWNED SHARES

In accordance with relevant PRC regulations regarding the reduction of state-owned shares, each of Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital is required to transfer to the NSSF such number of Domestic Shares as in aggregate would be equivalent to 10% of the number of the Offer Shares (150,000,000 H Shares before the exercise of the Over-allotment Option, and 172,500,000 H Shares after the exercise in full of the Over-allotment Option). At the time of the listing of our H Shares on the Stock Exchange, such Domestic Shares will be converted into H Shares on a one-for-one basis. These H Shares will not be part of the Global Offering, but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. We will not receive any proceeds from the transfer by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF of such Domestic Shares or any subsequent disposal of such H Shares by the NSSF.

The transfer of state-owned shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF was approved by SASAC on September 7, 2011. The conversion of those shares into H Shares was approved by the CSRC on April 1, 2012. We have been advised by our PRC legal advisers that the transfer and the conversion, and the holding of H Shares by the NSSF following such transfer and conversion, have been approved by the relevant PRC authorities and are legal under PRC law.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon after listing.

THE CORNERSTONE PLACING

We and the Joint Bookrunners have entered into cornerstone investment agreements with the following investors (the "Cornerstone Investors," each a "Cornerstone Investor"), pursuant to which the Cornerstone Investors have agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 H Shares) that may be purchased for an aggregate amount of US$208.8 million (the "Cornerstone Placing"). Assuming an Offer Price of HK$1.68 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of H Shares to be subscribed for by the Cornerstone Investors would be 964,550,000, representing approximately (i) 12.49% of the Shares in issue upon the completion of the Global Offering, assuming that the Over-allotment Option is fully exercised; or (ii) 12.86% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Pursuant to paragraph 4.2 of Practice Note 18 to the Listing Rules, the number of the Shares to be acquired by each of the Cornerstone Investors might be affected by the following reallocation of H Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering:

(a) a clawback mechanism that increases the number of shares under the Hong Kong Public Offering to 30% of the Global Offering when the total demand for shares in the Hong Kong Public Offering is 15 times but less than 50 times of the offer shares initially available for subscription under the Hong Kong Public Offering;

(b) a clawback mechanism that increases the number of shares under the Hong Kong Public Offering to 40% of the Global Offering when the total demand for shares in the Hong Kong Public Offering is 50 times but less than 100 times of the offer shares initially available for subscription under the Hong Kong Public Offering; and

(c) a clawback mechanism that increases the number of shares under the Hong Kong Public Offering to 50% of the Global Offering when the total demand for shares in the Hong Kong Public Offering is 100 times or more of the offer shares initially available for subscription under the Hong Kong Public Offering.

If the total demand for shares in the Hong Kong Public Offering falls with the respective category of (a), (b) or (c) and the number of offer shares available in the Hong Kong Public Offering is less than 30%, 40% or 50% of the Global Offering, respectively, the number of Shares to be subscribed by the Cornerstone Investors may be deducted on a pro rata basis to satisfy the respective public demands under the Hong Kong Public Offering as stipulated under the Listing Rules.

Each of the Cornerstone Investors is an independent third party, is independent with each other, is not our connected person, and is not an existing shareholder of our Company. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around June 27, 2012.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank pari passu in all respects with the other fully paid H Shares in issue and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone investment agreements). Upon the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any of the Cornerstone Investors become our substantial shareholder.

CORNERSTONE INVESTORS

We and the Joint Bookrunners have entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

Sinovel Wind Group Co., Ltd

Sinovel Wind Group Co., Ltd ("Sinovel"), one of our wind turbine suppliers, has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US$58.80 million (calculated at the foreign exchange cross rates published by The Hongkong Shanghai Banking Corporation ("HSBC") at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that Sinovel would subscribe for would be 271,628,000, representing (i) approximately 3.52% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 3.62% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Sinovel is the largest wind turbine manufacturer in China. In terms of accumulated installed capacity of the wind power equipment, Sinovel ranked first in China. It is the first wind turbine manufacturer in China that succeeded in localizing the large-scale production of 1.5 MW and 3 MW wind turbines. Sinovel supplied all the 34 units of 3 MW offshore wind turbines required by the Shanghai Donghai Bridge offshore wind power demonstration project, the first offshore wind power project in China. Sinovel is also the first one in China that succeeded in installing and operating 5 MW offshore generating units and in hoisting 6 MW offshore generating units. Sinovel has a well established presence across the world with its products sold to various countries in Asia, Europe and Americas.

CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited

CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited (the "CSR ZELRI (HK)") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US$50 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that CSR ZELRI (HK) would subscribe for would be 230,976,000, representing (i) approximately 2.99% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 3.08% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

CSR ZELRI (HK) was incorporated in Hong Kong and is a wholly-owned subsidiary of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd., a technology-leading company with very strong capability in independent research and development and innovation and as a subsidiary company solely held by China South Locomotive & Rolling Stock Corporation Limited (01766.HK).

Huaneng Renewables (Hong Kong) Limited

Huaneng Renewables (Hong Kong) Limited ("Huaneng HK") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US$30 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that Huaneng HK would subscribe for would be 138,584,000, representing (i) approximately 1.79% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 1.85% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Huaneng HK is a limited liability company incorporated in Hong Kong, and is a wholly-owned subsidiary of Huaneng Renewables Corporation Limited ("Huaneng"). Huaneng HK serves as the overseas platform of Huaneng and primarily engages in equity investment in companies in wind power industry and related business. Huaneng is a company incorporated in the PRC whose H shares are listed on the Main Board of the Stock Exchange (00958.HK). Huaneng is a leading pure-play renewable energy company in the PRC with a primary focus on wind power generation.

Shanxi Lu'An Mining Industry Group Co., Ltd.

Shanxi Lu'An Mining Industry Group Co., Ltd. ("Lu'An") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US$30 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that Lu'An would subscribe for would be 138,584,000, representing (i) approximately 1.79% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 1.85% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Lu'An is one of the largest coal producers in Shanxi, with coal production of 77.18 million tonnes, revenue of RMB114 billion and profit of RMB4.53 billion in 2011, as well as total assets of RMB108 billion as of December 31, 2011. Lu'An is a new integrated green energy and chemical enterprise with coal, electricity, oil, chemicals and polysilicon industries, and also the national innovative pilot enterprise. Its subsidiary, Shanxi Lu'An Environmental Protection & Energy Development Co. Ltd, is a national high and new-tech enterprise in China's coal industry.

State Grid International Development Limited

State Grid International Development Limited ("SGID") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US$30 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that SGID would subscribe for would be 138,584,000, representing (i) approximately 1.79% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 1.85% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

SGID is a wholly-owned subsidiary of the State Grid Corporation of China, the largest state-owned PRC grid company, primarily focuses on the construction and operation of grid network covering 26 provinces, autonomous regions and municipalities in China. SGID is a subsidiary of State Grid Corporation of China for developing its international businesses and engaging in international investments and other services.

GE Pacific Private Limited

GE Pacific Private Limited ("GE") has agreed to subscribe for such number of H Shares (rounded down to the nearest whole board lot of 2,000 H Shares) which may be purchased for the Hong Kong dollars equivalent of US$10 million (calculated at the foreign exchange cross rates published by HSBC at 7:00 p.m. Hong Kong time as at the Price Determination Date) at the Offer Price. Assuming an Offer Price of HK$1.68, being the mid-point of the Offer Price range set out in this prospectus, the total number of H shares that GE would subscribe for would be 46,194,000, representing (i) approximately 0.60% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is fully exercised, or, (ii) approximately 0.62% of the Shares in issue immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

GE is a company incorporated in the Republic of Singapore and is an indirect wholly-owned subsidiary of General Electric Company, which is a multinational corporation with its shares listed on the New York Stock Exchange (NYSE: GE).

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

(1) the underwriting agreement for the Hong Kong Public Offering and the underwriting agreement for the International Offering being entered into by, inter alia, the Company and the Joint Bookrunners and having become unconditional and not having been terminated by no later than the time and date as specified in those underwriting agreements in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties;

(2) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares and that such approval or permission having not been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;

(3) the respective representations, warranties, undertakings and acknowledgements of the Cornerstone Investors and the Company in the cornerstone investment agreements are and will be accurate and true in all material respects and not misleading as at the respective dates of these agreements and the Listing Date respectively and there being no material breach of these Agreements on the part of the Cornerstone Investor; and

(4) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, and will procure that the subsidiaries controlled by the Cornerstone Investors, if any, will not, at any time during a period of six months starting from and inclusive of the Listing Date, dispose of (as defined in the relevant cornerstone investment agreement) any of the H Shares subscribed for by it pursuant to the relevant cornerstone investment agreement. In the event of a disposal of any relevant Offer Shares at any time after the Lock-up Period, the Investor (i) will notify the Company and the Joint Bookrunners in writing prior to the disposal and will use its best endeavours to ensure that any such disposal will not create a disorderly or false market in the H Shares and will comply with all applicable laws.

Each Cornerstone Investor may transfer the H Shares so subscribed in certain limited circumstances, such as transfer to a wholly-owned subsidiary or controlled group member of such Cornerstone Investor, provided that such wholly-owned subsidiary agrees to be subject to the restrictions on disposals imposed on such Cornerstone Investor and such subsidiary is not a U.S. Person (as defined in Rule 902(k) of Regulation S under the Securities Act), and is and will be outside the United States and would be acquiring these Shares in an offshore transaction in reliance on Regulation S under the Securities Act.

So far as our Directors are aware, each of the following persons will, immediately following completion of the Global Offering (without taking into account any H Shares that may be issued upon the exercise of the Over-allotment Option and any additional H Shares that may be converted from the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF for the Over-allotment Option), have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings:

Shareholder	**Number of Shares held after the Global Offering[(1)]**	**Nature of interest**	**Approximate percentage of shareholding in the relevant class of Shares after the Global Offering[(1)]**	**Approximate percentage of shareholding in the total share capital of the Company after the Global Offering[(2)]**
Huadian[(3)]	5,019,300,000 Domestic Shares	Beneficial interest and interest of controlled corporation	85.80%	66.93%
Wujiang Hydropower[(3)]	189,540,000 Domestic Shares	Beneficial interest and interest of controlled corporation	3.24%	2.53%
Huadian Engineering[(3)]	78,975,000 Domestic Shares	Beneficial interest and interest of controlled corporation	1.35%	1.05%

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding the 150,000,000 H Shares to be held by NSSF after the Global Offering).

(2) The calculation is based on the total number of 7,500,000,000 Shares in issue after the Global Offering.

(3) Huadian holds 51% of the equity interest of Wujiang Hydropower and 100% of the equity interest of Huadian Engineering. Therefore, Huadian is deemed to be interested in the 189,540,000 Domestic Shares and 78,975,000 Domestic Shares held by Wujiang Hydropower and Huadian Engineering, respectively, as set out above.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

We are not aware of any arrangement, which may result in any change of control in our Company at any subsequent date.

The following discussion and analysis should be read in conjunction with our consolidated financial information included in "Appendix I – Accountants' Report," together with the accompanying notes. The consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed elsewhere in this prospectus, particularly in "Risk Factors," and "Forward Looking Statements."

OVERVIEW

We engage in the following four business segments based on their respective method of power generation:

- hydropower;
- wind power;
- coal-fired power; and
- other clean energy.

For the years ended December 31, 2009, 2010 and 2011, our revenue was RMB7,349.2 million, RMB8,397.6 million and RMB7,147.5 million, respectively, while our profit was RMB441.9 million, RMB798.1 million and RMB638.5 million, respectively.

Hydropower Business

Our hydropower business has provided significant revenue and cash flow to support our development of wind power and other clean energy projects. For the years ended December 31, 2009, 2010 and 2011, revenue from our hydropower business amounted to RMB1,244.9 million, RMB2,206.4 million and RMB1,440.9 million, respectively, while the adjusted segment operating profit of our hydropower business was RMB384.7 million, RMB1,143.4 million and RMB440.7 million, respectively.

Wind Power Business

During the Track Record Period, our consolidated installed wind power capacity grew rapidly, increasing from 471.0 MW as of December 31, 2009, to 1,333.8 MW as of December 31, 2010, and further increased to 2,171.3 MW as of December 31, 2011, representing a CAGR of 114.7% from 2009 to 2011. For the years ended December 31, 2009, 2010 and 2011, revenue from our wind power business amounted to RMB234.2 million, RMB549.6 million and RMB1,214.5 million, respectively, while the adjusted segment operating profit of our wind power business was RMB98.6 million, RMB278.4 million and RMB582.6 million, respectively.

Coal-fired Power Business

As compared to wind power and hydropower generation, coal-fired power generation is less prone to seasonal variations and climate effects, and its utilization hours and electricity generation are more predictable. As a result, our coal-fired power business has provided substantial revenue and cash flow to support our development of wind power and other clean energy projects. For the years ended December 31, 2009, 2010 and 2011, revenue from our coal-fired power business amounted to RMB5,759.5 million, RMB4,990.8 million and RMB4,119.0 million, respectively, while the adjusted segment operating profit of our coal-fired power business was RMB1,017.8 million, RMB244.8 million and RMB632.5 million, respectively.

Other Clean Energy Business

We also develop or hold interests in other clean energy projects, including distributed energy, nuclear power, solar power and biomass energy projects. We believe that the operation of these other clean energy power projects will generate a more diverse mix of revenue and bring new growth prospects to our business. We started our other clean energy business in 2009, and for the years ended December 31, 2009, 2010 and 2011, revenue from our other clean energy business amounted to RMB110.6 million, RMB457.5 million and RMB322.1 million, respectively, while the adjusted segment operating profit of our other clean energy business was RMB13.4 million, RMB81.8 million and RMB58.8 million, respectively.

BASIS OF PREPARATION

Our Company was established on August 19, 2011, as a joint stock limited company through the Reorganization. Our predecessor, Huadian Fujian, was established on November 30, 2004, as a wholly owned subsidiary of Huadian. As part of the Reorganization in 2010, Huadian Fujian disposed of certain assets, which did not meet its business strategy to Huadian for no consideration. These disposals were recorded as equity transactions in the consolidated statements of changes in equity. In October 2010, Huadian and its subsidiaries transferred their 100% equity interest in Huadian New Energy to Huadian Fuxin, which owns the entire equity interests in Huadian New Energy. On August 19, 2011, Huadian Fuxin was converted into a joint stock limited company. Our Company retained all of Huadian Fuxin’s assets and liabilities by issuing a total of RMB6,000 million ordinary shares to Huadian Fuxin’s shareholders. Please refer to “History, Reorganization and Corporate Structure – Reorganization.”

As there was no change in Controlling Shareholder before and after the Reorganization, our consolidated financial information has been prepared as a reorganization of business under common control. Accordingly, the relevant assets and liabilities of our subsidiaries have been recognized at historical cost, except for financial instruments classified as trading securities, which are stated at their fair value.

Our consolidated financial information throughout the Track Record Period has been prepared in accordance with IFRS. All material intra-group transactions and balances have been eliminated on consolidation.

Supplemental measures

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 below. These supplemental financial measures are not required by, or presented in accordance with IFRS. 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 IFRS. They should not be considered as alternatives to any other performance measures derived in accordance with IFRS. Prospective 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 IFRS, when evaluating our overall performance.

Adjusted revenue

Our adjusted revenue equals total revenue less service concession construction revenue. We present adjusted revenue here because service concession construction revenue has no net effect on our profit since the same amount of service concession construction cost is recognized over the same period. For a discussion of our service concession construction revenue, please see "– Principal Components of Consolidated Statements of Comprehensive Income – Revenue."

Adjusted operating profit and adjusted operating margin

Our adjusted operating profit is calculated by using our operating profit, subtracting service concession construction revenue and other net income, and adding service concession construction cost.

Our adjusted operating margin represents our adjusted operating profit divided by our adjusted revenue.

We present adjusted operating profit and adjusted operating margin here because we believe that, after excluding the effects of service concession construction revenue and other major nonrecurring income items, such measurements provide a more useful indicator of our profitability and results of operations.

Adjusted segment operating profit and adjusted segment operating margin

Our adjusted segment operating profit represents our segment operating profit less other net income attributable to this business segment.

Our adjusted segment operating margin is calculated by dividing adjusted segment operating profit by segment revenue.

We present adjusted segment operating profit and adjusted segment operating margin here because we believe that, after excluding the effects of major nonrecurring income items in each business segment, such measurements provide a more useful indicator of our profitability and results of operations.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected, and, we expect, will continue to affect, our business, financial condition, results of operations and prospects.

Segment and Business Mix

We own a diversified portfolio of power generating assets, primarily hydropower, wind power and coal-fired power plants. Our operating margin varies across our business segments, as well as different power generating assets in the same segment. Our project portfolio and changes to such portfolio in response to our business strategies, government policies, market opportunities and other factors may affect our revenue and profitability over time.

Our results of operations are affected by the relative size and performance of each of our business segments. For example:

- Our adjusted operating margin increased from 20.3% in 2010 to 22.7% in 2011 due primarily to (i) the increased proportion of profit contribution from the wind power business, a segment with the highest profit margin in 2011; and (ii) substantially increased profit margin of our coal-fired power business that resulted from the higher utilization hours at our Kemen Power Plant and our increased procurement of lower-cost coal supplies in 2011, pursuant to key supply agreements.

- Our adjusted operating margin increased from 19.7% in 2009 to 20.3% in 2010, due primarily to the increased proportion of profit contribution from the hydropower and wind power businesses, which enjoyed a higher profit margin compared to the other two segments. The higher levels of precipitation in Fujian province in 2010 and the resulting increase in the utilization hours of our hydropower business also increased the profit margin of our hydropower business, and the economies of scale achieved through increasing our installed wind power capacity further improved the profit margin of our wind power business in 2010.

In 2009 and 2010, the performance of our hydropower and coal-fired power businesses had a relatively greater impact on our profitability compared to our wind power and other clean energy businesses. In 2011, the proportion of revenue and profit contribution from the wind power business increased and, as we continue to focus on expanding the business scale of this segment, we expect the proportion of revenue and profit contribution from the wind power business to increase.

We believe we are well positioned to take advantage of market opportunities for developing various types of clean energy projects by leveraging our competitive strengths in the clean energy industry and favorable government policies. We will continue to monitor and adjust our project portfolio across business segments to maximize revenue and profitability.

Expansion of Installed Capacity

Our results of operations and financial condition are significantly affected by the installed capacity of our power generating projects in operation, and the growth of our project portfolio. As we increase our installed capacity, our potential electricity sales also increase. The increased scale and production of our project portfolio enable us to benefit from economies of scale and reduce project-specific risks.

The following table sets forth the installed capacity, net generation and sales of electricity of our hydropower, wind power and coal-fired power businesses as of the dates or for the periods indicated:

	As of or for the year ended December 31,		
	2009	**2010**	**2011**
Hydropower business			
Consolidated installed capacity (MW)	2,146.1	2,199.4	2,223.4
Net generation (MWh)	4,903,329.7	8,622,963.3	5,647,097.5
Sales of electricity (RMB in millions)	1,228.6	2,187.1	1,427.7
Wind power business			
Consolidated installed capacity (MW)	471.0	1,333.8	2,171.3
Net generation (MWh)	558,300.0	1,204,624.9	2,514,431.0
Sales of electricity (RMB in millions)	233.1	546.6	1,209.9
Coal-fired power business			
Consolidated installed capacity (MW)	2,650.0	2,650.0	2,050.0
Net generation (MWh)	15,902,516.3	14,045,451.6	11,119,728.9
– Self-generation	11,481,728.7	10,326,702.6	7,586,978.9
– Substituted generation	4,420,787.6	3,718,749.0	3,532,750.0
Sales of electricity (RMB in millions)	5,730.4	4,973.7	4,044.0

Our wind power business has been and will continue to be our business focus for the foreseeable future. During the Track Record Period, our consolidated installed wind power capacity grew rapidly, increasing from 471.0 MW as of December 31, 2009 to 1,333.8 MW as of December 31, 2010 and further to 2,171.3 MW as of December 31, 2011, representing a CAGR of 114.7% from 2009 to 2011. As of December 31, 2011, we have secured rights through entering into development agreements with local governments to develop wind power projects in 21 provinces in China with approximately 40,000 MW of prospective capacity, including 667.5 MW of advanced pipeline projects, 1,367.0 MW of intermediate pipeline projects and 38,000 MW of early pipeline projects. For further details, please see "Business – Our Wind Power Business – Our wind power project portfolio – Pipeline projects." By leveraging our abundant wind resource reserves, we expect to increase our total installed wind power capacity to approximately 3,200 MW by the end of 2012.

In addition to wind power projects, we intend to expand our hydropower business by acquisitions and internal expansions, actively develop distributed energy projects and selectively develop biomass energy and solar energy projects. As a result, we expect to increase our total consolidated installed capacity to approximately 8,200 MW by the end of 2012.

Average Utilization Hours

Average utilization hours refer to our gross generation in a period divided by the average installed capacity of our power generating assets in the same period. The profitability of a power generating project largely depends on its average utilization hours as such measurement is an indicator of how well this project has been utilized in producing electricity, the principal source of our revenue and cash flow. The following table sets forth a summary of the average utilization hours in our hydropower, wind power and coal-fired power business segments for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
		(Hours)	
Hydropower	2,379.3	4,015.0	2,583.2
Wind power	2,726.2	2,232.0	2,072.0
Coal-fired power[(1)]	4,942.5	4,466.5	6,045.2

(1) The average utilization hours of our coal-fired power business during the Track Record Period only reflected the measurement of our Kemen Power Plant because (i) as a back-up power plant in Fujian province, our Shaowu Power Plant only generates electricity when the regional grid system is overburdened and such plant purchased most of its electricity for sale from other coal-fired power plants under the substituted generation arrangements during the Track Record Period; and (ii) our Yong'an and Zhangping Power Plants only commenced operations by the end of December 2011. As such, we believe that the average utilization hours of our Kemen Power Plant are more meaningful for prospective investors in assessing the profitability of our coal-fired power business.

Hydropower business

The average utilization hours of our hydropower projects primarily depend on the levels of precipitation and the hydrological conditions prevailing in the regions in which our hydropower projects are located.

For the years ended December 31, 2009, 2010 and 2011, our average hydropower utilization hours were 2,379.3 hours, 4,015.0 hours and 2,583.2 hours, respectively. All our hydropower projects in operation are located in Fujian province and, therefore, historical fluctuations in our average hydropower utilization hours were due primarily to the different levels of precipitation in Fujian province and prevailing hydrological conditions at our project site during each period. During the Track Record Period, Fujian province recorded higher levels of precipitation in 2010, and, accordingly, our average utilization hours were higher in 2010 compared to such figures in 2009 and 2011.

The levels of precipitation vary each year or season, so our existing and future hydropower projects may be subject to substantial variations in climatic and hydrological conditions, which could affect our average utilization hours and net hydropower generation. Please see "Risk Factors – Risks Relating to Our Hydropower Business – Our hydropower business is dependent on hydrological conditions."

Wind power business

The average utilization hours of our wind power projects depend on, among others, (i) climate and wind conditions prevailing in the regions in which our projects are located; (ii) grid capacity and transmission limitations; and (iii) schedule of routine repair and maintenance.

For the years ended December 31, 2009, 2010 and 2011, our average wind power utilization hours were 2,726.2 hours, 2,232.0 hours and 2,072.0 hours, respectively. The average utilization hours of our wind power projects were above the industry average during the Track Record Period. Historical fluctuations in our average wind power utilization hours were due primarily to (i) less favorable wind conditions prevailing at certain wind power projects in northern China in 2011; and (ii) our expansion into various regions in China with different wind conditions and on-grid tariffs to avoid concentrated development in 2010.

The electricity and revenue generated at a wind power project are highly dependent on wind conditions, which vary across seasons and regions and are difficult to predict. Please see "Risk Factors – Risks Relating to Our Wind Power Business – Our wind power business is highly dependent on wind conditions."

Coal-fired power business

The average utilization hours of our coal-fired power plants mainly depend on (i) local electricity supply and demand; and (ii) schedule of major overhauls.

For the years ended December 31, 2009, 2010 and 2011, the average utilization hours of our Kemen Power Plant were 4,942.5 hours, 4,466.5 hours and 6,045.2 hours, respectively. The average utilization hours of our Kemen Power Plant decreased to 4,466.5 hours in 2010 compared to 4,942.5 hours in 2009, due primarily to the major overhauls we performed on two generating units of the Kemen Power Plant. Such average utilization hours increased to 6,045.2 hours in 2011, due primarily to the increased electricity demand in Fujian province and the resulting increase in the power generation of existing power plants in this region.

On-grid Tariff

We derive substantially all of our revenue from the sale of electricity, and, as a result, our results of operations are affected by the sales price of the electricity (known as the on-grid tariff) and changes to such tariff. On-grid tariffs for power generating projects are approved or fixed by the pricing authorities in China. As such, our business is dependent on the PRC pricing policy for different energy sources. For a detailed discussion of the pricing policy for hydro, wind or coal-fired power in China, please see "Business – Pricing and Sales."

The following table sets forth the respective weighted average on-grid tariff (excluding VAT) for our hydropower, wind power, and coal-fired power businesses for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
		(RMB/kWh)	
Hydropower	0.251	0.254	0.253
Wind power	0.418	0.454	0.481
Coal-fired power	0.360	0.354	0.364

The current tariff-setting mechanism for hydropower projects is designed to enable a project to recover all operating and debt servicing costs and to earn a reasonable rate of return on the net fixed assets. Historical fluctuations of our weighted average on-grid tariff for hydropower reflect various tariff adjustments announced by the NDRC and the relative hydropower generation of each hydropower project with different on-grid tariffs.

On-grid tariff for wind power projects is fixed by the PRC government based on the location of wind power projects. Historical fluctuations of our weighted average on-grid tariff for wind power was due primarily to our expansion into wind resource zones with different on-grid tariffs.

The current tariff-setting mechanism for coal-fired power plants is based on the operating terms of power plants, as well as the average costs of comparable power plants. The NDRC approves the on-grid tariff for our coal-fired power plants and adjusts such tariff for material changes, such as a substantial increase in the coal price, from time to time. Historical fluctuations of our weighted average on-grid tariff for coal-fired power reflected various tariff adjustments announced by the NDRC. In December 2011, the NDRC increased the on-grid tariff for our Kemen Power Plant by RMB0.0274/kWh.

Coal Consumption

Our coal-fired power business is fueled by coal and the costs of such raw materials have in the past accounted for the majority of the operating expenses in our coal-fired power business. For the years ended December 31, 2009, 2010 and 2011, our costs of coal amounted to RMB2,466.0 million, RMB2,560.4 million, and RMB1,743.7 million, respectively, representing 70.1%, 69.2% and 73.1% of the operating expenses (excluding costs of substituted electricity) in our coal-fired power business for those years, respectively.

For the years ended December 31, 2009, 2010 and 2011, we purchased approximately 82.1%, 94.1% and 33.4%, respectively, of our coal supplies, as measured by purchase value, from our connected persons, including Huadian Coal and its subsidiaries. Since January 1, 2012, we have ceased our connected transactions with them. As part of our business strategy, we intend to purchase the majority of our coal supplies through coal distributors, from major coal suppliers in China, pursuant to key supply agreements. For example, in June 2011, we entered into a six-month supply agreement with a third-party coal distributor, Shanxi Xishan Coal and Electricity Power Trading Co., Ltd, whereby the distributor agrees to resell one million tons of coal it purchased from Shenhua Group and ChinaCoal with different grades to our Kemen Power Plant at a price based on the actual grade of each supply (for example RMB574.7 per ton for a heat grade of approximately 5,500 kcal/kg) and we agree to make full payment for each supply upon shipment. Our key supply agreement with Shanxi Xishan Coal and Electricity Power Trading Co., Ltd was renewed in February 2012 for one year with a quantity requirement of two million tons.

We negotiate coal prices with coal distributors, and such prices are subject to other factors, including market conditions, applicable VAT, government pricing policies and the cost of transportation. The price of coal we purchased for electricity generation is subject to market fluctuations and, therefore, has been volatile. For the years ended December 31, 2009, 2010 and 2011, the average price of standard coal (7,000 kcal/kg) per ton we purchased was RMB673.3, RMB757.3 and RMB728.0, respectively.

Our Kemen Power Plant owns two deep-water ports in its close proximity, through which we can transfer coal supplies directly from the piers to our thermal plant through conveyor belts in order to further reduce our transportation costs. In addition, in December 2011, the NDRC announced a price cap of RMB800.0 per ton (including VAT) on the market price of thermal coal (5,500 kcal/kg) in China. As a result, we believe the price of coal we purchase in the open market would not rise significantly in the near future. However, we cannot assure you that the market price of coal will not further increase. Please see “Risk Factors – Risks Relating to Our Coal-fired Power Business – An increase in coal price and a disruption in coal supply or its transportation could materially adversely affect our coal-fired power business.”

Although the market price of coal could affect our results of operations and profitability, we intend to implement the following measures to mitigate the impact of such price increases:

- continuing to enter into key supply agreements, through coal distributors, with major coal suppliers in the PRC to ensure sufficient and uninterrupted coal supplies at reasonable costs;

- sourcing coal supplies from foreign vendors by taking advantage of different prices of coal between the PRC and international markets; and

- enhancing coal consumption efficiency through technology improvements and equipment upgrades.

Sales of CERs

As the income from our qualified CDM projects contributes directly to our operating profit, our profitability and results of operations also depend on our income from the sales of CERs. We began to sell CERs for emission reductions attributable to the electricity generated from our qualified clean energy projects in 2008. We derived income from the sale of CERs of RMB30.6 million, RMB75.2 million and RMB153.4 million for the years ended December 31, 2009, 2010 and 2011, respectively.

As of December 31, 2011, we had 22 wind power projects, one hydropower project and one solar power project that have been successfully registered with the CDM EB as CDM projects.

The following table sets forth our income from CDM projects and such income as a percentage of our operating profit for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
	(RMB in millions, except percentages)		
Income from CDM projects	30.6	75.2	153.4
Operating profit	1,491.3	1,899.0	1,916.7
% of operating profit	2.1%	4.0%	8.0%

Our sales of CERs depend on our ability to procure buyers for such carbon credits, which in turn depends on the CDM arrangement under the Kyoto Protocol. We believe that the United Nations Climate Change Conference held in December 2011, which decided to extend the Kyoto Protocol by five years from 2013 to 2017, could result in additional growth potential for our clean energy projects beyond the first commitment period of the Kyoto Protocol, which will end by the end of 2012. Please see "Risk Factors – Risks Relating to the Clean Energy Industry – Our sales of CERs depend on the CDM arrangements under the Kyoto Protocol and the registration process with the CDM EB."

Price of Wind Turbines

Approximately 55-65% of our total construction cost of a wind power project is attributable to cost of wind turbines. Our wind turbine purchases have been and will continue to be our principal capital expenditure.

We generally select our turbine suppliers through a bidding process based on factors such as product quality, price, suitability, technology and after-sales support. In recent years, the PRC government's increasing support for the wind power industry has caused turbine manufacturers to expand rapidly and turbine prices to decrease significantly in China. We believe that our turbine procurement strategy and the sufficiency of turbine supply in China have provided us with a competitive advantage in turbine procurement and in negotiating favorable terms with suppliers. We have established over five years of relationships with leading turbine suppliers, such as Sinovel, Goldwind and Gamesa. As of December 31, 2011, our turbine purchase from these suppliers represented approximately 50.1% of our total installed wind power capacity, including 35.6% from Sinovel, 8.7% from Goldwind and 5.8% from Gamesa.

We finance our turbine purchases primarily through bank borrowings. As we grow, we expect to continue to incur additional financing to purchase new wind turbines for expanding our wind power business.

Financing Arrangements

Apart from our operating cash flow and shareholder contributions, our projects are primarily financed by bank borrowings. As of December 31, 2011, our total interest-bearing borrowings amounted to RMB30,242.4 million. In addition, we had capital commitments of RMB14,563.6 million for the acquisition of property, plant and equipment and capital investments, principally for developing our wind power and other clean energy businesses. For the years ended December 31, 2009, 2010 and 2011, our finance expenses amounted to RMB945.0 million, RMB984.6 million and RMB1,266.3 million, respectively. Any significant increase in the prevailing interest rate in China will affect our financing expenses. Please see "Risk Factors – Risks Relating to Our Business Operations – Our borrowing levels, interest payment obligations and net current liabilities could limit the funds available to us for various business purposes."

As part of our business strategy, we expect to increase our consolidated installed capacity to approximately 8,200 MW by the end of 2012. We estimated, as of December 31, 2011, that we would incur approximately RMB10.3 billion and RMB10.0 billion of capital expenditures in 2012 and 2013, respectively, to fund our business expansion, and make approximately RMB800.0 million of financial investments in the Fuqing Nuclear Power Plant each year from 2012 to 2014. As we expand our business, we expect to continue to require a significant amount of external financing in the foreseeable future.

We have maintained long-term relationships with major commercial banks in China, and have been able to obtain banking facilities on competitive terms to fund our business expansion. The interest rate on most of our bank borrowings is lower than the then-prevailing benchmark interest rate in China. We have entered into credit facility agreements with major commercial banks in China and our committed unutilized banking facilities amounted to approximately RMB14.8 billion as of April 30, 2012. Please see "– Indebtedness – Borrowings."

The level of our borrowings and our ability to obtain additional external financing on the existing terms, as well as any interest rate fluctuations and other borrowing costs, have had and will continue to have a material effect on our finance costs and, consequently, our results of operations and financial condition.

Tax Incentives

Our business has in the past benefited from various tax incentives, primarily in the form of preferential EIT rates and VAT deductions or refunds.

However, any reduction, discontinuation or unfavorable application of these preferential treatments could have a material adverse effect on our business, financial condition and results of operations.

Preferential EIT rate

For the years ended December 31, 2009, 2010 and 2011, our weighted average effective tax rate was 21.9%, 16.5% and 13.0%, respectively, while the statutory income tax rate in China has been 25.0% since January 1, 2008. Our weighted average effective tax rate was much lower than the statutory rate due primarily to an increase in the number of project companies we established for the wind power business, which benefited from the following:

- preferential income tax rate of 15.0% from 2008 onwards, due to their location in western China as supported by the "Go West" policy in China;

- a two-year period of full EIT exemption commencing from the first year with operating revenue, followed by a three-year period of half EIT reduction, due to their location in western China as supported by the "Go West" policy in China; and

- a three-year period of full EIT exemption commencing from the first year with operating revenue, followed by a three-year half EIT reduction, due to the business of developing public infrastructure projects, principally wind power projects.

VAT deduction and refund

Our sale of electricity is currently subject to a VAT rate of 17.0% in China. Under a VAT reform, effective from January 1, 2009, general VAT payers in China are allowed to deduct their input VAT relating to the purchase of equipment from their output VAT on sales. Therefore, we are entitled to deduct our input VAT for the purchase of wind turbines and other equipment from our output VAT on electricity sales since 2009.

In addition, after deducting input VAT from output VAT on the purchase of equipment, our subsidiaries engaging in wind power business can further receive a 50.0% VAT refund from the VAT they paid.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies and estimates significant to the preparation of the financial information in accordance with IFRS. The Accountants' Report in Appendix I to this prospectus sets forth these significant accounting policies in note 1, which are important for an understanding of our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 37 of the Accountants' Report in Appendix I to this prospectus. In the application of our accounting policies, our management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of the financial information.

Critical Accounting Policies

Revenue recognition

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

Sale of electricity

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

Service concession construction revenue

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

Rendering of services

Revenue from the rendering of services is recognized in the statement of comprehensive income by reference to the stage of completion of the transaction based on the progress of work.

Dividends

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

Interest income

Interest income is recognized as it accrues, using the effective interest method.

Government grants

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

CER income

Revenue in relation to CERs is recognized when the following conditions are met:

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

The revenue related to CERs is recognized and recorded in trade receivables for the volume verified by the independent supervisors assigned by CDM EB and in other receivables for the remaining volume.

Property, plant and equipment

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

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

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

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

− Buildings and structures	8-55 years
− Wind turbines and generators	20 years
− Transmission lines	30-35 years
− Other equipments	4-22 years
− Motor vehicles	6-10 years
− Furniture, fixtures and others	5-18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed at each reporting date and adjusted if appropriate.

Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of our previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When the second item described above is greater than the first, then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Intangible assets (other than goodwill)

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

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

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

− Concession assets . . . . 23 years[(1)]
− Software and others . . . . 5-10 years

(1) The estimated useful life of our concession wind power project in Fujian province excludes the first two years of construction period.

Both the period and method of amortization are reviewed by our management annually.

Income tax

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

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

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

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

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

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

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

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

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

- in the case of deferred tax assets and liabilities, if they relate to income tax levied by the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

Sales and leaseback arrangement resulting in a finance lease

A sales and leaseback arrangement, which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset, which indicates that the asset may be impaired, an impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. Any deficit of sales proceeds that is lower than the carrying amount, in the absence of impairment, is also deferred and amortized as an adjustment to the depreciation of the asset.

Critical Accounting Judgments and Estimates

Impairment losses for bad and doubtful debts

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

Impairment losses of non-current assets

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

Recognition of deferred tax assets

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

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. We review the estimated useful lives of the assets regularly. The useful lives are based on our historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Income tax

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

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We derive substantially all of our revenue from the sale of electricity. The following table sets forth the components of our revenue and each item as a percentage of our revenue for the periods indicated:

	Year ended December 31,					
	2009		2010		2011	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
Sales of electricity						
– Hydropower business	1,228.6	16.7	2,187.1	26.0	1,427.7	20.0
– Wind power business	233.1	3.2	546.6	6.5	1,209.9	16.9
– Coal-fired power business	5,730.4	78.0	4,973.7	59.2	4,044.0	56.6
– Other clean energy business	110.5	1.5	457.3	5.5	306.2	4.3
	7,302.6	**99.4**	**8,164.7**	**97.2**	**6,987.8**	**97.8**
Service concession construction revenue	–	–	193.3	2.3	43.9	0.6
Others	46.6	0.6	39.6	0.5	115.8	1.6
Total revenue	**7,349.2**	**100.0**	**8,397.6**	**100.0**	**7,147.5**	**100.0**

We sell our electricity to local grid companies pursuant to the terms of the PPAs we have entered into with them. Our PPAs generally have a term of one to three years, and can be renewed upon expiry. The PPAs typically provide that a party to a PPA may terminate the PPA under certain circumstances, including, among other things, revocation of a power business permit and a party's failure to perform its obligations under the PPA.

For the years ended December 31, 2009, 2010 and 2011, sales of electricity in our hydropower business accounted for 16.7%, 26.0% and 20.0%, respectively, of our revenue. Sales of electricity in our hydropower business decreased by 34.7% in 2011 due to the lower levels of precipitation in Fujian province and less favorable hydrological conditions prevailing at our project sites. In 2010, the increase in sales of electricity in this segment was due primarily to the higher levels of precipitation in Fujian province and the resulting increase in hydropower utilization hours, which led to a 78.0% increase in sales of electricity.

For the years ended December 31, 2009, 2010 and 2011, sales of electricity in our wind power business accounted for 3.2%, 6.5% and 16.9%, respectively, of our revenue during those years. Sales of electricity in this segment increased steadily during the Track Record Period, due primarily to our increased installed wind power capacity and the resulting increase in sales of electricity.

For the years ended December 31, 2009, 2010 and 2011, sales of electricity in our coal-fired power business accounted for 78.0%, 59.2% and 56.6%, respectively, of our revenue. Sales of electricity in our coal-fired power business decreased by 18.7% in 2011 compared to 2010, due primarily to our divesture of Kemen II, despite an increase in the average utilization hours of our Kemen Power Plant in 2011. In 2010, the 13.2% decrease in sales of electricity in this segment reflected our reduced coal-fired power generation during the year to accommodate our increased hydropower generation, which is subject to priority dispatch.

Our service concession construction revenue represents the revenue recognized during the construction period of our concession wind power project in Fujian province. As the operator of the wind power project, pursuant to the service concession arrangement we entered into with the local government, we have the exclusive rights to develop and operate this concession project for a period of 25 years. As we subcontracted all of the construction work for such concession project to third-party contractors, we also recognized costs relating to the construction work in the same amount as our service concession construction revenue. As a result, recognition of the service concession construction revenue and costs has no net effect on our operating profit. Most of the construction of our concession wind power project was performed in 2010, and, therefore, our service concession construction revenue was primarily concentrated in 2010 and subsequently decreased in 2011.

In addition to the sale of electricity, we also generate other revenues, such as from the rental of power infrastructure systems, sale of fly ash (a residual from our coal-fired power generation) and provision of repair and maintenance services to third parties.

Other net income

Our other net income primarily consists of government grants and net income from CDM projects. Government grants primarily include VAT refunds, incentives for decommissioning obsolete coal-fired power plants and fiscal interest subsidies. The following table sets forth the components of our other net income and each item as a percentage of our total other net income for the periods indicated:

	Year ended December 31,					
	2009		2010		2011	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
Government grants						
– VAT refunds	21.8	47.6	4.4	1.9	10.1	3.3
– Incentives for decommissioning obsolete coal-fired power plants[1]	–	–	135.0	57.1	–	–
– Others	1.5	3.3	14.1	6.0	53.6	17.5
Net income on CDM projects	30.6	66.7	75.2	31.8	153.4	50.2
Net income/(loss) on disposal of plant, property and equipment	(8.4)	(18.3)	8.1	3.4	13.6	4.4
Rental income from investment properties	–	–	0.2	0.1	0.8	0.3
Gain on disposal of subsidiaries	–	–	–	–	64.2	21.0
Net loss on disposal of interest in subsidiary with a loss in control	–	–	–	–	(1.7)	(0.6)
Net income on sale of coal to Kemen II[2]	–	–	–	–	–	–
Others	0.3	0.7	(0.7)	(0.3)	11.9	3.9
Total	**45.8**	**100.0**	**236.3**	**100.0**	**305.9**	**100.0**

(1) Incentives for decommissioning obsolete coal-fired power plants are compensation incentives we received for decommissioning and demolition of obsolete coal-fired power plants in Fujian province.

(2) Given that Kemen II was applying for its taxpayer identification number to purchase coal in the open market after the disposal and coal supply arrangements are usually negotiated and agreed at the beginning of each year, Kemen II entrusted us to purchase coal for its use in order to maintain uninterrupted operations, and, as a result, we resold RMB2,650.2 million of coal to Kemen II during 2011 without any mark-up. Kemen II received its taxpayer identification number in April 2011 and since 2012 has sourced its coal supplies in the open market and have ceased to purchase coal from us.

Operating expenses

Our operating expenses primarily include cost of fuel and substituted electricity, depreciation and amortization, service concession construction costs, personnel costs, repairs and maintenance, administrative expenses and other operating expenses. The following table sets forth the components of our operating expenses and each item as a percentage of our total operating expenses for the periods indicated:

	Year ended December 31,					
	2009		2010		2011	
	(RMB in millions)	%	(RMB in millions)	%	(RMB in millions)	%
Cost of fuel	2,543.8	43.1	2,856.7	42.4	1,930.0	34.9
Cost of substituted electricity	1,225.1	20.8	1,048.3	15.6	1,099.7	19.9
Depreciation and amortization	978.6	16.6	1,138.3	16.9	1,230.8	22.2
Service concession construction costs	–	–	193.3	2.9	43.9	0.8
Personnel costs	615.5	10.4	826.5	12.3	656.4	11.9
Repairs and maintenance	147.5	2.5	226.0	3.3	163.6	2.9
Administration expenses	184.4	3.1	196.8	2.9	221.6	4.0
Other operating expenses	208.8	3.5	249.0	3.7	190.7	3.4
Total	**5,903.7**	**100.0**	**6,734.9**	**100.0**	**5,536.7**	**100.0**

Cost of fuel primarily reflects our cost of coal to fuel our coal-fired power plants.

Cost of substituted electricity reflects the consideration we paid for purchasing electricity from other coal-fired power plants under substituted generation arrangements. The amount of substituted generation that our coal-fired power plants, primarily Shaowu, Yong'an and Zhangping Power Plants, are allowed to purchase during a year is regulated by the relevant government authorities. For a discussion of substituted generation arrangements, please see "Business – Pricing and Sales – Coal-fired Power Business."

Depreciation and amortization reflect the depreciation of our property, plant and equipment; and the amortization of our service concession arrangements and other intangible assets.

Service concession construction costs represent the costs we recognize for the construction of our concession wind power project because we sub-contracted all of the construction work to third parties. The amount of our service concession construction costs is the same as the corresponding service concession construction revenue we recognize.

Personnel costs primarily include salaries, welfare benefits, retirement benefits and housing funds.

Repairs and maintenance reflects our costs associated with the repairs and maintenance of our power generating projects.

Administrative expenses primarily include office expenses, travel expenses, and various government surcharges.

Other operating expenses primarily include water resource fees, reservoir maintenance funds, insurance, transportation expenses, impairment loss and other miscellaneous expenses.

Adjusted operating profit and adjusted operating margin

The following table sets forth the key measurements of our profitability for the periods indicated:

	Year ended December 31,		
	2009	**2010**	**2011**
	(RMB in millions, except percentages)		
Segment Revenue			
– Hydropower	1,244.9	2,206.4	1,440.9
– Wind power	234.2	549.6	1,214.5
– Coal-fired power	5,759.5	4,990.8	4,119.0
– Other clean energy	110.6	457.5	322.1
Total reportable segment revenue	7,349.2	8,204.3	7,096.5
Service concession construction revenue	–	193.3	43.9
Unallocated	–	–	7.1
Revenue	7,349.2	8,397.6	7,147.5
Adjusted revenue(1)(*)	7,349.2	8,204.3	7,103.6
Operating profit	1,491.3	1,899.0	1,916.7
Adjusted operating profit(2)(*)	1,445.5	1,662.7	1,610.8
Adjusted operating margin(3)(*)	19.7%	20.3%	22.7%
Adjusted segment operating profit(4)(*)			
– Hydropower	384.7	1,143.4	440.7
– Wind power	98.6	278.4	582.6
– Coal-fired power	1,017.8	244.8	632.5
– Other clean energy	13.4	81.8	58.8
Total(5)	**1,514.5**	**1,748.4**	**1,714.6**
Adjusted segment operating margin (%)(6)(*)			
– Hydropower	30.9%	51.8%	30.6%
– Wind power	42.1%	50.7%	48.0%
– Coal-fired power	17.7%	4.9%	15.4%
– Other clean energy	12.1%	17.9%	18.3%

(1) Adjusted revenue = Revenue – Service concession construction revenue.

(2) Adjusted operating profit = Operating profit – Service concession construction revenue + Service concession construction cost – Other net income. As we subcontracted all of the construction work for such concession project to third-party contractors, we also recognized costs relating to the construction work in the same amount as our service concession construction revenue. As a result, recognition of the service concession construction revenue and costs has no net effect on our operating profit or adjusted operating profit.

(3) Adjusted operating margin = Adjusted operating profit/Adjusted revenue.

(4) Adjusted segment operating profit = Segment operating profit – other net income attributable to this business segment.

(5) The difference between the total adjusted segment operating profit and adjusted operating profit is our unallocated headquarter and corporate adjusted operating profit.

(6) Adjusted segment operating margin = Adjusted segment operating profit/Segment revenue.

* Adjusted revenue, adjusted operating profit, adjusted segment operating profit, adjusted operating margin and adjusted segment operating margin are not standard measurements under IFRS, but we present them because we believe that, after excluding the effects of service concession construction revenue and other net income, such measurements provide a more useful indicator of our profitability and results of operations. Prospective investors should be aware that the adjusted measurements presented in this prospectus may not be comparable to similarly titled measures used by other companies.

Finance income

Our finance income primarily consists of interest income from bank deposits and dividend income from other investments and foreign exchange net gains on foreign currency denominated (principally U.S. dollar) borrowings.

Finance expenses

Our finance expenses primarily consist of interest payments on bank and other borrowings.

Share of profits less losses of associates and jointly controlled entity

Our share of profits less losses of associates and jointly controlled entity is calculated by the profits we share from our associates and jointly controlled entity less their losses.

Income tax

Income tax comprises current tax and movements in deferred tax assets and liabilities. We are subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which our Company and subsidiaries are domiciled or operate.

Our subsidiaries located in China have been subject to EIT at the statutory tax rate of 25.0% since January 1, 2008. Some of our subsidiaries were entitled to preferential tax treatments. Please see "– Factors Affecting Our Results of Operations – Tax Incentives." For the years ended December 31, 2009, 2010 and 2011, our weighted average effective tax rate was 21.9%, 16.5% and 13.0%, respectively. The gradual decrease in our weighted average effective tax rate from 2009 to 2011 was mainly attributable to our increased number of subsidiaries engaging in the wind power business that are entitled to preferential EIT treatments.

RESULTS OF OPERATIONS

Year Ended December 31, 2010 Compared to Year Ended December 31, 2011

	Year Ended December 31,		% Change
	2010	2011	
	(RMB in millions)		
Revenue	8,397.6	7,147.5	(14.9)
Other net income	236.3	305.9	29.5
Operating expenses	(6,734.9)	(5,536.7)	(17.8)
– Operating expenses less service concession construction costs	(6,541.6)	(5,492.8)	(16.0)
Operating profit	1,899.0	1,916.7	0.9
Finance income	30.1	70.9	135.5
Finance expenses	(984.6)	(1,266.3)	28.6
Share of profits less losses of associates and jointly controlled entity	11.6	13.1	12.9
Profit before taxation	956.1	734.4	(23.2)
Income tax	(158.0)	(95.9)	(39.3)
Profit and total comprehensive income for the year	**798.1**	**638.5**	(20.0)
Profit and total comprehensive income attributable to:			
Equity owners of the Company	521.1	561.6	7.8
Non-controlling interests	277.0	76.9	(72.2)
	798.1	**638.5**	(20.0)

Revenue

Our total revenue decreased by 14.9% to RMB7,147.5 million in 2011 compared to RMB8,397.6 million in 2010, due primarily to the decreased sales of electricity from the hydropower and coal-fired power businesses, partially offset by a substantial increase in sales of electricity in our wind power business. The following table sets forth the breakdown of our revenue for the periods indicated:

	Year Ended December 31,		% Change
	2010	2011	
	(RMB in millions)		
Sales of Electricity			
– Hydropower business	2,187.1	1,427.7	(34.7)
– Wind power business	546.6	1,209.9	121.4
– Coal-fired power business	4,973.7	4,044.0	(18.7)
– Other clean energy business	457.3	306.2	(33.0)
	8,164.7	**6,987.8**	(14.4)
Service concession construction revenue	193.3	43.9	(77.3)
Others	39.6	115.8	192.4
Total revenue	**8,397.6**	**7,147.5**	(14.9)

Sales of electricity in our hydropower business decreased by 34.7% to RMB1,427.7 million in 2011 compared to RMB2,187.1 million in 2010, due primarily to the lower levels of precipitation in Fujian province and less favorable hydrologic conditions prevailing at our project sites that resulted in a 34.5% decrease in our net hydropower generation from 8,622,963.3 MWh in 2010 to 5,647,097.5 MWh in 2011.

Sales of electricity in our wind power business increased significantly to RMB1,209.9 million in 2011 compared to RMB546.6 million in 2010, due primarily to our substantially increased average installed wind power capacity and the resulting 108.7% increase in our net wind power generation from 1,204,624.9 MWh in 2010 to 2,514,431.0 MWh in 2011.

Sales of electricity in our coal-fired power business decreased by 18.7% to RMB4,044.0 million in 2011 compared to RMB4,973.7 million in 2010, due primarily to our divesture of Kemen II in 2011 and the resulting 20.8% decrease in our net coal-fired power generation from 14,045,451.6 MWh in 2010 to 11,119,728.9 MWh in 2011, despite an increase in the average utilization hours of our Kemen Power Plant.

Sales of electricity in our other clean energy business decreased by 33.0% to RMB306.2 million in 2011 compared to RMB457.3 million in 2010, due primarily to the fact that we ceased to own a controlling interest in the Guangzhou University Town Distributed Energy Project after our disposal of 12.0% equity interest in this project in August 2011.

Our service concession construction revenue decreased significantly to RMB43.9 million in 2011 compared to RMB193.3 million in 2010, as the construction of our concession wind power project was mainly concentrated in 2010 and such project commenced operations in the first half of 2011.

Our other revenue increased significantly to RMB115.8 million in 2011 compared to RMB39.6 million in 2010, due primarily to the rental revenue from Kemen II for using our power infrastructure systems in 2011.

Other net income

Our other net income increased by 29.5% to RMB305.9 million in 2011 compared to RMB236.3 million in 2010, due primarily to the increases in our net income from CDM projects and gain on disposal of subsidiaries.

Our net income on CDM projects increased significantly to RMB153.4 million in 2011 compared to RMB75.2 million in 2010, due primarily to our increased number of CDM projects and the resulting increase in sales of CERs.

In 2011, we received a one-time gain of RMB64.2 million from the divesture of Kemen II.

Operating expenses

Our operating expenses excluding service concession construction costs decreased by 16.0% to RMB5,492.8 million in 2011 compared to RMB6,541.6 million in 2010. The following table sets forth the breakdown of our operating expenses for the periods indicated:

	Year ended December 31,		% Change
	2010	2011	
	(RMB in millions)		
Cost of fuel	2,856.7	1,930.0	(32.4)
Cost of substituted electricity	1,048.3	1,099.7	4.9
Depreciation and amortization	1,138.3	1,230.8	8.1
Service concession construction costs	193.3	43.9	(77.3)
Personnel costs	826.5	656.4	(20.6)
Repairs and maintenance	226.0	163.6	(27.6)
Administration expenses	196.8	221.6	12.6
Other operating expenses	249.0	190.7	(23.4)
Total operating expenses	**6,734.9**	**5,536.7**	(17.8)
Operating expenses excluding service concession construction costs	**6,541.6**	**5,492.8**	(16.0)

This decrease was mainly attributable to the decreases in the following items:

- our cost for fuel decreased by 32.4% or RMB926.7 million to RMB1,930.0 million in 2011 compared to RMB2,856.7 million in 2010. This decrease was mainly attributable to our divesture of Kemen II and our increased procurement of lower-cost coal supplies pursuant to key supply agreements in 2011.

- our personnel costs decreased by 20.6% to RMB656.4 million in 2011 compared to RMB826.5 million in 2010, due primarily to a one-time payment of RMB134.5 million we made in 2010 for compensating dismissed power plant workers at our decommissioned coal-fired power plants, and to a less extent, the divesture of Kemen II in 2011.

- our repair and maintenance expenses decreased by 27.6% to RMB163.6 million in 2011 compared to RMB226.0 million in 2010 due primarily to a scheduled major overhaul we performed on Kemen Power Plant in 2010, which did not recur in 2011.

- our other operating expenses decreased by 23.4% to RMB190.7 million in 2011 compared to RMB249.0 million in 2010, due primarily to our decreased hydropower generation in 2011 and the resulting decrease in water resource fees and resettlement funds we paid.

Adjusted operating profit and adjusted operating margin

Our adjusted operating profit decreased slightly to RMB1,610.8 million in 2011 compared to RMB1,622.7 million in 2010, due primarily to the decrease in our sales of electricity from the hydropower and coal-fired power businesses, partially offset by a substantial increase in sales of electricity in our wind power business.

Our adjusted operating margin increased from 20.3% in 2010 to 22.7% in 2011 due primarily to (i) the increased proportion of profit contribution from the wind power business, a segment with the highest profit margin in 2011; and (ii) substantially increased profit margin of our coal-fired power business that resulted from the higher utilization hours at our Kemen Power Plant and our increased procurement of lower cost coal supplies pursuant to key supply agreements in 2011.

Hydropower business

The adjusted operating margin of our hydropower business decreased to 30.6% in 2011 compared to 51.8% in 2010, due primarily to the lower levels of a precipitation and less favorable hydrological conditions prevailing at our project sites and the resulting 55.4% decrease in our average hydropower utilization hours.

Wind power business

The adjusted operating margin of our wind power business decreased to 48.0% in 2011 compared to 50.7% in 2010, due primarily to less favorable wind conditions prevailing at certain wind power projects in north China in 2011.

Coal-fired power business

The adjusted operating margin of our coal-fired power business increased to 15.4% in 2011 compared to 4.9% in 2010, due primarily to higher utilization hours at our Kemen Power Plant and our increased procurement of lower cost coal supplies pursuant to key supply agreements in 2011.

Finance income

Our finance income increased significantly to RMB70.9 million in 2011 compared to RMB30.1 million in 2010, due primarily to a receipt of RMB27.3 million of interest income on loans to third parties provided by our newly acquired subsidiary, Heilongjiang Huafu Power Investment Company Limited.

Finance expenses

Our finance expenses increased by 28.6% to RMB1,266.3 million in 2011 compared to RMB984.6 million in 2010, due primarily to our business expansion and the resulting increase in our average balance on borrowings.

Share of profits less losses of associates and jointly controlled entity

Our share of profits less losses of associates and jointly controlled entity increased by 12.9% to RMB13.1 million in 2011 compared to RMB11.6 million in 2010, due primarily to the additional profit contribution from the Guangzhou University Town Distributed Energy Project in which we ceased to own a controlling interest after August 2011.

Income tax

Our income tax decreased by 39.3% to RMB95.9 million in 2011 compared to RMB158.0 million in 2010, due primarily to the decreases in our profit before taxation and our weighted average income tax rate.

Profit

As a result of the above, our profit decreased by 20.0% to RMB638.5 million in 2011 compared to RMB798.1 million in 2010.

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

	Year Ended December 31,		% Change
	2009	2010	
	(RMB in millions)		
Revenue	7,349.2	8,397.6	14.3
Adjusted revenue	7,349.2	8,204.3	11.6
Other net income	45.8	236.3	415.9
Operating expenses	(5,903.7)	(6,734.9)	14.1
– Operating expenses less service concession construction costs	(5,903.7)	(6,541.6)	10.8
Operating profit	1,491.3	1,899.0	27.3
Finance income	31.9	30.1	(5.6)
Finance expenses	(945.0)	(984.6)	4.2
Share of profits less losses of associates and jointly controlled entity	(12.3)	11.6	N/A
Profit before taxation	565.9	956.1	69.0
Income tax	(124.0)	(158.0)	27.4
Profit and total comprehensive income for the year	**441.9**	**798.1**	80.6
Profit and total comprehensive income attributable to:			
Equity owners of the Company	385.2	521.1	35.3
Non-controlling interests	56.7	277.0	388.5
	441.9	**798.1**	80.6

Revenue

Our total revenue increased by 14.3% to RMB8,397.6 million in 2010 compared to RMB7,349.2 million in 2009, due primarily to the increased sales of electricity from the hydropower, wind power and other clean energy businesses, partially offset by a decrease in sales of electricity in our coal-fired power business. The following table sets forth the breakdown of our revenue for the periods indicated:

	Year Ended December 31,		% Change
	2009	2010	
	(RMB in millions)		
Sales of Electricity			
– Hydropower business	1,228.6	2,187.1	78.0
– Wind power business	233.1	546.6	134.5
– Coal-fired power business	5,730.4	4,973.7	(13.2)
– Other clean energy business	110.5	457.3	313.8
	7,302.6	**8,164.7**	11.8
Service concession construction revenue	–	193.3	N/A
Others	46.6	39.6	(15.0)
Total revenue	**7,349.2**	**8,397.6**	14.3

Sales of electricity in our hydropower business increased by 78.0% to RMB2,187.1 million in 2010 compared to RMB1,228.6 million in 2009, due primarily to higher levels of precipitation in Fujian province and more favorable hydrological conditions prevailing at our project sites that resulted in a 75.9% increase in our net hydropower generation from 4,903,329.7 MWh in 2009 to 8,622,963.3 MWh in 2010.

Sales of electricity in our wind power business increased significantly to RMB546.6 million in 2010 compared to RMB233.1 million in 2009, due primarily to our increased average installed wind power capacity and the resulting 115.8% increase in our net wind power generation from 558,300.0 MWh in 2009 to 1,204,624.9 MWh in 2010.

Sales of electricity in our coal-fired power business decreased by 13.2% to RMB4,973.7 million in 2010 compared to RMB5,730.4 million in 2009, due primarily to (i) the lower demand for coal-fired power generation in Fujian province and the resulting 11.7% decrease in our net coal-fired power generation from 15,902,516.3 MWh in 2009 to 14,045,451.6 MWh in 2010; and (ii) a 4.2% decrease in the weighted average on-grid tariff for our coal-fired power business.

Sales of electricity in our other clean energy business increased significantly to RMB457.3 million in 2010 compared to RMB110.5 million in 2009, due primarily to our increased average installed capacity in 2010 upon the completion of the Guangzhou University Town Distributed Energy Project in October 2009 and the resulting increase in our sales of electricity.

We began to record service concession construction revenue in 2010 because we performed the construction of a new concession wind power project in Fujian province during the year.

Our other revenue decreased by 15.0% to RMB39.6 million in 2010 compared to RMB46.6 million in 2009, due primarily to our reduced revenue from sales of fly ash and provision of repair and maintenance services to third parties in 2010.

Other net income

Our other net income increased significantly to RMB236.3 million in 2010 compared to RMB45.8 million in 2009, due primarily to the increases in government grants and net income from CDM projects.

In 2010, we received a government grant of RMB135.0 million as compensation for decommissioning our obsolete coal-fired power plants in Fujian province. We used this grant principally to settle our employment arrangements with dismissed power plant workers.

Our net income on CDM projects increased significantly to RMB75.2 million in 2010 compared to RMB30.6 million in 2009, due primarily to our increased number of CDM projects and the resulting increase in our sales of CERs.

Our VAT refunds decreased significantly to RMB4.4 million in 2010 compared to RMB21.8 million in 2009, due primarily to the introduction of a new VAT policy in China. One of our wind power subsidiaries purchased wind turbines and other equipment before January 1, 2009, the effective date of a new VAT policy in China, and thus were unable to deduct its input VAT on equipment purchased prior to 2009 from its output VAT on electricity sales, which resulted in a significant amount of VAT paid and the resulting increase in our VAT refunds during the same year. In 2010, such subsidiary purchased additional wind turbines and other equipment to develop more wind power projects and thus was able to deduct its input VAT on equipment purchased in 2010 from its output VAT on electricity sales, which resulted in significantly less VAT paid and the resulting decrease in our VAT refunds during the same year.

Operating expenses

Our operating expenses excluding service concession construction costs increased by 10.8% to RMB6,541.6 million in 2010 compared to RMB5,903.7 million in 2009. The following table sets forth the breakdown of our operating expenses for the periods indicated:

	Year ended December 31,		% Change
	2009	2010	
	(RMB in millions)		
Cost of fuel	2,543.8	2,856.7	12.3
Cost of substituted electricity	1,225.1	1,048.3	(14.4)
Depreciation and amortization	978.6	1,138.3	16.3
Service concession construction costs	–	193.3	N/A
Personnel costs	615.5	826.5	34.3
Repairs and maintenance	147.5	226.0	53.2
Administration expenses	184.4	196.8	6.7
Other operating expenses	208.8	249.0	19.3
Total operating expenses	**5,903.7**	**6,734.9**	14.1
Operating expenses excluding service concession construction costs	**5,903.7**	**6,541.6**	10.8

This increase was mainly attributable to increases in the following items:

- our cost of fuel increased by 12.3% to RMB2,856.7 million in 2010, compared to RMB2,543.8 million in 2009. This increase was mainly attributable to an increase in our purchase price for coal, partially offset by a lower coal-fired power generation and the resulting decrease in the amount of coal we consumed in 2010;

- our depreciation and amortization expenses increased by 16.3% to RMB1,138.3 million in 2010 compared to RMB978.6 million in 2009, due primarily to the increased number of wind power projects in operation that were subject to asset depreciation;

- our personnel costs increased by 34.3% to RMB826.5 million in 2010 compared to RMB615.5 million in 2009, due primarily to (i) RMB134.5 million we used to settle our employment arrangements with dismissed power plant workers; and (ii) our business expansion and the resulting increase in our employee headcounts;

- our repairs and maintenance expenses increased by 53.2% to RMB226.0 million in 2010 compared to RMB147.5 million in 2009, due primarily to a scheduled major overhaul we performed on Kemen Power Plant in 2010; and

- our other operating expenses increased by 19.3% to RMB249.0 million in 2010 compared to RMB208.8 million in 2009, due primarily to our increased hydropower generation in 2010 and the resulting increase in water resource fees and reservoir maintenance funds paid.

However, our cost of substituted electricity decreased by 14.4% to RMB1,048.3 million in 2010 compared to RMB1,225.1 million in 2009. This decrease is mainly attributable to a reduced amount of electricity that we purchased from other coal-fired power plants under substituted generation arrangements.

Adjusted operating profit and adjusted operating margin

Our adjusted operating profit increased by 15.0% to RMB1,662.7 million in 2010 compared to RMB1,445.5 million in 2009, due primarily to the increase in our sales of electricity in 2010.

Our adjusted operating margin increased to 20.3% in 2010 compared to 19.7% in 2009, due primarily to an increase in the adjusted segment operating margin of our hydropower and wind power businesses, partially offset by a decrease in the adjusted segment operating margin of our coal-fired power business.

Hydropower business

The adjusted segment operating margin of our hydropower business increased to 51.8% in 2010 compared to 30.9% in 2009, due primarily to the higher levels of precipitation and more favorable hydrological conditions prevailing at our project sites and the resulting 71.5% increase in our average hydropower utilization hours.

Wind power business

The adjusted segment operating margin of our wind power business increased to 50.7% in 2010 compared to 42.1% in 2009, due primarily to the economies of scale we achieved by increasing our installed wind power capacity through project expansions.

Coal-fired power business

The adjusted segment operating margin of our coal-fired power business decreased to 4.9% in 2010 compared to 17.7% in 2009, due primarily to (i) the lower demand for coal-fired power generation in Fujian province and the resulting 10.9% decrease in our average coal-fired power utilization hours; (ii) a 16.6% increase in the average price of standard coal we purchased; and (iii) a 2.8% decrease in our weighted average on-grid tariff for coal-fired power.

Finance income

Our finance income remained relatively stable at RMB30.1 million in 2010 compared to RMB31.9 million in 2009.

Finance expenses

Our finance expenses increased by 4.2% to RMB984.6 million in 2010 compared to RMB945.0 million in 2009, due primarily to an increase in the average balance on our bank loans and other borrowings.

Share of profits less losses of associates and a jointly controlled entity

We recorded a profit of RMB11.6 million in our share of profits less losses of associates and a jointly controlled entity in 2010, compared to a loss of RMB12.3 million in 2009, due primarily to the improved results of operations in certain of our associates engaging in the power generation business.

Income tax

Our income tax increased by 27.4% to RMB158.0 million in 2010 compared to RMB124.0 million in 2009, due primarily to the increase in our profit before taxation, partially offset by a decrease in our weighted average income tax rate.

Profit

As a result of the above, our profit increased by 80.6% to RMB798.1 million in 2010 compared to RMB441.9 million in 2009.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have primarily financed our business operations through bank borrowings, cash flow generated from operating activities and capital contributions from shareholders. Our cash requirements primarily include capital expenditures to fund our business expansion and working capital.

Net Current Liabilities

The following table sets out our current assets, current liabilities and net current liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2009	2010	2011	2012
	(RMB in millions)			
Current assets				
Inventories	243.4	216.5	268.4	260.0
Trade debtors and bills receivable	1,056.9	1,380.5	1,893.4	2,165.5
Prepayments and other current assets	609.1	995.3	1,598.9	1,558.4
Tax recoverable	2.1	74.1	80.9	49.0
Other investments	–	2.4	–	–
Restricted deposits	131.3	58.7	134.8	247.2
Cash and cash equivalents	1,522.8	2,694.7	1,488.5	2,744.9
Total current assets	**3,565.6**	**5,422.2**	**5,464.9**	**7,025.0**

	As of December 31,			As of April 30,
	2009	2010	2011	2012
	(RMB in millions)			
Current liabilities				
Borrowings	7,014.9	6,996.5	8,572.9	9,491.5
Obligations under finance leases	192.0	43.8	219.8	245.7
Trade creditors and bills payable	768.7	1,377.5	974.9	1,166.7
Other payables	3,910.1	6,164.0	7,946.7	7,315.7
Deferred income-current portion	3.0	3.2	11.2	11.2
Tax payable	44.3	132.5	16.2	62.5
Total current liabilities	**11,933.0**	**14,717.5**	**17,741.7**	**18,293.3**
Net current liabilities	**(8,367.4)**	**(9,295.3)**	**(12,276.8)**	**(11,268.3)**

Development of clean energy projects is a capital intensive process. Given our rapid expansion during the Track Record Period, we have primarily relied on borrowings to fund a substantial portion of our capital requirements and recorded net current liabilities, which reflect the fact that the increase in our current liabilities outpaced the increase in our current assets. We had net current liabilities of RMB8,367.4 million, RMB9,295.3 million and RMB12,276.8 million as of December 31, 2009, 2010 and 2011, respectively. Our net current liabilities increased in 2010 and 2011, due primarily to the substantial increase in our other payables for the purchase of wind turbines and other equipment. As of April 30, 2012, our net current liabilities decreased to RMB11,268.3 million compared to RMB12,276.8 million as of December 31, 2011, due primarily to an increase in our cash and cash equivalents.

During the Track Record Period, our net current liabilities primarily reflected (i) the current portion of our long-term borrowings, principally for developing wind power projects; and (ii) payables for the purchase of wind turbines and coal supplies. As the clean energy business is capital intensive and a number of our wind power and other clean energy projects are currently under construction or planned for construction, we expect that we may incur net current liabilities in the foreseeable future. Please see "Risk Factors – Risks Relating to Our Business Operations – Our borrowing levels, interest payment obligations and net current liabilities could limit the funds available to us for various business purposes."

We have not experienced any material obstacles in obtaining financing, despite our increase in capital expenditures and net current liabilities, for the following reasons:

- We have maintained long-term relationships with major commercial banks in China, and have been able to obtain banking facilities on favorable terms to fund our business expansion. The interest rate on most of our bank borrowings is normally lower than the then-prevailing benchmark rate in China. Please see "– Indebtedness – Borrowings" for more details on our bank borrowings. As of April 30, 2012, being the latest practicable date to determine our indebtedness, we had committed unutilized banking facilities of approximately RMB14.8 billion.

- We have obtained 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 difficulties in renewing our short-term loans from our principal banks upon expiry of the existing loans. Based on our experience and relationships with our principal banks, we believe that we will remain able to obtain short-term bank loans on similar terms.

- We generally apply for long-term bank borrowings on a project basis. For our power generating projects that have obtained the project approval for construction, we typically enter into loan agreements with our borrowing banks for long-term bank borrowings. For certain projects that are in the process of applying for the project approval, we obtain bank guarantee letters whereby our borrowing banks agree, in principle, to grant us long-term bank borrowings to finance our capital requirements after we receive the project approval.

- We had abundant cash resources during the Track Record Period. Our cash and cash equivalents amounted to RMB1,522.8 million, RMB2,694.7 million and RMB1,488.5 million, as of December 31, 2009, 2010 and 2011, respectively. As of April 30, 2012, our cash and cash equivalents were RMB2,744.9 million.

- We have a strong net cash flow from our operating activities. Our net cash from operating activities amounted to RMB2,572.0 million, RMB3,014.6 million and RMB1,482.8 million for the years ended December 31, 2009, 2010 and 2011, respectively. We expect our net cash from operating activities to remain positive in 2012 to support our business expansion.

In light of our net current liabilities during the Track Record Period, our Directors intend to apply part of the net proceeds of the Global Offering to repay some of our outstanding bank loans. Assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$1.68 per H Share, being the mid-point of the indicative Offer Price range, we currently intend to apply approximately HK$467.7 million (equivalent to approximately 20% of our total estimated net proceeds), to repay short-term bank borrowings and approximately HK$233.9 million (equivalent to approximately 10% of our total estimated net proceeds), respectively, for working capital requirements and other general corporate uses. Please see “Future Plans and Use of Proceeds” in this prospectus.

Taking into account the financial resources available to us, including cash flow from operations, the available banking facilities and the estimated net proceeds of the Global Offering, our Directors are of the opinion that we have sufficient working capital for our requirements within at least the next 12 months from the date of this prospectus.

Cash management

To mitigate the risks that our operating cash flow may be insufficient to service our debt obligations as they become due, we intend to continue to focus our efforts on increasing our cash flow and strengthening our cash management measures, including:

- enhancing budgetary control at the Group level;
- optimizing our debt capital structure to ensure appropriate use of our cash resources;
- maintaining certain minimal levels of cash and cash equivalents;
- utilizing alternative financial products, such as finance leases, to diversify our source of funding; and
- maintaining strategic and long-term relationships with our principal banks to obtain sufficient bank borrowings on favorable terms.

CASH FLOW

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
	(RMB in millions)		
Net cash from operating activities	2,572.0	3,014.6	1,482.8
Net cash used in investing activities	(7,832.2)	(7,944.7)	(6,375.3)
Net cash from financing activities	5,964.7	6,099.6	3,693.6
Net increase/(decrease) in cash and cash equivalents	704.5	1,169.5	(1,198.9)
Cash and cash equivalents at beginning of year	818.3	1,522.8	2,694.7
Effect of foreign exchange rate changes	0.0	2.4	(7.3)
Cash and cash equivalents at end of year	**1,522.8**	**2,694.7**	**1,488.5**

Cash flow from operating activities

We generate cash from operating activities primarily through the receipt of payments from our sale of electricity. Our cash outflow from operating activities is primarily used for the purchase of electricity and fuel, personnel costs and other operating expenses relating to our power generating assets.

In 2011, our net cash generated from operating activities amounted to RMB1,482.8 million, including cash generated from operations of RMB1,671.9 million and income tax paid of RMB189.1 million, while our operating cash flow before changes in working capital was RMB3,022.1 million. Changes in working capital primarily included (i) an increase in RMB581.7 million in prepayments and other current assets due to a substantial increase in our receivables from Kemen II; (ii) an increase of RMB551.0 million in trade debtors and bills receivables due primarily to our increased sale of electricity in the wind power business that had a longer collection period; and (iii) a decrease of RMB164.4 million in our trade and other payables that reflected our faster settlement of payables for coal supplies in 2011.

In 2010, our net cash generated from operating activities amounted to RMB3,014.6 million, including cash generated from operations of RMB3,207.9 million and income tax paid of RMB193.3 million, while our operating cash flow before changes in working capital was RMB3,009.2 million. The positive effects of change in working capital primarily included an increase of RMB455.5 million in our trade creditors and other payables due primarily to our increased payable to settle our employee arrangements with dismissed power plant workers and our increased VAT payable in 2010. Such increase was partially offset by an increase of RMB243.8 million in our trade debtors and bills receivables, due primarily to our increased sales of electricity and the resulting increase in our receivables from local grid companies.

In 2009, our net cash generated from operating activities amounted to RMB2,572.0 million, including cash generated from operations of RMB2,673.5 million and income tax paid of RMB101.5 million while our operating cash flow before changes in working capital was RMB2,525.9 million. The positive effects of change in working capital primarily included an increase of RMB760.3 million in trade creditors and other payables, due primarily to our increased purchase of coal supplies and VAT payable in 2009. Such increase was partially offset by (i) an increase of RMB329.7 million in prepayments and other current assets due primarily to a growth in our advances for coal purchase; and (ii) an increase of RMB236.2 million in trade debtors and bills receivable, due primarily to our increased sales of electricity and the resulting increase in our receivables from local grid companies.

Cash flow from investing activities

Our cash used in investing activities consists primarily of payments for the purchase of property, plant and equipment, lease prepayments and intangible assets, as well as investment in associates and jointly controlled entities and acquisition of subsidiaries. Our cash inflow from investing activities consists primarily of proceeds from the disposal of property, plant and equipment, the repayment of loans and advances, as well as dividends and interest received.

For the years ended December 31, 2009, 2010 and 2011, our net cash used in investing activities amounted to RMB7,832.2 million, RMB7,944.7 million and RMB6,375.3 million, respectively. Our cash outflow primarily reflected the payments of RMB6,815.5 million, RMB6,902.3 million and RMB5,715.5 million, respectively, during each year, for purchase of property, plant and equipment, lease prepayments and intangible assets to support our business growth.

Cash flow from financing activities

Our cash inflow from financing activities consists primarily of proceeds from borrowings, capital contributions from our equity holders and the non-controlling interests and sales and leaseback transactions. Our cash outflow from financing activities consists primarily of repayment of borrowings, interest and dividends paid, as well as payments for finance lease obligations.

In 2011, our net cash from financing activities was RMB3,693.6 million, primarily reflecting our proceeds from borrowings in the amount of RMB16,943.5 million, partially offset by our repayment of RMB12,063.4 million on our borrowings and payment of RMB1,755.9 million for interest expenses during the period.

In 2010, our net cash from financing activities was RMB6,099.6 million, primarily reflecting (i) our proceeds from borrowings in the amount of RMB14,122.4 million; and (ii) capital contributions of RMB2,330.0 million from our shareholders. Such cash inflow was partially offset by (i) our repayments of RMB8,218.3 million on our borrowings; and (ii) payments of RMB1,351.6 million and RMB530.4 million for interest expenses and under finance lease obligations.

In 2009, our net cash from financing activities was RMB5,964.7 million, primarily reflecting (i) our proceeds from borrowings in the amount of RMB13,837.6 million; (ii) capital contributions of RMB1,043.0 million from our shareholders; and (iii) proceeds from sales and leaseback transactions in the amount of RMB490.0 million. Such cash inflow was partially offset by (i) repayments of RMB8,154.0 million on our borrowings; (ii) payment of RMB1,102.6 million for interest expenses; and (iii) payments of RMB118.0 million under finance lease obligations.

CERTAIN ITEMS IN THE CONSOLIDATED BALANCE SHEETS

Inventory Analysis

Our inventory primarily consists of raw materials, principally coal, for the production of electricity and spare parts and other consumables that we use for the repair and maintenance of our power generating projects. The following table sets forth a summary of our inventory balances as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Coal	175.8	129.7	143.8
Fuels	11.4	10.8	24.6
Spare parts and others	56.2	76.0	100.0
Total	**243.4**	**216.5**	**268.4**

We generally do not carry a significant amount of inventory in the ordinary course of our business. Our inventory balances as of December 31, 2009, 2010 and 2011, remained relatively stable. As of April 30, 2012, we have utilized substantially all of our coal inventory as of December 31, 2011.

The following table sets forth the turnover of our average coal inventory for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
Average coal inventory turnover days[(1)]	22.1	21.8	24.2

(1) Average coal inventory turnover days equal coal inventory at the beginning of the period, plus coal inventory at the end of such period, divided by two, then divided by costs of coal and then multiplied by the number of days for the given period.

Our average coal inventory turnover days remained relatively stable at 22.1, 21.8 and 24.2 for the years ended December 31, 2009, 2010 and 2011.

Trade Debtors and Bills Receivable

Our trade debtors and bills receivable primarily represents receivables due from local grid companies for the sale of electricity. The following table sets forth a summary of our trade debtors and bills receivable as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Amounts due from sales of electricity	1,050.6	1,354.1	1,810.3
Amounts due from other sales activities	6.3	26.6	83.2
Less: allowance for bad debts	–	0.2	0.1
Total	**1,056.9**	**1,380.5**	**1,893.4**

Substantially all of our trade debtors and bills receivable during the Track Record Period reflected our sales of electricity to local grid companies. These receivables are unsecured and non-interest bearing. As of April 30, 2012, approximately RMB1,004.2 million of our trade debtors and bills receivable as of December 31, 2011 were subsequently settled.

The following table sets forth our trade debtors and bills receivable by business segment as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Hydropower	137.5	139.2	209.1
Wind power	200.1	480.8	997.1
Coal-fired power	655.1	726.8	667.5
Other clean energy	64.2	33.7	19.7
Total	**1,056.9**	**1,380.5**	**1,893.4**

The steady increase in our trade debtors and bills receivable during the Track Record Period was mainly attributable to our fast growing wind power business and the resulting increase in our receivables from grid companies.

We generally grant a credit term to local grid companies of approximately 15 to 30 days for sales of electricity. Like other wind power producers in China, our wind power business has a longer collection period compared to our other business segments. As the average on-grid tariffs of wind power are generally higher than that of coal-fired power, the PRC regulatory framework for renewable energy adopted a cost-sharing system by which the additional cost of developing renewable energy projects will be shared across the whole electricity system. Specifically, electricity end users in China are required to pay a surcharge on their electricity price to cover (i) the premium of the on-grid tariff for clean energy paid by grid companies over the benchmark on-grid tariff for coal-fired power, and (ii) the cost of connecting renewable energy projects to the grid. Local power grid companies collect these renewable energy surcharges and then distribute them among the provincial grid companies, subject to the allocation by the relevant government authorities. As such, we are normally entitled to two payments from the local grid companies on our sales of wind power. The first payment reflects the benchmark on-grid tariff for coal-fired power, which is settled in the same way as our coal-fired power generation and generally within 15 to 30 days after sales. The second payment is settled within two to 18 months after sales because it reflects the tariff premium on our wind power which is subject to nationwide government allocations. The following table sets forth the turnover days of our average trade and bills receivable for the periods indicated:

	Year ended December 31,		
	2009	**2010**	**2011**
Average trade and bills receivable turnover days[1]	46.4	54.2	84.1

(1) Average trade and bills receivable turnover days equal trade debtors and bills receivable at the beginning of the period, plus trade debtors and bills receivable at the end of the period, divided by two, then divided by adjusted revenue and then multiplied by the number of days for the given period.

Our average trade and bills receivable turnover days increased during the Track Record Period, due primarily to the increased contribution of trade debtors and bills receivable from our fast growing wind power business with a longer collection period. As of December 31, 2009, 2010 and 2011, trade debtors and bills receivable from our wind power business accounted for 18.9%, 34.8%, and 52.7%, respectively, of our total trade debtors and bills receivable.

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

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
0 to 30 days	904.4	978.6	955.0
31 to 180 days	103.5	164.8	411.6
181 to 360 days	49.0	237.1	395.5
More than 360 days	–	0.2	131.4
Less: allowance for doubtful debts	–	0.2	0.1
Total	**1,056.9**	**1,380.5**	**1,893.4**

As of December 31, 2009 and 2010, all our trade debtors and bills receivable was due within one year. As of December 31, 2011, RMB131.4 million of our trade debtors and bills receivables were due more than 360 days, which reflected our expanded wind power business in 2011 with a longer collection period, sometime exceeding one year as a result of the temporary changes in tariff collecting policies in China.

Prepayments and Other Current Assets

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

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
CER receivable	32.5	92.3	148.1
Staff advance	10.4	11.0	7.4
Deposits	2.7	21.6	2.8
Receivables from related parties	135.1	32.5	636.4
Loans to third parties	8.4	261.8	235.5
Deductible VAT[(1)]	94.1	270.8	437.8
Advances to the fellow subsidiaries	195.1	157.9	–
Other advances and debtors	130.8	147.4	130.9
Total	**609.1**	**995.3**	**1,598.9**

(1) Deductible VAT mainly represents the input VAT relating to purchase of property, plant and equipment and inventories, which is expected to be deducted from output VAT within 12 months after the end of each period.

Our prepayments and other current assets increased by 60.6% to RMB1,598.9 million as of December 31, 2011 compared to RMB995.3 million as of December 31, 2010. This increase was mainly attributable to (i) a substantial increase in our receivables from related parties that represented the receivables from Kemen II; (ii) an increase in our deductible VAT due to our increased purchase of wind turbines and other equipment that are subject to VAT deduction; and (iii) an increase in CER receivable due to our increased number of registered CDM projects.

Our prepayments and other current assets increased by 63.4% to RMB995.3 million as of December 31, 2010, compared to RMB609.1 million as of December 31, 2009. This increase was mainly attributable to (i) a significant increase in our loans to third parties due to our acquisition of a wind power subsidiary, Heilongjiang Huafu Power Investment Company Limited and the resulting assumption of its loans; (ii) a significant increase in the deductible input VAT we recognized for our projects, which will be deducted within 12 months; and (iii) a significant increase in CER receivable due to more registered CDM projects.

We generally do not provide loans or guarantees to third-party companies. Our only existing loan to third parties was the result of our acquisition of a wind power subsidiary. To ensure compliance with our practice and the relevant PRC regulations, our acquired subsidiary, Heilongjiang Huafu Power Investment Company Limited, entered into an entrusted loan agreement with its third-party debtor and a reputable PRC trust company, Yingda International Trust Co., Ltd, in February 2012 in connection with an outstanding loan balance of approximately RMB234.4 million. This entrusted loan will mature in November 2012. Our PRC legal advisers confirmed that the entrusted loan agreement we entered into is legal, valid and enforceable under applicable PRC laws and regulations. Our wind power subsidiary, Heilongjiang Huafu Power Investment Company Limited, has not provided any loans to third parties since January 1, 2012 and does not intend to do so after the Global Offering. As part of our internal policy, we generally invest in businesses or assets that are complementary to our principal business and do not invest in financial instruments.

Restricted Deposits

Our restricted deposits were primarily guarantee deposits of bank acceptance, performance bonds of certain contracts, and a public housing maintenance fund for our employees as required by the relevant PRC regulations. As of December 31, 2009, 2010 and 2011, our restricted deposits were RMB131.3 million, RMB58.7 million and RMB134.8 million, respectively.

Trade Creditors and Bills Payable

Our trade creditors and bills payable primarily represents the payables for our purchase of coal, equipment and other consumables from various suppliers. The following table sets forth a summary of our trade creditors and bills payable as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Trade creditor to fellow subsidiaries	–	–	91.2
Trade creditors to third party	175.9	309.2	432.0
Bills payable to fellow subsidiaries	590.0	640.0	17.9
Bills payable to third party	2.8	428.3	433.8
Total	**768.7**	**1,377.5**	**974.9**

The increase in our trade creditors and bills payable to third party during the Track Record Period reflected the increase in our purchase of wind turbines, coal supplies and substituted electricity, which corresponded with our business expansion. Our bills payable to fellow subsidiaries as of December 31, 2009, 2010 and 2011, primarily reflected our payables to our connected persons, Huadian Coal and its subsidiaries, for the purchase of coal supplies. We have ceased our connected transactions with Huadian Coal and its subsidiaries since January 1, 2012.

The following table sets forth our trade creditors and bills payable by business segment as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Business Segment			
Hydropower	0.9	2.9	12.1
Wind power	19.2	473.4	302.2
Coal-fired power	742.3	887.8	614.8
Other clean energy	6.3	13.4	45.8
Total	**768.7**	**1,377.5**	**974.9**

During the Track Record Period, our trade creditors and bills payable were mainly attributable to (i) our trade creditors and bills payable for coal suppliers and substituted electricity in our coal-fired power business; and (ii) our bills payable for wind turbines in our wind power business. Bills payable in our wind power business increased significantly to RMB473.4 million as of December 31, 2010 compared to RMB19.2 million as of December 31, 2009, due primarily to the increased number of wind power projects under construction and the resulting increase in our purchase of wind turbines by bills towards the end of 2010.

Our suppliers of coal and equipment generally grant us a credit period of one to three months. As of December 31, 2009, 2010 and 2011, all trade creditors and bills payable were due within one year. The following table sets forth our turnover days of average trade and bills payable for coal for the periods indicated:

	Year ended December 31,		
	2009	**2010**	**2011**
Average trade and bills payable turnover days for coal[1]	85.8	98.2	39.8

(1) Average trade and bills payable turnover days for coal equal trade creditors and bills payable for coal at the beginning of the period, plus trade creditors and bills payable for coal at the end of the period, divided by two, then divided by costs of coal we purchased and then multiplied by the number of days for the given period.

Our average turnover days of trade and bills payable increased to 98.2 days in 2010 compared to 85.8 days in 2009, due primarily to our increased use of bills to settle our coal purchases in 2010, which generally enjoyed a six-month credit period. Such turnover days decreased to 39.8 days in 2011, due primarily to our faster settlement of payables for coal supplies in 2011.

As of April 30, 2012, approximately RMB687.7 million of our trade and bills payable as of December 31, 2011 were subsequently settled.

Other Payables

Our other payables were RMB3,910.1 million, RMB6,164.0 million and RMB7,946.7 million as of December 31, 2009, 2010 and 2011, respectively. During the Track Record Period, the increase in our other payables was due primarily to an increase in our payables for the purchase of property, plant and equipment (principally wind turbines and coal-fired power generators) as a result of our business expansion. Our other payables increased significantly to RMB6,164.0 million as of December 31, 2010, compared to RMB3,910.1 million as December 31, 2009, due primarily to the substantially increased number of wind power projects under construction and the resulting increase in our payables for the purchase of wind turbines on credit towards the end of 2010.

INDEBTEDNESS

Borrowings

As of April 30, 2012, which is the latest practicable date for determining our indebtedness, we had total borrowings of RMB32,267.9 million. As of the same date, we had committed unutilized banking facilities of approximately RMB14.8 billion (without any guarantee or security provided by our Controlling Shareholder) and none of our existing indebtedness included any financial covenant that could potentially limit our ability to incur new indebtedness. Our Directors have confirmed that there has been no material adverse change in our indebtedness and contingent liabilities since April 30, 2012. The following table sets forth the breakdown of our interest-bearing borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2009	2010	2011	2012
	(RMB in millions)			
Long-term borrowings				
Loan from bank and other financial institutions				
– Secured	3,740.3	5,993.4	8,508.7	14,711.9
– Unsecured	10,439.2	14,561.6	15,942.2	10,942.8
Loan from Huadian Finance	1,300.0	250.0	200.0	–
Loan from Huadian	100.0	2,170.0	–	–
Less: current portion of long-term borrowings	1,168.1	1,267.6	2,981.4	2,878.3
	14,411.4	**21,707.4**	**21,669.5**	**22,776.4**
Short-term borrowings				
Loan from bank and financial institutions				
– Secured	273.0	100.0	10.0	210.0
– Unsecured	5,153.8	3,978.9	5,461.5	6,403.2
Loan from Huadian Finance	420.0	1,650.0	120.0	–
Add: current portion of long-term borrowings	1,168.1	1,267.6	2,981.4	2,878.3
	7,014.9	**6,996.5**	**8,572.9**	**9,491.5**
Total borrowings	**21,426.3**	**28,703.9**	**30,242.4**	**32,267.9**

Due to the capital intensive nature of the clean energy projects we develop, we have principally relied on borrowings to fund a large portion of our capital requirements, and we expect to continue to do so in the foreseeable future. The increase in our borrowings was due primarily to the increased capital expenditures to support our business growth. As of December 31, 2009, 2010 and 2011, our total borrowings were RMB21,426.3 million, RMB28,703.9 million and RMB30,242.4 million, respectively. As of December 31, 2011, most of our borrowings were denominated in Renminbi and were made from domestic banks and financial institutions, and the remainder was denominated in U.S. dollar.

Our bank loans carry variable rates based on the prevailing interest rates announced by the PBOC. The interest rates on our bank loans ranged from 1.58% to 10.26% in 2009, 4.32% to 7.83% in 2010, and 5.04% to 8.46% in 2011.

We have obtained loans in the past from Huadian Finance in accordance with Huadian's capital management policy of pooling surplus cash of its subsidiaries for centralized management and disposal, promoting more efficient use of capital within Huadian Group. Our Directors confirmed that all of our loans from Huadian Finance were settled before the Latest Practicable Date.

The following table sets forth an aging analysis of our borrowings as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Within one year or on demand	7,014.9	6,996.5	8,572.9
After one year but within two years	1,412.0	2,476.4	2,475.7
After two years but within five years	5,096.8	6,190.4	7,314.4
After five years	7,902.6	13,040.6	11,879.4
	21,426.3	**28,703.9**	**30,242.4**

Long-term borrowings

We generally incur long-term borrowings on a project basis to fund our business expansion and capital requirements. Our long-term borrowings amounted to RMB14,411.4 million, RMB21,707.4 million and RMB21,669.5 million as of December 31, 2009, 2010 and 2011, respectively. As of December 31, 2011, some of our long-term bank loans were guaranteed by our Controlling Shareholder and other non-controlling shareholders.

Short-term borrowings

We generally incur short-term borrowings to finance our project design and other preliminary development activities before we receive the project approval from the government as well as to finance our working capital. Our short-term borrowings were RMB7,014.9 million, RMB6,996.5 million and RMB8,572.9 million as of December 31, 2009, 2010 and 2011, respectively.

SALES AND LEASEBACK TRANSACTIONS RESULTING IN FINANCE LEASES

As of December 31, 2011, we had five major finance lease agreements that we previously entered into with authorized PRC financial institutions (through their finance lease subsidiaries) to increase our source of financing. During the term of these finance leases, which ranges from two to eight years, we have the right to use the underlying equipment purchased by the leasing companies, but do not possess legal title, until the maturity of the lease in which case we have the option to purchase this equipment at a small nominal price.

- In 2008, Kemen, our coal-fired power subsidiary, entered into a sales and finance leaseback agreement with Bank of Communications Finance Leasing Co., Ltd. to sell the relevant power generation equipment at RMB247 million and then leaseback the equipment with a lease term of six years at the prevailing benchmark interest rate in China. Kemen has the option to purchase back the equipment at a nominal price of RMB1.0 when lease term expires.

- In 2009, Kemen entered into a sales and finance leaseback agreement with Minsheng Financial Leasing Co., Ltd. to sell the relevant power generation equipment at RMB500 million and then leaseback the equipment with a lease term of three years at an interest rate of 11% below the prevailing benchmark interest rate in China. Kemen has the option to purchase back the equipment at a nominal price of RMB0 when lease term expires.

- In 2011, our hydropower project company, Fujian Mianhuatan Hydropower Development Co., Ltd. entered into a sales and finance leaseback agreement with CMB Financial Leasing Co., Ltd. to sell the relevant power generation equipment at RMB233 million and then leaseback the equipment with a lease term of two years at the prevailing benchmark interest rate in China. Mianhuatan Hydropower Development Co., Ltd. has the option to purchase back the equipment at a nominal price of RMB10,000 at the end of the lease term.

- In 2011, our hydropower project company, Mindong Hydropower Development Co., Ltd. entered into a sales and finance leaseback agreement with CMB Financial Leasing Co., Ltd. to sell the relevant power generation equipment at RMB248 million and then leaseback the equipment with a lease term of two years at an interest rate of 5% below the prevailing benchmark interest rate in China. Mindong Hydropower Development Co., Ltd. has the option to purchase the equipment at a nominal price of RMB10,000 when lease term expires.

- In 2011, our wind power project company, Huadian Jilin Shuangliao Wind Power Co., Ltd. entered into a sales and finance leaseback agreement with Industrial and Commercial Bank Finance Leasing Co., Ltd. to sell the relevant power generation equipment at RMB207 million and then leaseback the equipment with a lease term of eight years at an interest rate of 10% above the prevailing benchmark interest rate in China. Huadian Jilin Shuangliao Wind Power Co., Ltd. has the option to purchase the equipment at a nominal price of RMB1.0 when lease term expires.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures principally comprise expenditures for the purchase of property, plant and equipment. The following table sets out our capital expenditures by business segment for the periods indicated:

	Year ended December 31,		
	2009	2010	2011
	(RMB in millions)		
Business Segment			
Hydropower business	391.7	748.1	254.6
Wind power business	6,421.8	6,008.7	5,163.3
Coal-fired power business	1,395.6	1,893.2	720.4
Other clean energy business	461.0	159.6	1,260.9
Total capital expenditures	**8,670.1**	**8,809.6**	**7,399.2**

The development of clean energy projects is a capital-intensive business, and we incurred a significant amount of capital expenditures for the development and construction of various types of power generating projects, principally wind power projects, during the Track Record Period. In addition, we made RMB520.3 million, RMB249.6 million and RMB573.3 million of financial investments to fund the construction of the Fuqing Nuclear Power Plant for the years ended December 31, 2009, 2010 and 2011, respectively.

In 2011, our capital expenditures of RMB7,399.2 million were primarily relating to the construction of wind power projects and coal-fired power plants, as well as the preliminary development activities of our distributed energy projects in our development pipeline.

We expect to incur approximately RMB10.3 billion and RMB10.0 billion of capital expenditure in 2012 and 2013, respectively, to fund our business expansion. The following table sets forth a breakdown of our estimated capital expenditures in 2012 and 2013:

	Estimated capital expenditures in	
	2012	2013
	(RMB in millions)	
Business segment		
Hydropower	1,635.0	1,800.0
Wind power	6,500.0	6,000.0
Coal-fired power	345.0	–
Other clean energy	1,800.0	2,200.0
Total	**10,280.0**	**10,000.0**

In addition, we intend to make approximately RMB800.0 million of financial investments each year from 2012 to 2014 to fund the construction of the Fuqing Nuclear Power Plant in which we hold a minority interest. Of our total capital requirements of approximately RMB11.1 billion in 2012 (including RMB10.3 billion of capital expenditure and RMB800.0 million of financial investments), we intend to finance:

- approximately RMB8.2 billion by new borrowings under our committed unutilized banking facilities; and

- approximately RMB2.9 billion by our future cash flow and the net proceeds from the Global Offering which we intend to use for the development and construction of clean energy projects.

As of April 30, 2012, we had committed unutilized banking facilities of approximately RMB14.8 billion, and cash and cash equivalents of RMB2.7 billion. As of the same date, we had incurred approximately RMB894.0 million of our estimated capital expenditures for 2012 and made approximately RMB360.0 million of investments in the Fuqing Nuclear Power Plant.

Our anticipated capital expenditures are subject to change from time to time based on the reassessment of our business plan, including, but not limited to, the progress of our projects under construction and pipeline projects, prevailing market conditions, regulatory environment and outlook of our future results of operations. In addition, if we fail to obtain adequate financing, our ability to expand our business may be hindered and the prospects of our future operations may be materially and adversely affected. Please refer to "Risk Factors – Risks Relating to Our Business Operations – We operate in a capital-intensive business, and a significant increase in capital expenditures could have a material adverse effect on our business, financial condition or results of operations."

Capital Commitments

The following table set forth our commitments for the purchase of property, plant and equipment and capital investments as of the dates indicated:

	As of December 31,		
	2009	**2010**	**2011**
		(RMB in millions)	
Contracted for	19,596.3	11,969.2	9,306.3
Authorized but not contracted for	2,369.0	3,181.0	5,257.3
Total	**21,965.3**	**15,150.2**	**14,563.6**

Historically, our capital commitments were primarily due to the purchase of property, plant and equipment in relation to the expansion of our business.

As of December 31, 2011, our capital commitments of RMB14,563.6 million were primarily relating to the development and construction of wind power projects and also there is the additional commitment in relation with our capital investments in the Fuqing Nuclear Power Plant under construction in which we hold a 39.0% equity interest.

Operating Lease Commitments

The following table sets forth our future minimum lease payments under non-cancelable operating leases as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
Within one year	7.3	11.7	15.6
After one year but within five years	35.5	36.4	45.9
More than five years	133.6	130.5	124.8
Total	**176.4**	**178.6**	**186.3**

The non-cancelable operating leases entered into by us do not contain provisions for contingent lease rentals and escalation provisions that may require higher future rental payments.

OFF BALANCE SHEET ARRANGEMENTS

Contingent Liabilities

As of December 31, 2009, 2010 and 2011, we had contingent liabilities of RMB105.3 million, RMB365.0 million and RMB294.3 million, respectively, which primarily included our guarantees associated with bank loans provided to certain third parties and related parties for their business operations.

We provided financial guarantees to a jointly controlled entity due to our obligation as a shareholder with 50% equity interest and we expect this guarantee to be released by the borrowing bank after this entity has sufficient assets to reduce the loan mortgage rate (the total amounts of principals and interests to the mortgaged fixed assets) on the underlying bank loan to 70% or below. We generally do not provide financial guarantees to any third-party companies. Our financial guarantees to certain third parties are the result of our acquisition of the original guarantors and the resulting assumption of their liabilities. We expect to terminate approximately RMB130.3 million of these financial guarantees after Listing. For more details, please see note 34 of the Accountants' Report in Appendix I to this prospectus.

As of the Latest Practicable Date, there is no stipulation on whether the income from sales of CER is subject to any value-added taxes or business taxes. Our Directors have discussed with relevant local tax authorities and were advised that VAT or business tax were not applicable to our revenue from sales of CERs. Our PRC legal advisers also confirmed that our income from sales of CER will not be subject to any VAT or business taxes in accordance with the relevant PRC laws and regulations. As a result, we did not make any provision for such contingent liabilities during the Track Record Period.

MARKET RISKS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below.

Credit risk

Our credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable, prepayments and other current assets, and other financial assets.

Substantially all of our cash and cash equivalents as of December 31, 2011, were deposited in the state-owned or controlled PRC banks, which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial grid companies. We have no significant credit risk with any of these grid companies as we and our subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial grid companies accounted for 99.4%, 98.1% and 95.6% of total trade debtor and bills receivable as of December 31, 2009, 2010 and 2011, respectively. For other trade and other receivables, we perform an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the Financial Information.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

We provide financial guarantees to third parties and related parties. Except for the financial guarantees extended by us as set out in note 34 of Appendix I to this prospectus, we do not provide any other guarantees, which would expose us to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 34 of Appendix I to this prospectus.

Liquidity risk

Our objective is to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that our outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

We are responsible for our overall cash management and the raising of borrowings to cover expected cash demands. Our policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, we negotiate banking facilities and utilizes operating cash inflows in its subsidiaries.

We had net current liabilities of RMB8,367.4 million, RMB9,295.3 million and RMB12,276.8 million as of December 31, 2009, 2010 and 2011, respectively. With regards to its future capital commitments and other financing requirements, we have unutilized banking facilities of approximately RMB15,544.2 million as of December 31, 2011.

Interest rate risk

Our interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose us to cash flow interest rate risk.

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

As of December 31, 2009, 2010 and 2011, we estimated that a general increase/decrease in 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased our profit after tax and the total equity by approximately RMB68.2 million, RMB42.6 million and RMB165.5 million, respectively.

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

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

Currency risk

We are exposed to currency risk primarily through sales and purchases, which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily Euros and U.S. dollars.

Recognized assets and liabilities

Except for CERs sales, which were denominated in foreign currencies, all of our revenue-generating operations are transacted in the Renminbi. In addition, we have certain borrowings that are denominated in U.S. dollars. Our directors considered that our exposure to foreign currency risk is insignificant.

On the other hand, the Renminbi is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent us from satisfying sufficient foreign currency demands and we may not be able to pay dividends in foreign currencies to our equity owners.

Exposure to currency risk

The following table sets forth our exposure as of the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than the Renminbi to which they relate.

	As of December 31,					
	2009		2010		2011	
	USD	EUR	USD	EUR	USD	EUR
	(RMB in millions)					
Cash and cash equivalents	–	4.4	–	3.5	–	2.4
Other current assets	–	32.5	–	83.1	27.7	166.5
Long-term borrowings	(103.8)	–	(66.2)	–	(30.2)	–
Net exposure	**(103.8)**	**36.9**	**(66.2)**	**86.6**	**(2.5)**	**168.9**

A 5% strengthening of the Renminbi against the following currencies as of December 31 2009, 2010 and 2011 would have increased/(decreased) our profit after tax and the total equity by the amount shown below:

	As of December 31,		
	2009	2010	2011
	(RMB in millions)		
U.S. dollar	0.6	0.4	0.0
Euros	(0.2)	(0.5)	(0.8)
Total	**(0.4)**	**(0.1)**	**(0.8)**

A 5% weakening of the Renminbi against the above currencies as of December 31, 2009, 2010 and 2011, would have had the equal, but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to our exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent our management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date.

The analysis is performed on the same basis for the Track Record Period.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance, which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

DIVIDEND POLICY

We may distribute dividends by way of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be formulated by our Board and will be subject to our shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

According to the PRC law and our Articles of Association, we will pay dividends out of our after-tax profits only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory common reserve fund equivalent to 10% of our after-tax profit, as determined under PRC GAAP; and
- allocations, if any, to a discretionary common reserve fund that are approved by the shareholders in a shareholders' meeting.

The minimum allocations to the statutory funds are 10% of after-tax profit, as determined under Company Law. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory fund will be required.

In accordance with our Articles of Association, after completion of the Global Offering, dividends may be paid only out of distributable profits as determined under PRC GAAP or IFRS, whichever is lower. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. In the future, we intend to distribute no less than 20.0% of our annual distributable earnings as dividends.

There is, however, no assurance that we will be able to declare dividends of such an amount or any amount each year or in any year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

SPECIAL DISTRIBUTION

We agreed to declare a special distribution to Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital in the amount of our distributable profit for the period from January 31, 2011 to August 19, 2011 (the "Special Distribution"). We estimate the Special Distribution to be approximately RMB261.0 million based on our unaudited distributable profit for the same period. The actual amount of the Special Distribution will be determined based on our audited consolidated financial statements after the Listing. We will make an announcement on the result of this special audit and the amount of Special Distribution before actual payment. We expect to pay such Special Distribution from cash generated from our operating activities.

Our Directors believe that we have sufficient working capital for the full payment of the Special Distribution and our other working capital requirements in the next 12 months from the date of this prospectus. The holders of our H Shares are not entitled to share the Special Distribution. Any distributable profit for distribution to our shareholders after the Global Offering will exclude the Special Distribution. You should not rely on the Special Distribution as an indication of our future dividends distribution policy or practice.

DISTRIBUTABLE RESERVES

As of December 31, 2011, we did not have reserves available for distribution to our shareholders.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to the equity owners of the Company as of December 31, 2011 as if the Global Offering had taken place on December 31, 2011. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of December 31, 2011 or at any future date.

	Consolidated net tangible assets attributable to the equity owners of the Company as of December 31, 2011(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets(3)	Unaudited pro forma adjusted net tangible assets per share(4)	
	RMB in million	RMB in million	RMB in million	RMB	HK$
Based on an Offer Price of HK$1.60 per share	6,765.1	1,812.0	8,577.1	1.14	1.40
Based on an Offer Price of HK$1.76 per share	6,765.1	2,002.1	8,767.2	1.17	1.43

(1) The consolidated net tangible assets attributable to equity owners of the Company as of December 31, 2011 is based on the consolidated net assets attributable to the equity owners of the Company of RMB7,462.2 million as of December 31, 2011 after deducting intangible assets of RMB700.3 million and adjusting the share of intangible assets attributable to non-controlling interests of RMB3.2 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$1.60 and HK$1.76, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the shares which may fall to be issued upon the exercise of the Over-allotment Option. The estimated net proceeds have been converted to Renminbi at the PBOC rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

(3) The unaudited pro forma adjusted net tangible assets is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 7,500,000,000 Shares expected to be in issue following the Global Offering and the respective Offer Prices of HK$1.60 and HK$1.76, but takes no account of any shares which may fall to be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible assets per share are converted into Hong Kong Dollar at the PBOC rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

(5) Our Group's property interests as of April 30, 2012 have been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer and consultant, and the relevant property valuation report is set out in "Appendix IV – Property Valuation Report." The above unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the surplus arising from the revaluation of our Group's property interests amounting to approximately RMB4,306.2 million. Revaluation surplus has not been recorded in the Financial Information as set out in Appendix I to this prospectus and will not be recorded in the consolidated financial statements of the Group for the year ending December 31, 2012 as the Group's property, plant and equipment and lease prepayments are stated at cost less accumulated depreciation or amortization and impairment losses if any. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB120 million would be charged against the profit for the year ending December 31, 2012.

(6) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to December 31, 2011.

PROFIT FORECAST FOR THE SIX MONTHS PERIOD ENDING JUNE 30, 2012

Forecast consolidated profit attributable to equity owners of the Company(1)	not less than RMB776.0 million (approximately HK$951.6 million)
Unaudited pro forma forecast earnings per Share(2)	not less than RMB0.10 (approximately HK$0.13)

(1) The bases and assumptions on which the above profit forecast has been prepared are summarized in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity owners of the Company for the six months ending June 30, 2012 based on the actual unaudited consolidated results for the four months ended April 30, 2012 and the forecast consolidated results for the remaining two months ending June 30, 2012.

(2) The calculation of the unaudited pro forma forecast earnings per share is based on the actual unaudited consolidated profit for the four months ended April 30, 2012 and the forecast consolidated results for the remaining two months ending June 30, 2012 attributable to equity owners of the Company, assuming that a total of 7,500,000,000 Shares had been in issue during the period. The calculation of the unaudited pro forma forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The translation of Renminbi into Hong Kong dollars was made at the rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

PROPERTY INTEREST

Particulars of our property interests are set out in Appendix IV to this prospectus.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited has valued our property interests as of April 30, 2012. A summary of values and valuation certificates issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited are included in Appendix IV to this prospectus. The following table sets out the reconciliation of aggregate amounts of property interests from our consolidated financial information as of December 31, 2011 to the unaudited net book value of our property interests as of April 30, 2012:

	RMB in millions
	(unaudited)
Net book value of property interests as of December 31, 2011	9,262.3(1)
Movements for the period from December 31, 2011 to April 30, 2012	
Add: additions during the period from December 31, 2011 to April 30, 2012	95.8
Less: depreciation and disposal during the period from December 31, 2011 to April 30, 2012	92.4
Net book value of property interests as of April 30, 2012	9,265.7
Valuation surplus as of April 30, 2012	4,306.2
Valuation as of April 30, 2012 as included in Appendix IV to this prospectus	13,571.9(2)

(1) The net book value of property interest as of December 31, 2011 included our (i) buildings and structures of RMB7,474.1 million; (ii) buildings and structures under construction of RMB1,256.1 million, (iii) investment property of RMB20.0 million, and (iv) lease prepayments of RMB512.1 million.

(2) The valuation as of April 30, 2012 included the aggregate capital value of RMB1,725,666,000 stated on page IV-34 plus the value of RMB11,846,211,000 for reference purpose as stated in the notes of valuation certificates in Appendix IV to this prospectus.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as disclosed in this prospectus, our directors confirm that, as of 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.

NO MATERIAL ADVERSE CHANGE

Our directors have confirmed that there has been no material adverse change in our financial or trading position since December 31, 2011, which is our latest audited consolidated financial results.

FUTURE PLANS

Please refer to the section "Business – Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,338.7 million (assuming an Offer Price of HK$1.68 per Offer Share, being the mid-point of the indicative Offer Price range), before any exercise of the Over-allotment Option and after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

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

- approximately 40.0%, or approximately HK$935.5 million, will be used for the development and construction of various types of clean energy projects, among which:

  (i) approximately 20.0% of the above, or approximately HK$187.1 million, will be used for the acquisition and development of hydropower projects;

  (ii) approximately 40.0% of the above, or approximately HK$374.2 million, will be used for the development and construction of wind power projects; and

  (iii) approximately 40.0% of the above, or approximately HK$374.2 million, will be used for capital investments in Fuqing Nuclear Power Plant under construction in which we hold a 39.0% equity interest;

- approximately 30.0%, or approximately HK$701.6 million, will be used for the purchase of wind turbines, gas turbines and other key equipment;

- approximately 20.0%, or approximately HK$467.7 million, will be used to repay five short-term borrowings from domestic banks and financial institutions, including, Agriculture Bank of China, China Construction Bank and Huaxia Bank, with the aggregate amount of approximately RMB500.0 million at an annual interest rate of 6.56% to 7.22%, all of which will mature before December 31, 2012; and

- approximately 10.0%, or approximately HK$233.9 million, will be used for working capital and other general corporate uses.

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

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

HONG KONG UNDERWRITERS

Joint Lead Managers

CITIC Securities Corporate Finance (HK) Limited
UBS AG, Hong Kong Branch
Merrill Lynch Far East Limited
CLSA Limited
BOCI Asia Limited
CCBI International Capital Limited
ABCI Securities Company Limited
Daiwa Capital Markets Hong Kong Limited

Co-Managers

Kingston Securities Limited
Pacific Foundation Securities Limited
President Securities (Hong Kong) Limited
Shenyin Wanguo Capital (H.K.) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 13, 2012. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Purchase Agreement having been signed and becoming unconditional.

Grounds for Termination

The Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

there shall develop, occur, exist or come into force:

(i) any national, or international event or series of events in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, large scale outbreak of infectious disease, epidemic, or pandemic, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is or has been declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union as a whole, Japan or any other jurisdiction relevant to any member of the Group (collectively, the "Relevant Jurisdictions"); or

(ii) any change, or event, or development involving a prospective change, in any national, or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit conditions, or conditions in the stock and bond markets, money and foreign exchange markets, investment markets, the interbank markets and credit markets or other market conditions in or affecting any of the Relevant Jurisdictions; or

(iii) any moratorium, suspension or any imposition of or requirement for any minimum or maximum price limit or price range in or any other limitation on trading in securities generally on the SEHK, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, or the Shanghai Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union as a whole, Japan or any other Relevant Jurisdiction declared by the relevant Authorities or a material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services or procedures in or affecting any Relevant Jurisdiction; or

(v) any new law, or any change or a development involving a prospective change in the existing laws in the interpretation or application thereof by any court or other competent Authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, or the withdrawal of trading privileges, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any proceedings of any third party being threatened or instigated against any member of the Group except for those matters that have been disclosed in the prospectus; or

(ix) a Director being charged with an indictable offence or prohibited by operation of law or disqualified from taking part in the management of a company; or

(x) the chairman or chief executive officer of the Company vacating his or her office; or

(xi) an authority or a political body or organization in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate, against any Director; or

(xii) a contravention by any member of the Group of, non-compliance of the prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xiii) a prohibition on the Company from offering, allotting or issuing any of the H Shares pursuant to the terms of the Global Offering; or

(xiv) the issue or requirement to issue by the Company of any supplement or amendment to the prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the SEHK and/or the SFC; or

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(xvi) any adverse change or development or event involving a prospective change, or a materialization involving a reasonably likely Material Adverse Change of, any of the risks set out in the section headed “Risk Factors” in the prospectus; or

(xvii) an order or petition is presented for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, after prior notification to the Company (1) has resulted or will result or may result in a material adverse change; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

there has come to the notice of the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers:

(i) that any statement contained in any of the Hong Kong Public Offering Documents and/or in any notices, announcements, advertisements, communications or other documents (when considered together with the prospectus) issued or authorised to be used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, or incorrect in any material respect or containing any misleading information in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or authorised to be used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest in any respect or not based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or in any announcements, advertisements, communications issued or authorised to be used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Purchase Agreement (other than upon any of the Hong Kong Underwriters or the International Purchasers and any of their respective delegates); or

(iv) any material event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement; or

(v) any material adverse change or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole ("Material Adverse Change"); or

(vi) any breach of, or any event rendering untrue or incorrect or misleading in any respect, any of the warranties; or

(vii) the Company withdraws the prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into our equity securities may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholder

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholder has undertaken to the Stock Exchange and to our Company that, it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of the Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, the Controlling Shareholder has undertaken to the Stock Exchange and to the Company that within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

(i) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

Undertakings to the Hong Kong Underwriters

Undertakings by the Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to any exercise of the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date, the Company hereby undertakes to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Joint Sponsors not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners and the Joint Lead Managers (on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind ("Encumbrance") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable), or deposit any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of H Shares or other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise. After the date falling six months commencing from the date on which dealings in the H Shares commence on the Hong Kong Stock Exchange, if we enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

For the avoidance of doubt, the requirements specified above will not affect the Company to transfer, dispose or acquire, or agree to transfer, dispose or acquire, directly or indirectly, any shares of any subsidiary and other members of the Group.

Indemnity

We have agreed to indemnify the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement.

Commission and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters (but not the Hong Kong Underwriters). We may also pay in our discretion an incentive fee to any Hong Kong Underwriters for all the H Shares sold in the Hong Kong Public Offering.

The aggregate commissions and fees (excluding any discretionary incentive fee that may be payable by our Company), together with the Hong Kong Stock Exchange listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses of us relating to the Global Offering are estimated to amount to HK$181.3 million (assuming an Offer Price of HK$1.68 per Offer Share, which is the mid-point of our indicative price range for the Global Offering, and the Over-allotment Option is not exercised) in total.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Purchase Agreement with, among others, the International Underwriters on or about June 20, 2012. Under the International Purchase Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to procure subscribers to subscribe for, or failing which to subscribe for themselves, their respective applicable proportions of the International Offering Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

We will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters during the 30-day period from the last day for the lodging of applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 225,000,000 additional H shares, representing approximately 15% of the H shares initially available under the Global Offering, at the Offer Price, among other things, to cover over-allocations in the International Offering, if any.

Over-allotment and Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, namely, 225,000,000 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on July 19, 2012. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market share of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

(a) the Hong Kong Public Offering of 150,000,000 H Shares (subject to adjustment as mentioned below) in Hong Kong as described below under "The Hong Kong Public Offering"; and

(b) the International Offering of an aggregate of 1,350,000,000 H Shares (subject to adjustment as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A.

Investors may apply for the H Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the H Shares under the International Offering, but may not do both.

Our Company has obtained the requisite PRC governmental approvals, including the approval of the CSRC, in respect of the Global Offering.

The number of H Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the subsection entitled "The Hong Kong Public Offering – Reallocation" below.

THE HONG KONG PUBLIC OFFERING

Number of H Shares initially offered

We are initially offering 150,000,000 H Shares at the Offer Price, representing approximately 10% of the H Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of H Shares initially offered under the Hong Kong Public Offering will represent approximately 2.0% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the subsection below entitled "Conditions of the Global Offering."

Allocation

Allocation of H Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will initially be divided into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of HK$5.0 million or less; and

- Pool B: The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with a total subscription amount (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) of more than HK$5.0 million and up to the value of Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 75,000,000 Offer Shares will be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached as further described below:

- 150,000,000 Offer Shares, representing approximately 10% of the total number of the Offer Shares, are initially available in the Hong Kong Public Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 450,000,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 600,000,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 750,000,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may in their discretion reallocate H Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of H Shares initially offered

The number of H Shares to be initially offered under the International Offering will be 1,350,000,000 H Shares, representing approximately 90% of the Offer Shares under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of H Shares initially offered under the International Offering will represent approximately 18.0% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

Pursuant to the International Offering, the International Offering Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Offering Shares will be selectively placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S and in the United States to QIBs as defined in Rule 144A. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, H Shares after the listing of the H Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of H Shares on a basis which would lead to the establishment of a solid shareholder base which would be to our benefit and to that of the shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the H Shares in the International Offering. Prospective investors will be required to specify the number of H Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around June 20, 2012 and in any event on or before June 26, 2012, by agreement between the Joint Global Coordinators, on behalf of the Underwriters, and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer price range

The Offer Price will be not more than HK$1.76 per H Share and is expected to be not less than HK$1.60 per H Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants for Hong Kong Offer Shares under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$1.76 for each Hong Kong Offer Share (plus 1% brokerage, 0.003% SFC transaction levy, and 0.005% Hong Kong Stock Exchange trading fee). If the Offer Price is less than HK$1.76, appropriate refund payments (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Global Coordinators (on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before June 26, 2012, the Global Offering will not proceed and will lapse.

Reduction in indicative offer price range and/or number of Offer Shares

The Joint Global Coordinators, on behalf of the Underwriters, may where considered appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, reduce the indicative Offer Price range and/or the number of Offer Shares below those stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.hdfx.com.cn**) notices of the reduction. Upon issue of such a notice, the revised indicative Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and our Company, will be fixed within such revised range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the indicative Offer Price range and/or number of Offer Shares is so reduced. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

Announcement of Offer Price and basis of allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares are expected to be published on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.hdfx.com.cn**) on Wednesday, June 27, 2012.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Purchase Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Underwriting Agreements, are summarized in the section entitled "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on:

- the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

- the Offer Price having been duly agreed between us and the Joint Global Coordinators (on behalf of the Underwriters);

- the execution and delivery of the International Purchase Agreement on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Purchase Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Purchase Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before June 26, 2012, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the subsection entitled "How to Apply for the Hong Kong Offer Shares – Despatch/Collection of H Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on June 28, 2012, provided that (a) the Global Offering has become unconditional in all respects and (b) the right of termination as described in the subsection entitled "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus has not been exercised.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company Limited, or HKSCC.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on June 28, 2012, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on June 28, 2012.

The H Shares will be traded in board lots of 2,000 H Shares each.

WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Joint Bookrunners (or their respective agents and nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service (**www.eipo.com.hk**), you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may apply by means of the **White Form eIPO** service only if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

We, the Joint Bookrunners and the designated **White Form eIPO** Service Provider, in their capacity as our agents, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, the Directors, Supervisors or chief executive or their respective or any of our other Connected Persons or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for International Offering Shares under the International Offering, but may not do both.

CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are four channels to make an application for the Hong Kong Offer Shares:

You may apply for the Hong Kong Offer Shares by using a **WHITE** Application Form. Use a **WHITE** Application Form if you want the H Shares to be issued in your own name;

Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**. Use **White Form eIPO** if you want the H Shares to be issued in your own name;

You may apply for the Hong Kong Offer Shares by using a **YELLOW** Application Form. Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account; or

Instead of using a **YELLOW** Application Form, you may give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

WHERE TO COLLECT THE PROSPECTUS AND APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 14, 2012 till 12:00 noon on Tuesday, June 19, 2012 from:

Any of the following addresses of the Hong Kong Underwriters:

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Merrill Lynch Far East Limited
15/F, Citibank Tower
3 Garden Road
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

BOCI Asia Limited
26 Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

CCBI International Capital Limited
34/F., Two Pacific Place
88 Queensway
Admiralty
Hong Kong

ABCI Securities Company Limited
Room 701, 7/F, One Pacific Place
88 Queensway
Hong Kong

Daiwa Capital Markets Hong Kong Limited
Level 28
One Pacific Place
88 Queensway
Hong Kong

Kingston Securities Limited
Suite 2801, 28th Floor, One International Finance Center
1 Harbour View Street
Central
Hong Kong

Pacific Foundation Securities Limited
11th Floor, New World Tower II
16-18 Queen's Road Central
Hong Kong

President Securities (Hong Kong) Limited
Units 2603-2606, 26/F, Infinitus Plaza
No.199 Des Voeux Road Central
Hong Kong

Shenyin Wanguo Capital (H.K.) Limited
28/F Citibank Tower, Citibank Plaza
3 Garden Road
Central
Hong Kong

or any of the following branches of:

(a) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong	Bank of China Tower Branch King's Road Branch	3/F, 1 Garden Road 131-133 King's Road, North Point
Kowloon.	Telford Gardens Branch	Shop P2 Telford Gardens Kowloon Bay
	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
New Territories. .	Citywalk Branch	Shop 65, G/F, Citywalk 1 Yeung Uk Road, Tsuen Wan

(b) CITIC Bank International Limited

	Branch Name	Address
Hong Kong	Des Voeux Road Central Branch	The Chinese Bank Building 61-65 Des Voeux Road Central
Kowloon.	Tsim Sha Tsui Branch	Shop 3 & 5, G/F, Mass Resources Development Bldg 12-16 Humphreys Avenue Tsim Sha Tsui
New Territories. .	Shatin Centre Branch	Shop 52C, Level 3, Shatin Centre 2-16 Wang Pok Street, Shatin

(c) Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong	Hennessy Road Branch	399 Hennessy Road, Wanchai
Kowloon.	Kwun Tong Hoi Yuen Road	G/F, Fook Cheong Building No. 63 Hoi Yuen Road, Kwun Tong
	Mei Foo Stage I Branch	G/F, 1C Broadway Mei Foo Sun Chuen Stage I Lai Chi Kok
New Territories. .	Tuen Mun Town Plaza Branch	Shop No. G047-G052 Tuen Mun Town Plaza Phase I Tuen Mun
	Tai Po Branch	23 & 25 Kwong Fuk Road Tai Po Market, Tai Po

(d) Wing Lung Bank Limited

	Branch Name	Address
Hong Kong	Head Office North Point Branch	45 Des Voeux Road Central 361 King's Road
Kowloon.	San Po Kwong Branch To Kwa Wan Branch	8 Shung Ling Street 64 To Kwa Wan Road
New Territories. .	Sheung Shui Branch	128 San Fung Avenue

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, June 14, 2012 until 12:00 noon on Tuesday, June 19, 2012 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

Your stockbroker may also have Application Forms and this prospectus available.

HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

(a) Obtain an Application Form as described in the subsection above entitled "Where to Collect the Prospectus and Application Forms."

(b) Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying check(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address given on the Application Form.

(c) Each Application Form must be accompanied by payment, in the form of either one check or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the check or banker's cashier order does not meet the requirements set out on the Application Form.

(d) Lodge the Application Form in one of the special collection boxes by the time and at one of the locations as described in the subsection above entitled "Where to Collect the Prospectus and Application Forms."

(e) Check and banker's cashier order should be crossed "Account Payee Only" and made payable to "Bank of China (Hong Kong) Nominees Limited – Huadian Fuxin Public Offer."

You should note that by completing and submitting a **WHITE** or **YELLOW** Application Form, among other things:

(a) you agree with our Company and each of the Shareholders, and our Company agrees with each of the Shareholders, to observe and comply with PRC laws, the Companies Ordinance and the Articles of Association;

(b) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;

(c) you agree that none of our Company, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);

(d) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offering Share nor otherwise participated in the International Offering; and

(e) you agree to disclose to our Company, and/or our H Share Registrar, receiving bankers, the Joint Bookrunners, the Underwriters and their respective advisers and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

In order for an application made on a **YELLOW** Application Form to be valid:

You, as the applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

(i) the designated CCASS Participant must endorse the Application Form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

(i) the Application Form must contain the CCASS Investor Participant's full name and Hong Kong Identity Card number; and

(ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

(i) the Application Form must contain all joint CCASS Investor Participants' full names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and

(ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) If the application is made by a corporate CCASS Investor Participant:

(i) the Application Form must contain your company name and the Hong Kong business registration number; and

(ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant or (including participant I.D. and/or company chop bearing the Company name) or other similar matters may render your application invalid.

If your application is made through a duly authorized attorney, we and the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and their respective agents or nominees as our agents may accept it at our discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We and the Joint Bookrunners, in their capacity as our agents, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

APPLYING THROUGH WHITE FORM eIPO SERVICE

General

(a) If you are an individual and meet the criteria set out above in the subsection entitled "Who can apply for the Hong Kong Offer Shares," you may apply through **White Form eIPO** service by submitting an application through designated website at **www.eipo.com.hk**. If you apply through **White Form eIPO** service, the H Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

(c) In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service (**www.eipo.com.hk**), you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our H Share Registrar.

(e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(f) You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, June 14, 2012 until 11:30 a.m. on Tuesday, June 19, 2012 or such later time as described under the subsection entitled "Effect of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, June 19, 2012 the last application day, or, if the application lists are not open on that day, then by the time and date stated in the subsection entitled "Effect of bad weather on the opening of the application lists" below.

(g) You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Tuesday, June 19, 2012, or such later time as described under the subsection entitled "Effect of bad weather on the opening of the application lists" below, the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(h) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service (**www.eipo.com.hk**) is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, the Directors, the Joint Bookrunners, the Underwriters and the **White Form eIPO** Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service (**www.eipo.com.hk**) will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider will contribute HK$2.00 for each "HUADIAN FUXIN ENERGY CORPORATION LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service (**www.eipo.com.hk**), you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service (**www.eipo.com.hk**), you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please see "– How Many Applications May Be Made" below.

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System **(https://ip.ccass.com)** (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Counter
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form. Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and the H Share Registrar.

Giving electronic application instructions to HKSCC to apply for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- undertakes and confirms that person has not indicated an interest for, applied for or taken up or indicated an interest for, any Offer Shares under the International Offering nor otherwise participated in the International Offering;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) declares that person has only given one set of **electronic application instructions** for the benefit of that other person and that person is duly authorized to give those instructions as that other person's agent;

- understands that the above declaration will be relied upon by our Company, the Directors and the Joint Bookrunners in deciding whether or not to make any allotment of the Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that person may be prosecuted if he makes a false declaration;

- authorizes our Company to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;

- confirms that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- confirms that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus and that person agrees that none of our Company, the Directors and the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of the parties involved in the Global Offering will have any liability for any such offer information or representation;

- agrees that our Company, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;

- agrees to disclose that person's personal data to our Company, the H Share Registrar, the receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners and/or their respective agents and any information which they may require about that person;

- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person cannot be revoked on or before the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a

Saturday, Sunday, or public holiday in Hong Kong) which, based on the current expected timetable, is expected to be June 26, 2012, unless a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;

- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- agrees with our Company, for ourselves and for the benefit of each of the Shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Company Law, the Companies Ordinance and the Articles of Association;

- agrees with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

    - agrees with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders;

- authorizes the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per H Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Allocation of the Hong Kong Offer Shares

For the purposes of allocating the Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Timing for Inputting electronic application instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, June 14, 2012	**–**	**9:00 a.m. to 8:30 p.m.**[1]
Friday, June 15, 2012	**–**	**8:00 a.m. to 8:30 p.m.**[1]
Saturday, June 16, 2012	**–**	**8:00 a.m. to 1:00 p.m.**[1]
Monday, June 18, 2012	**–**	**8:00 a.m. to 8:30 p.m.**[1]
Tuesday, June 19, 2012	**–**	**8:00 a.m.**[1] **to 12:00 noon**

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, June 14, 2012 until 12:00 noon on Tuesday, June 19, 2012 (24 hours daily, except the last application day).

The latest time for inputting **electronic application instructions** will be 12:00 noon on Tuesday, June 19, 2012, the last application day, or if the application lists are not open on that day, by the time and date stated in the subsection entitled "Effects of bad weather conditions on the opening of the application lists" below.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us, our H Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of our or their respective advisers or agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, the Directors, the Joint Bookrunners, the Joint Global Coordinators, the Joint Lead Managers, the Joint Sponsors and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions**. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either:

(i) submit a **WHITE** or **YELLOW** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, June 19, 2012, or such later time as described under the subsection entitled "Effect of Bad Weather Conditions on the Opening of the Application Lists" below.

HOW MANY APPLICATIONS MAY BE MADE

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may make an application as a nominee by (i) giving **electronic application instructions** to HKSCC (if you are a CCASS Participant) or; (ii) using a **WHITE** or **YELLOW** Application Form, and lodging more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If you apply by means of the **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at **www.eipo.com.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**);

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) and that you are duly authorized to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**); or

- apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**); or

- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) for more than 75,000,000 H Shares, being 50% of the Offer Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the subsection entitled "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the Board of Directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$1.76 per H Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 2,000 H Shares you will pay HK$3,555.49. The Application Forms have tables showing the exact amount payable for numbers of H Shares up to 75,000,000 H Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for the H Shares by a check or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, we will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of e-Refund payment instructions/refund checks/share certificates will be retained for our benefit.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$1.76 per H Share, appropriate refund payments, including the brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the subsection entitled "Despatch/Collection of H Share Certificates and Refund Monies" below.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Bookrunners, checks for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, June 27, 2012 in accordance with the various arrangements as described in this section.

MEMBERS OF THE PUBLIC – TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, June 19, 2012, or, if the application lists are not open on that day, then by the time and date stated in the subsection entitled "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed under the section entitled "Where to collect the Prospectus and Application Forms" above at the following times:

Thursday, June 14, 2012	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, June 15, 2012	**–**	**9:00 a.m. to 5:00 p.m.**
Saturday, June 16, 2012	**–**	**9:00 a.m. to 1:00 p.m.**
Monday, June 18, 2012	**–**	**9:00 a.m. to 5:00 p.m.**
Tuesday, June 19, 2012	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, June 19, 2012.

No proceedings will be taken on applications for the Offer Shares and no allotment of any such Offer Shares will be made until the closing of the application lists. No allotment of any of the Offer Shares will be made earlier than Tuesday, June 19, 2012.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 19, 2012. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon on such day.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

PUBLICATION OF RESULTS

We expect to announce and publish the Offer Price, the indication of the level of interest in the International Offering, the basis of allotment of the Hong Kong Offer Shares and the indication of the level of applications under the Hong Kong Public Offering, and the allotment results on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.hdfx.com.cn**) on Wednesday, June 27, 2012.

In addition, we expect to announce the results of applications and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering at the times and dates and in the manner specified below:

(a) Results of allocations for the Hong Kong Public Offering will be available from the Hong Kong Stock Exchange’s website at **www.hkexnews.hk** and on the website of the Company at **www.hdfx.com.cn**;

(b) Results of allocation for the Hong Kong Public Offering will be available from our Hong Kong Public Offering results of allocation website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Wednesday, June 27, 2012 to 12:00 midnight on Tuesday, July 3, 2012. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result. Our Company's website (**www.hdfx.com.cn**) will also publish a hyper-link to the aforesaid website during the same period;

(c) Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, June 27, 2012 to Saturday, June 30, 2012; and

(d) Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Wednesday, June 27, 2012 to Friday, June 29, 2012 at all the receiving bank branches and sub-branches at the addresses set out in the subsection entitled "Where to collect the Prospectus and the Application Forms" above.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

  By completing and submitting an Application Form or giving an **electronic application instruction**, you agree that your application or the application made by HKSCC Nominees or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) on your behalf cannot be revoked on or before the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday, or public holiday in Hong Kong) which, based on the current expected timetable, is expected to be June 26, 2012.

Your application or the application made by HKSCC Nominees on your behalf may be revoked on or before the expiration of the fifth day after the time of the opening of the application lists (being June 26, 2012 based on the current expected timetable), if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (**www.eipo.com.hk**) on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company or our agents to reject or accept your application:**

Our Company, the Joint Global Coordinators, (as our agents) and the **White Form eIPO** Service Provider or the respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Joint Global Coordinators, the Hong Kong Underwriters and the **White Form eIPO** Service Provider in their capacity as our agents, and the respective agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing of the application lists; or

- within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

  - you make multiple applications or suspected multiple applications;

  - you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or Offer Shares in the International Offering. By filling in any of the Application Forms or applying by giving **electronic application instructions** you agree not to apply for Hong Kong Offer Shares as well as the International Offering Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

  - the number of shares you have applied for is not one of the numbers as set out in the payment tables in the Application Forms;

  - your application is not completed in accordance with the instructions as stated in the Application Forms (if you apply by an Application Form) or on the **White Form eIPO** website;

  - your payment is not made correctly or you pay by check or banker's cashier order and the check or banker's cashier order is dishonored upon its first presentation;

  - the Underwriting Agreements do not become unconditional;

  - the Underwriting Agreements are terminated in accordance with their respective terms;

  - our Company or the Joint Global Coordinators believe that by accepting your application, they would violate the applicable securities or other laws, rules or regulations; or

  - your application is for more than 50% of the Hong Kong Offer Shares initially offered for public subscription under the Hong Kong Public Offering.

DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK$1.76 per H Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the subsection entitled "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one H Share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course they will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the application:

(a) for applications on **WHITE** Application Forms or **White Form eIPO**:

  (i) H Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or

  (ii) H Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful; and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms, refund check(s) will be crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per H Share paid on application in the event that the Offer Price is less than the offer price per H Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund check, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund check.

Subject to personal collection as mentioned below, refund checks for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per H Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms; and H Share certificates for wholly and partially successful applicants under **WHITE** Application Forms and the **White Form eIPO** service are expected to be posted on or before Wednesday, June 27, 2012. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of check(s).

H Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, June 28, 2012 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the subsection entitled "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus has not been exercised.

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form respectively to collect your refund check(s) (where applicable) and/or H Share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund check(s) (where applicable) and H Share certificate(s) (where applicable) from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, June 27, 2012 or such other date as notified by us in the newspapers as the date of collection/dispatch of e-Refund payment instructions/refund checks/share certificates. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar. If you do not collect your refund check(s) (where applicable) and/or H Share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund check(s) (where applicable) and/or H Share certificate(s) (where applicable) in person, your refund check(s) (where applicable) and/or H Share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, June 27, 2012, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund check (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Wednesday, June 27, 2012, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the section headed "Publication of Results" above on Wednesday, June 27, 2012. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, June 27, 2012 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund check (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for 1,000,000 Hong Kong Offer Shares or more and have not indicated on your **YELLOW** Application Form that you will collect your refund check(s) (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, or if your application is rejected, nor accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering as set out in the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus are not fulfilled, or if your application is revoked or any allotment pursuant thereto has become void your refund check(s) (if any) will be sent to the address on your **YELLOW** Application Form by ordinary post and at your own risk on Wednesday, June 27, 2012.

(c) If you apply through White Form eIPO service:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your H Share certificate(s) in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, June 27, 2012, or such other date as notified by our Company in the newspapers as the date of dispatch of e-Refund payment instructions/refund check(s)/share certificate(s).

If you do not collect your H Share certificate(s) personally within the specified period for collection, they will be sent to the address specified in your instructions to the **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your H Share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on Wednesday, June 27, 2012, by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service (**www.eipo.com.hk**) by paying the application monies through a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price being different from the offer price initially paid on your application, e-refund payment instructions (if any) will be dispatched to the application payment account on Wednesday, June 27, 2012.

If you apply through the **White Form eIPO** service (**www.eipo.com.hk**) by paying the application monies through multiple bank accounts and your application is wholly or partially unsuccessful and/or the final Offer Price being different from the offer price initially paid on your application, refund check(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on Wednesday, June 27, 2012, by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in the subsection entitled "Applying through White Form eIPO service – Additional Information" above.

(d) If you apply by giving electronic application instructions to HKSCC:

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of H Share Certificates into CCASS and Refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Wednesday, June 27, 2012, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong Identity Card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner described in the subsection entitled "Publication of Results" above on Wednesday, June 27, 2012. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, June 27, 2012 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, June 27, 2012. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per H Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, June 27, 2012. No interest will be paid thereon.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

June 14, 2012

The Directors
Huadian Fuxin Energy Corporation Limited

CITIC Securities Corporate Finance (HK) Limited
UBS AG, Hong Kong Branch
Merrill Lynch Far East Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended December 31, 2009, 2010 and 2011 (the "Track Record Period"), and the consolidated balance sheets of the Group as of December 31, 2009, 2010 and 2011, and the balance sheet of the Company as of December 31, 2011, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated June 14, 2012 (the "Prospectus").

The Company was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on August 19, 2011 as part of the reorganization (the "Reorganization") of Huadian Fuxin Energy Co., Ltd. ("HFEC"), a state-owned enterprise with limited liability, as described in Section A below. HFEC was the holding company of the subsidiaries now comprising the Group prior to the Reorganization. Pursuant to the Reorganization, HFEC was converted into a joint stock company, namely Huadian Fuxin Energy Corporation Limited, i.e. the Company, the details of which are set out in Section A below. The registered office of the Company is located at 25th Floor, Yifa Plaza, No. 111 Wusi Road, Gulou District, Fuzhou, Fujian Province, the PRC.

All companies now comprising the Group have adopted December 31 as their financial year end date. The statutory financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to entities established in the PRC. The statutory financial statements of HFEC for each of the years ended December 31, 2009, 2010 and 2011 were audited by Jonten Certified Public Accounts Co., Ltd (中天運會計師事務所), a certified public accounting firm registered in the PRC. Details of the companies comprising the Group that are subject to audit during the Track Record Period and the names of the respective auditors are set out in Section A below.

The directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below which are in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended December 31, 2009, 2010 and 2011 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to December 31, 2011.

OPINION

In our opinion, for the purpose of this report, the Financial Information, on the basis of preparation set out in Section A below, gives a true and fair view of the Group's consolidated results and cash flows for the Track Record Period, and the state of affairs of the Group as of December 31, 2009, 2010 and 2011, and the state of affairs of the Company as of December 31, 2011.

A BASIS OF PREPARATION

The Company was established in the PRC on August 19, 2011 as a joint stock company with limited liability and with a registered capital of RMB6,000 million as part of the Reorganization of HFEC in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE"). The Group is mainly engaged in hydro power, wind power and coal-fired power generation and sale. Prior to the establishment of the Company, HFEC was the holding company of the subsidiaries now comprising the Group. In substance, the Company replaced HFEC as the holding company for HFEC's subsidiaries.

HFEC, formerly named Huadian Fujian Power Co., Ltd., was established on November 30, 2004 as a wholly-owned subsidiary of China Huadian Corporation ("Huadian"). Pursuant to the Reorganization in 2010, HFEC disposed certain assets which do not meet the Group's strategic operation plans to Huadian at nil consideration. These assets include its equity interest of 4% in Huadian Property Co., Ltd. (華電置業有限公司) and other assets. The carrying amount for the above assets as of disposal date was RMB131,291,000. These were recorded as equity transactions in the consolidated statements of changes in equity.

On October 20, 2010, Huadian Fujian Power Co., Ltd. changed its name to HFEC.

On October 29, 2010, Huadian and its subsidiaries injected their 100% equity interests in Huadian New Energy Development Co., Ltd. ("Huadian New Energy") to HFEC, meanwhile, Huadian injected cash of RMB1,000 million to HFEC, for the equity interest of HFEC.

The Company was established as a joint stock company on August 19, 2011. Upon establishment, the Company retained all of HFEC's assets and liabilities by issuing a total of RMB6,000 million ordinary shares to HFEC's equity owners proportional to their equity interest, with a par value of RMB1.00 each.

As there was no change in controlling shareholders, Huadian, before and after the reorganization as set out above, the Financial Information has been prepared as a reorganization of business under common control. Accordingly, the relevant assets and liabilities of the companies comprising the Group have been recognized at historical cost, except for financial instruments classified as trading securities, which are stated at their fair value in accordance with the accounting policies as described in Section C(1).

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group as set out in section B(1), B(3) and B(4), respectively include the results of operations of the companies comprising the Group for the Track Record Period (or where the companies were established at a date later than January 1, 2009, for the period from the date of establishment to December 31, 2011), as if the group structure has been in existence throughout the Track Record Period. The consolidated balance sheets as of December 31, 2009, 2010 and 2011 as set out in Section B(2) have been prepared to present the state of affairs of the companies comprising the Group as of the respective dates.

All material intra-group transactions and balances have been eliminated on consolidation.

As of December 31, 2011, the Company has direct or indirect interest in the following entities, all of which the Company has the power to govern, which are set out below.

				Proportion of ownership interest				Statutory auditors		
	Name of company	Place and date of establishment	Registered capital	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	2009	2010	2011
			(RMB'000)							
1	Fujian Huadian Electric Power Engineering Co., Ltd. 福建華電電力工程有限公司	the PRC July 12, 1999	226,314	100%	100%	–	Investment holding	(iii)	(iii)	(iii)
2	Fujian Huadian Kemen Power Generation Company Limited 福建華電可門發電有限公司	the PRC September 18, 2003	900,000	100%	100%	–	Coal-fired power generation	(iii)	(iii)	(iii)
3	Fujian Mianhuatan Hydropower Development Company Limited 福建棉花灘水電開發有限公司 *(note ii)*	the PRC November 17, 1995	800,000	60%	60%	–	Hydropower generation	(iii)	(iii)	(iii)
4	Mindong Hydropower Development Company Limited 閩東水電開發有限公司 *(note ii)*	the PRC March 7, 1997	250,405	51%	51%	–	Hydropower generation	(iii)	(iii)	(iii)
5	Fujian Huadian Shaowu Power Generation Company Limited 福建華電邵武發電有限公司 *(note ii)*	the PRC March 29, 2000	10,000	60%	60%	–	Coal-fired power generation	(iii)	(iii)	(iii)
6	Fujian Huadian Yong'an Power Generation Company Limited 福建華電永安發電有限公司	the PRC October 23, 1989	563,000	100%	100%	–	Coal-fired power generation	(iii)	(iii)	(iii)
7	Fujian Huadian Zhangping Coal-fired Power Co., Ltd. 福建華電漳平火電有限公司	the PRC November 18, 1991	510,000	100%	100%	–	Coal-fired power generation	(iii)	(iii)	(iii)
8	Fujian Huadian Quanzhou Power Generation Company Limited 華電福建泉州發電有限公司	the PRC August 28, 2007	20,000	51%	51%	–	Power development and investment	(iii)	(iii)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors: 2009	2010	2011
			(RMB'000)							
9	Fujian Jinhu Power Generation Company Limited 福建省金湖電力有限責任公司 *(note ii)*	the PRC October 3, 1996	100,000	48%	–	50%	Hydropower generation	(iii)	(iii)	(iii)
10	Fujian Gaosha Hydropower Company Limited 福建省高砂水電有限公司 *(note ii)*	the PRC September 18, 1997	66,000	62%	–	62%	Hydropower generation	(iii)	(iii)	(iii)
11	Fujian Shaxian Chengguan Hydropower Company Limited 福建省沙縣城關水電有限公司 *(note ii)*	the PRC September 3, 1997	66,000	40%	–	40%	Hydropower generation	(iii)	(iii)	(iii)
12	Fujian Longyan Wan'anxi Hydropower Company Limited 福建省龍岩萬安溪水力發電有限責任公司 *(note ii)*	the PRC March 4, 1998	40,000	41%	–	41%	Hydropower generation	(iii)	(iii)	(iii)
13	Fujian Minxing Hydropower Company Limited 福建閩興水電有限公司	the PRC January 13, 2000	81,000	100%	31%	69%	Hydropower generation	(iii)	(iii)	(iii)
14	Fujian Yong'an Gongchuan Hydropower Company Limited 福建省永安貢川水電站有限公司	the PRC March 12, 1998	50,000	61%	–	61%	Hydropower generation	(iii)	(iii)	(iii)
15	Fujian Huatou Ximen Power Generation Company Limited 福建華投西門發電有限公司	the PRC June 16, 2005	49,000	100%	–	100%	Hydropower generation	(iii)	(iii)	(iii)
16	Huadian New Energy Development Company Limited 華電新能源發展有限公司	the PRC September 17, 2007	2,398,000	100%	100%	–	Investment holding	(iv)	(iv)	(iv)
17	Gansu Huadian Guazhou Wind Power Company Limited 甘肅華電瓜州風力發電有限公司	the PRC January 6, 2009	100,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
18	Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC November 9, 2009	50,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
19	Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC March 4, 2009	95,020	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
20	Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC September 6, 2005	408,000	100%	–	100%	Wind power generation	(iii)	(iii)	(iii)
21	Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC December 19, 2008	10,000	100%	–	100%	Wind power generation	(iii)	(iii)	(iii)
22	Inner Mongolia Huadian Hongnijing Wind Power Company Limited 內蒙古華電紅泥井風力發電有限公司	the PRC July 7, 2009	40,000	100%	–	100%	Wind power generation	(iii)	(iii)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors: 2009	2010	2011
			(RMB'000)							
23	Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC April 29, 2009	20,000	100%	–	100%	Wind power generation	(iii)	(iii)	(iii)
24	Inner Mongolia Huadian Jieji Wind Power Company Limited 內蒙古華電街基風電有限公司	the PRC May 19, 2009	75,000	100%	–	100%	Wind power generation	(iii)	(iii)	(iii)
25	Xinjiang Huadian Xiaocaohu Wind Power Company Limited 新疆華電小草湖風力發電有限責任公司	the PRC March 31, 2007	90,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
26	Xinjiang Huadian Bu'erjin Wind Power Company Limited 新疆華電布爾津風電有限公司	the PRC May 8, 2009	38,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
27	Xinjiang Huadian Caohu Wind Power Company Limited 新疆華電草湖風電有限公司	the PRC May 13, 2009	40,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
28	Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC March 9, 2009	97,500	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
29	Huadian Tangyuan Wind Power Company Limited 華電湯原風力發電有限公司	the PRC June 17, 2009	75,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
30	Hunan Huadian Chenzhou Wind Power Company Limited 湖南華電郴州風力發電有限公司	the PRC June 11, 2009	25,000	100%	–	100%	Wind power generation	(iv)	(iv)	(iv)
31	Zhoushan Huadian Wind Power Company Limited 舟山華電風力發電有限公司	the PRC January 21, 2010	25,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)
32	Huadian (Fuqing) Wind Power Company Limited 華電(福清)風電有限公司	the PRC August 18, 2009	35,000	100%	–	100%	Wind power generation	(iii)	(iii)	(iii)
33	Huadian Jilin Shuangliao Wind Power Company Limited 華電吉林雙遼風力發電有限公司	the PRC August 25, 2009	9,650	98%	–	98%	Wind power generation	(iv)	(iv)	(iv)
34	Huadian Jiayuguan Solar Power Company Limited 華電嘉峪關太陽能發電有限公司	the PRC May 14, 2010	20,000	80%	–	80%	Solar power generation	(v)	(iv)	(iv)
35	Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC May 19, 2009	142,860	70%	–	70%	Wind power generation	(iv)	(iv)	(iv)
36	Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC July 23, 2009	158,000	62%	–	62%	Wind power generation	(iii)	(iii)	(iii)
37	Inner Mongolia Huadian Qintian Wind Power Company Limited 內蒙古華電秦天風電有限公司	the PRC December 9, 2009	10,000	90%	–	90%	Wind power generation	(iii)	(iii)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors: 2009	2010	2011
			(RMB'000)							
38	Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 *(note ii)*	the PRC May 26, 2009	140,000	60%	–	60%	Wind power generation	(iv)	(iv)	(iv)
39	Huadian Hulin Wind Power Company Limited 華電虎林風力發電有限公司	the PRC May 30, 2008	87,400	82%	–	82%	Wind power generation	(iv)	(iv)	(iv)
40	Shanghai Huadian Solar Power Company Limited 上海華電太陽能發展有限公司	the PRC June 5, 2009	8,000	51%	–	51%	Solar power generation	(iv)	(iv)	(iv)
41	Huadian Shangde Dongtai Solar Power Company Limited 華電尚德東台太陽能發電有限公司	the PRC November 26, 2009	60,000	90%	–	90%	Solar power generation	(iv)	(iv)	(iv)
42	Hubei Huadian Longgan Lake Biogas Power Company Limited 湖北華電龍感湖沼氣發電有限公司	the PRC July 13, 2009	8,000	86%	–	86%	Biogas power generation	(iv)	(iv)	(iv)
43	Huadian Baoqing Wind Power Company Limited 華電寶清風力發電有限公司	the PRC March 8, 2010	5,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)
44	Huadian Jilin Gongzhuling Wind Power Company Limited 華電吉林公主嶺風力發電有限公司	the PRC March 25, 2010	1,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)
45	Gansu Huadian Jingtai Wind Power Company Limited 甘肅華電景泰風力發電有限公司	the PRC July 9, 2010	35,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)
46	Huadian Weihai Wind Power Company Limited 華電威海風力發電有限公司	the PRC February 25, 2010	5,000	80%	–	80%	Wind power generation	(v)	(iv)	(iv)
47	Guangdong Huadian Qianshan Wind Power Company Limited 廣東華電前山風力發電有限公司	the PRC April 20, 2010	20,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)
48	Jiangsu Huadian Guanyun Wind Power Company Limited 江蘇華電灌雲風力發電有限公司	the PRC February 16, 2006	176,000	51%	–	51%	Wind power generation	(iv)	(iv)	(iv)
49	Inner Mongolia Sansheng Wind Power Company Limited 內蒙古三勝風電有限公司	the PRC August 24, 2009	90,000	90%	–	90%	Wind power generation	(v)	(iii)	(iii)
50	Inner Mongolia Huadian Xilin Wind Power Company Limited 內蒙古華電錫林風力發電有限公司	the PRC November 1, 2010	3,000	100%	–	100%	Wind power generation	(v)	(iii)	(iii)
51	Taining Jinhu Holiday Hotel Company Limited 福建省泰寧大金湖假日酒店有限公司	the PRC April 16, 1998	3,000	44%	–	90%	Hotel management	(iii)	(iii)	(iii)
52	Gutian Yuxing Investment Company Limited 古田縣玉興投資有限公司	the PRC April 2, 2003	4,000	100%	–	100%	Investment holding	(iii)	(iii)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors 2009	2010	2011
			(RMB'000)							
53	Huadian (Xiamen) Energy Company Limited. 華電(廈門) 能源有限公司 (原廈門億業能源投資有限公司)	the PRC November 24, 2003	166,258	100%	100%	–	Investment holding	(iii)	(iii)	(iii)
54	Fujian Gutian Shuangkoudu Hydropower Generation Company Limited 福建古田雙口渡水電有限公司	the PRC October 18, 2002	48,500	100%	–	100%	Hydropower generation	(iii)	(iii)	(iii)
55	Zhouningxian Houlongxi Hydropower Generation Company Limited 周寧縣後壟溪水電有限公司 *(note ii)*	the PRC September 30, 2002	60,000	70%	–	70%	Hydropower generation	(iii)	(iii)	(iii)
56	Yong'an Fenghai Power Generation Company Limited 永安豐海發電有限公司	the PRC June 7, 2002	43,000	95%	–	95%	Hydropower generation	(v)	(iii)	(iii)
57	Yong'an Yinhe Power Generation Company Limited 永安銀河電力有限公司	the PRC September 29, 1998	40,000	100%	100%	–	Hydropower generation	(v)	(iii)	(iii)
58	Fujian Jinxi Investment Company Limited 福建省金溪投資有限公司	the PRC February 8, 1996	11,487	100%	–	100%	Hydropower generation	(v)	(iii)	(iii)
59	Nanjing Hengying Power Generation Company Limited 南靖恒盈電力有限公司	the PRC February 26, 2003	3,000	100%	–	100%	Hydropower generation	(v)	(iii)	(iii)
60	Hua'an Huashun Power Generation Company Limited 華安華順電力有限公司	the PRC November 4, 2010	500	100%	–	100%	Hydropower generation	(v)	(iii)	(iii)
61	Longyan Wanye Investment Company Limited 龍岩萬業投資有限公司	the PRC February 19, 2004	10,000	99%	99%	–	Investment holding	(v)	(iii)	(iii)
62	Xiamen Gaoleike Investment Company Limited 廈門高雷克投資有限責任公司	the PRC May 14, 2002	36,000	87%	87%	–	Investment holding	(v)	(iii)	(iii)
63	Sanming Boyuan Investment Company Limited 三明博源投資有限公司	the PRC April 27, 2004	15,000	100%	100%	–	Investment holding	(v)	(iii)	(iii)
64	Gansu Huadian Aksai Wind Power Company Limited 甘肅華電阿克塞風力發電有限公司	the PRC August 20, 2010	35,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)
65	Inner Mongolia Huadian Bayinhanggai Wind Power Company Limited 內蒙古巴音杭蓋風力發電有限公司	the PRC October 29, 2010	5,000	80%	–	80%	Wind power generation	(v)	(iii)	(iii)
66	Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 *(note ii)*	the PRC August 18, 2010	10,000	65%	–	65%	Wind power generation	(v)	(iv)	(iv)
67	Huadian Jilin Tongyu Wind Power Company Limited 華電通榆風力發電有限公司	the PRC September 14, 2010	10,000	100%	–	100%	Wind power generation	(v)	(iv)	(iv)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activities	Statutory auditors: 2009	Statutory auditors: 2010	Statutory auditors: 2011
			(RMB'000)							
68	Huadian Huachuan Heat Power Company Limited 華電樺川熱力有限公司	the PRC October 25, 2010	11,000	100%	–	100%	Heat power generation	(v)	(iv)	(iv)
69	Gansu Huadian Golmud Solar Power Company Limited 華電格爾木太陽能發電有限公司	the PRC October 8, 2010	15,000	100%	–	100%	Solar power generation	(v)	(iv)	(iv)
70	Gansu Huadian Minqin Power Generation Company Limited 甘肅華電民勤發電有限公司	the PRC November 3, 2010	15,000	100%	–	100%	Solar power generation	(v)	(iv)	(iv)
71	Heilongjiang Huafu Power Investment Company Limited 黑龍江省華富電力投資有限公司	the PRC July 19, 1996	260,000	80%	–	80%	Investment holding	(v)	(iv)	(iv)
72	Harbin ChenHua Power New Technology Development Co., Ltd 哈爾濱辰華電力新技術開發有限責任公司	the PRC August 24, 2000	2,000	80%	–	100%	Provision of wind power technology	(v)	(iv)	(iv)
73	Heilongjiang Huafu Wind Power Mulan Company Limited 黑龍江華富風力發電木蘭有限責任公司	the PRC April 1, 2003	30,000	47%	–	59%	Wind power generation	(v)	(iv)	(iv)
74	Heilongjiang Huafu Wind Power Muling Company Limited 黑龍江華富風力發電穆棱有限責任公司	the PRC September 9, 2003	186,000	49%	–	61%	Wind power generation	(v)	(iv)	(iv)
75	Heilongjiang Dongning Huafu Wind Power Company Limited 黑龍江東寧華富風力發電有限責任公司	the PRC November 18, 2005	126,000	64%	–	80%	Wind power generation	(v)	(iv)	(iv)
76	Harbin Yilan Huafu Wind Power Company Limited 哈爾濱依蘭華富風力發電有限公司	the PRC March 21, 2007	176,000	64%	–	80%	Wind power generation	(v)	(iv)	(iv)
77	Inner Mongolia Huolinguole Huafu Wind Power Company Limited 內蒙古霍林郭勒市華富風電有限公司	the PRC September 17, 2010	10,000	80%	–	100%	Wind power generation	(v)	(iv)	(iv)
78	Bayannao'er Jianjizhongyan Wind Power Company Limited 巴彥淖爾市建技中研風力發電有限責任公司 (原巴彥淖爾市華電蒙中風力發電有限公司) *(note ii)*	the PRC December 3, 2010	1,000	51%	–	51%	Wind power generation	(v)	(iii)	(iii)
79	Maoming Zhong'ao Wind Power Company Limited 茂名市中坳風電有限公司 *(note ii)*	the PRC July 11, 2005	83,288	51%	–	51%	Wind power generation	(v)	(iv)	(iv)
80	Inner Mongolia Fulida Wind Power Company Limited 內蒙古富麗達風力發電有限公司	the PRC September 15, 2010	100,000	80%	–	80%	Wind power generation	(v)	(v)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors: 2009	2010	2011
			(RMB'000)							
81	Huachuan Biomass Cogeneration Heat Power Company Limited 樺川協聯生物質能熱電有限公司	the PRC November 29, 2007	58,000	100%	–	100%	Biomass power generation	(v)	(v)	(iv)
82	Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 *(note ii)*	the PRC May 24, 2010	33,333	60%	–	60%	Wind power generation	(v)	(v)	(iv)
83	Qitaihe Fengrun Wind Power Company Limited 七台河豐潤風力發電有限公司	the PRC August 16, 2010	5,000	60%	–	60%	Wind power generation	(v)	(v)	(iv)
84	Huadian Nanning New Energy Company Limited 華電南寧新能源有限公司	the PRC April 26, 2011	47,273	55%	–	55%	Distributed energy power generation	(v)	(v)	(iv)
85	Huadian Shandong Rushan New Energy Company Limited 華電山東乳山新能源有限公司	the PRC May 17, 2011	10,000	100%	–	100%	Wind power generation	(v)	(v)	(iv)
86	Inner Mongolia Huadian Hongtu Wind Power Company Limited 內蒙古華電宏圖風力發電有限公司	the PRC May 19, 2011	3,000	100%	–	100%	Wind power generation	(v)	(v)	(iii)
87	Zhoushan Huadian Xiaosha Wind Power Company Limited 舟山華電小沙風力發電有限公司	the PRC March 21, 2011	7,000	100%	–	100%	Wind power generation	(v)	(v)	(iv)
88	Yunnan Huadian Lianhuashan Wind Power Company Limited 雲南華電蓮花山風力發電有限公司	the PRC May 24, 2011	2,000	100%	–	100%	Wind power generation	(v)	(v)	(iv)
89	Yunnan Huadian Duogu Wind Power Company Limited 雲南華電朵古風力發電有限公司	the PRC March 29, 2011	25,000	100%	–	100%	Wind power generation	(v)	(v)	(iv)
90	Jiangxi Huadian Jiujiang Distributed Energy Company Limited 江西華電九江分佈式能源有限公司	the PRC March 25, 2011	20,000	82%	–	82%	Distributed energy power generation	(v)	(v)	(iv)
91	Inner Mongolia Huadian Guanghui Wind Power Company Limited 內蒙古華電光輝風電有限公司	the PRC August 10, 2011	3,000	100%	–	100%	Wind power generation	(v)	(v)	(iii)
92	Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC August 9, 2011	20,000	100%	–	100%	Wind power generation	(v)	(v)	(iv)
93	Huadian Hebei Qian'an New energy Power Generation Company Limited 華電河北遷安新能源發電有限公司	the PRC August 2, 2011	10,000	65%	–	65%	Distributed energy power generation	(v)	(v)	(iv)
94	Tianjin Huadian Beichen Distributed Energy Company Limited 天津華電北宸分佈式能源有限公司	the PRC August 4, 2011	10,000	65%	–	65%	Distributed energy power generation	(v)	(v)	(iv)
95	Zhangping Yongfu Hydropower Development Company Limited 漳平市永福水電發展有限公司	the PRC July 17, 2002	54,064	60%	–	100%	Hydropower generation	(v)	(v)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors 2009	2010	2011
			(RMB'000)							
96	Huadian Tao Nan Wind Power Company Limited 華電洮南風力發電有限公司	the PRC November 8, 2011	1,000	90%	–	90%	Wind power generation	(v)	(v)	(iv)
97	Shanghai Huadian Min Hang Energy Company Limited 上海華電閔行能源有限公司	the PRC November 23, 2011	50,000	85%	–	85%	Distributed energy power generation	(v)	(v)	(iv)
98	Huadian Xiamen Distributed Energy Company Limited 華電(廈門)分佈式能源有限公司	the PRC November 8, 2011	20,000	100%	–	100%	Distributed energy power generation	(v)	(v)	(iii)

	Name of company	Place and date of establishment	Registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Statutory auditors 2009	2010	2011
			(USD'000)							
99	Fujian Huadian Zhangping Power Generation Company Limited 福建華電漳平發電有限公司	the PRC November 6, 1992	16,670	100%	100%	–	Coal-fired power generation	(iii)	(iii)	(iii)

(i) All of the above entities are limited liability companies. The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) The Company's voting power in these entities attached to the equity interests does not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. The Company is the biggest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. Historically, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees, etc. During the Track Record Period, the Company or the Company's subsidiaries had signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in unison with the Company existed since the establishment of these companies. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws (See section headed "History, Reorganization and Corporate Structure" in the Prospectus.). Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the Track Record Period. Therefore the financial information of these companies is consolidated by the Company during the Track Record Period (or where the companies were established at a date later than January 1, 2009, for the period from the date of establishment to December 31, 2011).

(iii) Jonten Certified Public Accountants Co., Ltd. (中天運會計師事務所).

(iv) RSM China Certified Public accountants Co. Ltd. (中瑞岳華會計師事務所).

(v) The companies have not yet established or included into the Group for the respective years.

B FINANCIAL INFORMATION

1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section C Note	Years ended December 31, 2009 RMB'000	2010 RMB'000	2011 RMB'000
Revenue	3	7,349,193	8,397,647	7,147,412
Other net income	4	45,844	236,345	305,916
Operating expenses				
Cost of fuel		(2,543,861)	(2,856,681)	(1,930,031)
Cost of substituted electricity		(1,225,081)	(1,048,293)	(1,099,713)
Depreciation and amortization		(978,555)	(1,138,275)	(1,230,776)
Service concession construction costs		–	(193,291)	(43,901)
Personnel costs		(615,525)	(826,519)	(656,420)
Repairs and maintenance		(147,526)	(226,037)	(163,587)
Administration expenses		(184,360)	(196,892)	(221,595)
Other operating expenses		(208,783)	(249,042)	(190,640)
		(5,903,691)	(6,735,030)	(5,536,663)
Operating profit		1,491,346	1,898,962	1,916,665
Finance income		31,878	30,106	70,916
Finance expenses		(944,990)	(984,575)	(1,266,327)
Net finance expenses	5	(913,112)	(954,469)	(1,195,411)
Share of profits less losses of associates and jointly controlled entity		(12,335)	11,598	13,112
Profit before taxation	6	565,899	956,091	734,366
Income tax	7	(123,995)	(157,948)	(95,829)
Profit and total comprehensive income for the year		441,904	798,143	638,537
Profit and total comprehensive income attributable to:				
Equity owners of the Company		385,209	521,109	561,625
Non-controlling interests		56,695	277,034	76,912
Profit and total comprehensive income for the year		441,904	798,143	638,537

The accompanying notes form part of the Financial Information.

2 CONSOLIDATED BALANCE SHEETS

	Section C Note	At December 31, 2009 RMB'000	2010 RMB'000	2011 RMB'000
Non-current assets				
Property, plant and equipment	12	26,933,182	35,967,188	38,307,848
Investment properties	13	–	20,910	20,085
Lease prepayments	14	275,214	328,817	512,142
Intangible assets	15	102,331	610,034	700,338
Investment in associate entities	16	1,067,139	1,412,174	2,174,057
Investment in jointly controlled entity	17	22,350	22,350	22,692
Other investments	18	283,917	473,080	482,300
Other non-current assets	19	564,684	1,207,930	1,720,900
Deferred tax assets	29(b)	93,157	246,288	294,480
Total non-current assets		29,341,974	40,288,771	44,234,842
Current assets				
Inventories	20	243,435	216,480	268,376
Trade debtors and bills receivable	21	1,056,864	1,380,524	1,893,349
Prepayments and other current assets	22	609,148	995,325	1,598,942
Tax recoverable	29(a)	2,095	74,129	80,922
Other investments	18	–	2,397	–
Restricted deposits	23	131,253	58,684	134,804
Cash and cash equivalents	24	1,522,837	2,694,683	1,488,514
Total current assets		3,565,632	5,422,222	5,464,907
Current liabilities				
Borrowings	25	7,014,948	6,996,511	8,572,845
Obligations under finance leases	26	192,034	43,800	219,831
Trade creditors and bills payable	27	768,722	1,377,475	974,919
Other payables	28	3,910,066	6,164,004	7,946,654
Deferred income-current portion	30	2,989	3,225	11,166
Tax payable	29(a)	44,283	132,441	16,243
Total current liabilities		11,933,042	14,717,456	17,741,658
Net current liabilities		(8,367,410)	(9,295,234)	(12,276,751)
Total assets less current liabilities		20,974,564	30,993,537	31,958,091
Non-current liabilities				
Borrowings	25	14,411,404	21,707,414	21,669,460
Obligations under finance leases	26	610,938	262,772	444,457
Deferred income	30	76,253	121,645	197,657
Deferred tax liabilities	29(b)	325,279	431,922	536,662
Total non-current liabilities		15,423,874	22,523,753	22,848,236
NET ASSETS		5,550,690	8,469,784	9,109,855
CAPITAL AND RESERVES	31			
Capital		2,200,000	5,088,889	6,000,000
Reserves		2,074,456	1,751,338	1,462,193
Total equity attributable to the equity owners of the Company		4,274,456	6,840,227	7,462,193
Non-controlling interests		1,276,234	1,629,557	1,647,662
TOTAL EQUITY		5,550,690	8,469,784	9,109,855

The accompanying notes form part of the Financial Information.

3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity owners of the Company						
	Capital	Capital reserve	Reserve fund	Retained earnings	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2009	1,800,000	701,255	11,852	349,583	2,862,690	1,207,566	4,070,256
Changes in equity:							
Profit and total comprehensive income for the year	–	–	–	385,209	385,209	56,695	441,904
Capital contributions	400,000	643,036	–	–	1,043,036	41,275	1,084,311
Acquisition of subsidiaries	–	–	–	–	–	46,493	46,493
Acquisition of non-controlling interests	–	–	–	(16,479)	(16,479)	(12,717)	(29,196)
Dividends	–	–	–	–	–	(63,078)	(63,078)
At December 31, 2009	2,200,000	1,344,291	11,852	718,313	4,274,456	1,276,234	5,550,690
At January 1, 2010	2,200,000	1,344,291	11,852	718,313	4,274,456	1,276,234	5,550,690
Changes in equity:							
Profit and total comprehensive income for the year	–	–	–	521,109	521,109	277,034	798,143
Reorganization	1,663,638	(1,663,638)	–	–	–	–	–
Capital contributions	1,225,251	1,104,749	–	–	2,330,000	62,200	2,392,200
Acquisition of subsidiaries	–	–	–	–	–	223,069	223,069
Acquisition of non-controlling interests	–	(135,446)	–	(3,601)	(139,047)	(130,634)	(269,681)
Transfer to reserve fund	–	–	11,090	(11,090)	–	–	–
Dividends	–	–	–	(15,000)	(15,000)	(76,997)	(91,997)
Distribution pursuant to the Reorganization	–	(124,331)	–	(6,960)	(131,291)	–	(131,291)
Others	–	–	–	–	–	(1,349)	(1,349)
At December 31, 2010	5,088,889	525,625	22,942	1,202,771	6,840,227	1,629,557	8,469,784

	Attributable to the equity owners of the Company						
	Capital	Capital reserve	Reserve fund	Retained earnings	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2011	5,088,889	525,625	22,942	1,202,771	6,840,227	1,629,557	8,469,784
Changes in equity:							
Profit and total comprehensive income for the year	–	–	–	561,625	561,625	76,912	638,537
Capital contributions	–	–	–	–	–	329,523	329,523
Dividends	–	–	–	–	–	(156,726)	(156,726)
Capitalization upon establishment of the Company	911,111	(433,476)	(22,942)	(454,693)	–	–	–
Disposal of interests in a subsidiary with a loss in control *(note C 2(e))*	–	–	–	–	–	(147,913)	(147,913)
Acquisition of non-controlling interests	–	60,341	–	–	60,341	(83,691)	(23,350)
Transfer to reserve fund	–	–	18,745	(18,745)	–	–	–
At December 31, 2011	6,000,000	152,490	18,745	1,290,958	7,462,193	1,647,662	9,109,855

The accompanying notes form part of the Financial Information.

4 CONSOLIDATED CASH FLOW STATEMENTS

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Cash flows from operating activities			
Profit before taxation	565,899	956,091	734,366
Adjustments for:			
Depreciation, impairment, and amortization	1,033,347	1,138,275	1,230,776
Amortization of deferred income	(1,965)	(15,886)	(37,667)
Loss/(gain) on disposal of property, plant and equipment, and lease prepayments	8,422	(8,061)	(13,641)
Interest expenses on financial liabilities	939,763	980,571	1,246,754
Gain on disposal of subsidiary	–	–	(64,239)
Loss on disposal of partial interests in subsidiary with a loss in control	–	–	1,681
Net (gain)/loss on disposal of other investments	(44)	(628)	107
Net gain in fair value change of trading securities	–	(183)	–
Interest income on financial assets	(20,913)	(20,234)	(62,433)
Foreign exchange differences, net	(100)	(2,342)	7,225
Dividend income	(10,821)	(6,719)	(8,112)
Share of profits less losses of associates and jointly controlled entity	12,335	(11,598)	(13,112)
Changes in working capital:			
(Increase)/decrease in inventories	(46,836)	31,072	(53,081)
Increase in trade debtors and bills receivable	(236,165)	(243,804)	(550,966)
Increase in prepayments and other current assets	(329,737)	(44,117)	(581,739)
Increase/(decrease) in trade and other payables	760,340	455,500	(164,062)
Cash generated from operations	2,673,525	3,207,937	1,671,857
Income tax paid	(101,487)	(193,284)	(189,134)
Net cash from operating activities	2,572,038	3,014,653	1,482,723

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	(6,815,508)	(6,902,254)	(5,715,457)
Payments for acquisition of financial assets and investments in associates and jointly controlled entity	(698,161)	(540,794)	(648,280)
Payments for acquisition of subsidiaries, net of cash acquired	(516,790)	(693,182)	(279,313)
Net payments on disposal of partial interests in subsidiary with a loss in control	–	–	(7,728)
Proceeds from disposal of property, plant and equipment	10,801	16,673	27,332
Proceeds from disposal of subsidiary, net of cash disposed of	–	–	106,232
Proceeds from repayment of loans and advances	130,086	86,760	–
Proceeds from disposal of other investments	12,157	8,746	2,290
Dividends received	13,941	6,719	50,310
Interest received	31,236	72,623	89,344
Net cash used in investing activities	(7,832,238)	(7,944,709)	(6,375,270)

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Cash flows from financing activities			
Capital contributions from the equity owners of the Company	1,043,036	2,330,000	–
Capital contributions from the non-controlling equity owners	41,275	62,200	229,523
Proceeds from borrowings	13,837,621	14,122,381	16,943,468
Government grant received	20,891	61,178	75,527
Proceeds from sales and leaseback transactions classified as finance lease	490,000	–	560,009
Repayment of borrowings	(8,153,988)	(8,218,298)	(12,063,435)
Dividends paid	(64,316)	(96,107)	(181,907)
Cash distribution pursuant to the reorganization	–	(10,145)	–
Interest paid	(1,102,647)	(1,351,576)	(1,755,857)
Payment for acquisition of minority interest	(29,196)	(269,681)	–
Payment of finance lease obligations	(118,018)	(530,392)	(113,725)
Net cash from financing activities	5,964,658	6,099,560	3,693,603
Net increase/(decrease) in cash and cash equivalents	704,458	1,169,504	(1,198,944)
Cash and cash equivalents at beginning of year	818,376	1,522,837	2,694,683
Effect of foreign exchange rate changes	3	2,342	(7,225)
Cash and cash equivalents at end of year	1,522,837	2,694,683	1,488,514

(i) For major non-cash transactions, please refer to note 36 in Section C.

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with IFRSs, which collective term includes International Financial Reporting Standards, International Accounting Standards and related interpretations promulgated by the IASB. Further details of the significant accounting policies adopted are set out in the remainder of this Section C.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised IFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2011. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2011 are set out in note 40.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of preparation, presentation and measurement

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been existence, as further explained in Section A.

The measurement basis used in the preparation of the Financial Information is the historical cost basis, except that the financial instruments classified as trading securities (see note (h)) are stated at their fair value.

(c) Functional and presentation currency

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the Group's presentation currency and the functional currency of the Company and its subsidiaries.

(d) Use of estimates and judgments

The preparation of the Financial Information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 37.

(e) Going concern

The Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at December 31, 2011 amounting to RMB12,277 million. The directors are of the opinion that, based on a detailed review of the working capital forecast of the Group for the period ending June 30, 2013, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for a reasonable period of time (see note 32(b)).

(f) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity owner/shareholders of the Company. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity owners of the Company.

Loans from owners of non-controlling interests and other contractual obligations towards these owners are presented as financial liabilities in accordance with notes 1(s) or (t) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a result gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 1(g)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)).

(g) Associates and jointly controlled entity

An associate is an entity in which the Group or Company has significant influence, but not control or jointly control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the Financial Information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(o)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in profit or loss whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealized profits and losses resulting from transactions between the Group and its associate and jointly controlled entity are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized as fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's balance sheet, its investments in associates and jointly controlled entity are stated at cost less impairment losses (see note 1(o)).

(h) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entity, are as follows:

Investments in debt and equity securities are initially stated at cost, which is generally their transaction price. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

– Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any dividends or interest earned on these investments as these are recognized in accordance with the policies set out in notes 1(y) (v) and (vi).

– Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 1(o)).

– Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognized in the balance sheet at cost less impairment losses (see note 1(o)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognized directly in profit or loss. Dividend income from these investments is recognized in profit and loss in accordance with the policy set out in note 1(y)(v) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss in accordance with the policy set out in note 1(y) (vi). When these investments are derecognized or impaired (see note 1(o)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

(i) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the equity owner that controls the Group are accounted for as if the acquisition had occurred at the beginning of the Track Record Period or, if later, at the date that common control was established. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's equity owner's consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognized directly in equity.

(j) Investment properties

Investment properties are land and buildings which are owned to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(o)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives of 30 years. Rental income from investment properties is accounted for as described in note 1(y)(iv).

(k) Other property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(o)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(aa)).

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

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

– Buildings and structures	8-55 years
– Generators and related equipments	4-35 years
– Motor vehicles	6-10 years
– Furniture fixtures and others	5-18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed at each reporting date and adjusted if appropriate.

(l) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(o)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(m) Intangible assets (other than goodwill)

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and impairment losses (see note 1(o)).

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 1(o)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

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

– Concession assets	23 years
– Software and others	5-10 years

Both the period and method of amortization are reviewed annually.

(n) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(k). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(o). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset which indicates that the asset may be impaired, an impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount (see note 1(o)). Any deficit of sales proceeds lower than the carrying amount, in the absence of impairment, is also deferred and amortized as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

(o) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

– For investment in subsidiaries, associates and jointly controlled entity (including those recognized using the equity method (see note 1(g)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(o)(ii). The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with note 1(o)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors and bills receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– investment properties;

– lease prepayments;

– intangible assets;

– other non-current assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(p) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC's land bureau. Lease prepayments are stated at cost, less accumulated amortization and any impairment losses (see note 1(o)). Amortization is charged to profit or loss from the date of initial recognition on a straight-line basis over the respective periods of the rights which mainly range from 25 years to 50 years.

(q) Inventories

Inventories, comprising coal, fuel oil, and spare parts for consumption by the power plants, are stated at cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase and where applicable, other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the use.

When inventories are used, the carrying amount of those inventories is recognized as an expense, or capitalised to property, plant and equipment when installed, as appropriate. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(r) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method less allowance for impairment of doubtful debts (see note 1(o)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(t) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(x)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the statutory defined contribution pension plans are recognized as an expense in profit or loss when they due.

(ii) Termination benefits

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Income tax

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

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

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

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

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

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

  - the same taxable entity; or

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

(x) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(x)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(x)(iii). Contingent liabilities acquired assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 1(x)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(y) Revenue recognition

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

(i) Sale of electricity and goods

Electricity revenue is recognized when electricity is supplied to the provincial grid companies. Revenue of goods is recognized when the title of the goods has been passed to customers, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) Service concession construction revenue

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

(iii) Rendering of services

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

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(v) Dividends

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

– Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognized as it accrues using the effective interest method.

(vii) Government grants

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

(viii) Certified Emission Reductions ("CERs") income

The Group sells carbon credits known as CERs, generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognized when following conditions are met:

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed; and

– relevant electricity has been generated.

The revenue related to CERs is recognized and recorded in trade receivables for the volume verified by the independent supervisors assigned by CDM EB and in other receivables for the remaining volume.

(z) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

(aa) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(bb) Related parties

For the purposes of this Financial Information, a party is considered to be related to the Group if:

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) both entities are joint ventures of the same third party.

(d) one entity is a joint venture of a third entity and the other entity is an associate of the same third entity, or vice versa.

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) the entity is controlled or jointly controlled by a person identified in (i).

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

(a) Acquisition of the subsidiaries during the year ended December 31, 2009

The Group obtained the control of Xiamen Yiye Energy Investment Co., Ltd ("Xiamen Energy") and other entities during the year ended December 31, 2009. The newly acquired subsidiaries are principally engaged in the hydro power generation and sale in the PRC.

In the period from acquisition dates to December 31, 2009, the newly acquired subsidiaries contributed revenue of RMB15,022,000 and the loss after taxation of RMB584,000 to the Group. If the acquisition had occurred on January 1, 2009, the management estimates that consolidated revenue of the Group for the year would have increased by RMB42,376,000 and consolidated profit after taxation of the Group for the year would have decreased by RMB2,027,000. In determining these amounts, the management has assumed that the fair value adjustments arose on the dates of acquisition would have been the same if the acquisition had occurred on January 1, 2009.

The following summarises the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	At the acquisition date		
	Xiamen Energy	Others	Total
	RMB'000	RMB'000	RMB'000
Consideration transferred			
Cash	206,945	262,285	469,230
Contingent consideration	14,816	–	14,816
Total	221,761	262,285	484,046
Identifiable net assets			
Property, plant and equipment	378,664	319,740	698,404
Lease prepayments	396	27,848	28,244
Investment in associate entities	55,956	–	55,956
Other investments	42,000	–	42,000
Trade debtors and bills receivable	7,863	2,226	10,089
Prepayments and other current assets	23,730	693	24,423
Cash and cash equivalents	1,773	510	2,283
Borrowings	(170,079)	(83,000)	(253,079)
Trade creditors and bills payable	(460)	(1,594)	(2,054)
Other payables	(1,756)	(4,026)	(5,782)
Tax payable	(1,220)	(1)	(1,221)
Obligations under finance leases	(49,796)	–	(49,796)
Deferred tax liabilities	(54,661)	(53,416)	(108,077)
Non-controlling interests	(46,493)	–	(46,493)
Total identifiable net assets	185,917	208,980	394,897

The contingent consideration represents that the Group has agreed to pay the seller an additional consideration representing a certain percentage of the CERs income of the subsidiaries of Xiamen Energy in the next 3 years after the acquisition.

Goodwill

Goodwill was recognized as a result of the acquisition as follows:

	At the acquisition date		
	Xiamen Energy	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Total consideration transferred	221,761	262,285	484,046
Fair value of identifiable net assets	(185,917)	(208,980)	(394,897)
Goodwill	35,844	53,305	89,149

The goodwill is attributable mainly to the skills and technical talent of the acquired subsidiaries' work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RMB300,000 related to external legal and other professional and consulting fees, which have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

(b) Acquisition of the subsidiaries during the year ended December 31, 2010

The Group obtained control of Heilongjiang Huafu Power Investment Co., Ltd ("Heilongjiang Huafu") and other subsidiaries during the year ended December 31, 2010. The newly acquired subsidiaries are principally engaged in the hydro power and wind power generation and sale in the PRC.

In the period from acquisition dates to December 31, 2010, the newly acquired subsidiaries contributed revenue of RMB70,403,000 and profit after taxation of RMB20,294,000 to the Group. If the acquisition had occurred on January 1, 2010, the management estimates that consolidated revenue for the year of the Group would have increased by RMB284,451,000 and consolidated profit after taxation of the Group for the year would have increased by RMB18,568,000. In determining these amounts, the management has assumed that the fair value adjustments arose on the dates of acquisition would have been the same if the acquisition had occurred on January 1, 2010.

The following summarises the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	At the acquisition date		
	Heilongjiang Huafu	Others	Total
	RMB'000	RMB'000	RMB'000
Consideration transferred			
Cash	599,210	247,802	847,012
Identifiable net assets			
Property, plant and equipment	1,319,124	384,158	1,703,282
Investment properties	20,980	–	20,980
Lease prepayments	21,528	4,976	26,504
Intangible assets	940	16	956
Investment in associate entities	–	44,664	44,664
Other investments	1,033	–	1,033
Other non-current assets	119,752	30	119,782
Deferred tax assets	84,425	–	84,425
Inventories	4,893	511	5,404
Trade debtors and bills receivable	87,187	2,231	89,418
Prepayments and other current assets	292,623	9,382	302,005
Restricted deposits	2,847	–	2,847
Cash and cash equivalents	58,835	5,911	64,746
Borrowings	(1,224,000)	(149,490)	(1,373,490)
Trade creditors and bills payable	(192,504)	(1,214)	(193,718)
Other payables	(79,954)	(28,094)	(108,048)
Tax payable	(17,372)	(2,806)	(20,178)
Deferred income	(100)	–	(100)
Deferred tax liabilities	(14,137)	(50,822)	(64,959)
Non-controlling interests	(54,024)	–	(54,024)
Total identifiable net assets	432,076	219,453	651,529

Goodwill

Goodwill was recognized as a result of the acquisition as follows:

	At the acquisition date		
	Heilongjiang Huafu	Others	Total
	RMB'000	RMB'000	RMB'000
Total consideration transferred	599,210	247,802	847,012
Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities of the acquiree	99,378	17,902	117,280
Fair value of identifiable net assets	(432,076)	(219,453)	(651,529)
Goodwill	266,512	46,251	312,763

The goodwill is attributable mainly to the skills and technical talent of acquired subsidiaries' work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RMB950,000 related to external legal and other professional and consulting fees, which have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

(c) Acquisition of a subsidiary during the year ended December 31, 2011

On March 31, 2011, the Group obtained control of Zhangping Yongfu Hydropower Development Co., Ltd ("Zhangping Yongfu"), which is principally engaged in Hydropower generation in the PRC, by acquiring 100% of the equity and voting interests in Zhangping Yongfu.

In the period from March 31, 2011 to December 31, 2011 Zhangping Yongfu contributed revenue of RMB29,491,000 and profit after taxation of RMB11,124,000 to the Group. If the acquisition had occurred on January 1, 2011, the management estimates that consolidated revenue for the year of the Group would have increased by RMB3,562,000 and consolidated profit after taxation for the year of Group would have decreased by RMB136,000. In determining these amounts, the management has assumed that the fair value adjustments arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2011.

The following summarises the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	At the acquisition date
	RMB'000
Consideration transferred	
Cash	249,375
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	273,974
Lease prepayments	24,393
Other non-current assets	42
Trade debtors and bills receivable	1,670
Prepayments and other current assets	293
Cash and cash equivalents	10,572
Borrowings	(60,000)
Other payables	(344)
Deferred tax liabilities	(48,746)
Total identifiable net assets	201,854

Goodwill

Goodwill was recognized as a result of the acquisition as follows:

	At the acquisition date
	RMB'000
Total consideration transferred	249,375
Fair value of identifiable net assets	(201,854)
Goodwill	47,521

The goodwill is attributable mainly to the skills and technical talent of the acquired subsidiaries' work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RMB130,000 related to external legal and other professional and consulting fees, which have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

(d) Disposal of Fujian Kemen Power Stage II Generation Co., Ltd ("Kemen II")

The Company disposed its 100% equity interest in Kemen II to Huadian on January 31, 2011 for a cash consideration of RMB206,500,000. On disposal date, the carrying amount of net assets of Kemen II was RMB142,261,000.

	Carrying amount at the disposal date
	RMB'000
Property, plant and equipment	3,104,272
Prepayments and other current assets	250,377
Cash and cash equivalents	100,000
Borrowings	(3,170,000)
Trade creditors and bills payable	(118,510)
Other payables	(1,994)
Deferred tax liabilities	(21,884)
Net assets disposed	142,261
Total consideration	206,500
Less: Cash outflow from the acquiree	100,000
Net cash inflow from disposal	106,500

The consideration was determined with reference to an independent valuation report issued by China Enterprise Appraisals Co., Ltd., an independent appraiser in the PRC.

(e) Disposal of Guangzhou University Town Huadian New Energy Company Limited ("Guangzhou New Energy")

The Company's subsidiary, Huadian New Energy, disposed its 12% equity interest in Guangzhou New Energy to Huadian on August 31, 2011 for a cash consideration of RMB37,763,000. On disposal date, the carrying amount of net assets of Guangzhou New energy was RMB328,699,000.

	Carrying amount at the disposal date
	RMB'000
Property, plant and equipment	598,216
Intangible assets	110
Other non-current assets	17,240
Inventories	1,184
Trade debtors and bills receivable	39,811
Prepayments and other current assets	31,225
Cash and cash equivalents	45,490
Trade creditors and bills payable	(69,902)
Other payables	(60,508)
Tax payable	(4,190)
Borrowings	(148,500)
Obligations under finance leases	(121,477)
Net assets disposed	328,699
Total consideration	37,763
Less: Cash outflow from the acquire	45,490
Net cash outflow from disposal	(7,727)

The consideration was determined with reference to an independent valuation report issued by China Enterprise Appraisals Co., Ltd., an independent appraiser in the PRC.

(f) Acquisitions of non-controlling interests

During the Track Record Period, the Group acquired the additional interests in the subsidiaries, and the following summarises the effect of changes in the Company's ownership interest in these subsidiaries:

	For the year ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
The Company's ownership interest at the beginning of the year (or where the subsidiary is acquired by the Group later than the beginning of the year, at the acquisition date)	75,033	408,643	361,475
Effect of increase in the Company's ownership interest	12,717	130,634	83,691
Share of comprehensive income	(7,236)	64,940	20,833
The Company's ownership interest at the end of the year	80,514	604,217	465,999

3 REVENUE

The amount of each significant category of revenue recognized during the year is as follows:

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Sales of electricity			
– Self-generation	5,635,935	6,783,921	5,649,885
– Substituted generation *(note (i))*	1,666,701	1,380,756	1,337,925
	7,302,636	8,164,677	6,987,810
Service concession construction revenue *(note (ii))*	–	193,291	43,901
Others	46,557	39,679	115,701
	7,349,193	8,397,647	7,147,412

(i) The substituted generation arrangement allows a coal-fired power plant to purchase the surplus generation of other coal-fired power plants and sell such generation to the local power grid based on the buyer's approved on-grid tariff.

(ii) During the Track Record Period, the Group entered into a service concession agreement with local government (the "Grantor") to construct and operate wind power plant during the concession period of 25 years. The Group is responsible for construction and maintenance of the wind power plant during the concession period. At the end of the concession period, the Group needs to dismantle the wind power plant or transfer the ownership of the plant at request of Grantor. Service concession construction revenue recorded during the Track Record Period represents the revenue recognized during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-constructed.

The Group has recognized intangible assets related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognized service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plant.

4 OTHER NET INCOME

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Government grants			
– VAT refund *(note (i))*	21,804	4,357	10,144
– Incentives for decommissioning obsolete coal-fired power plants *(note (ii))*	–	135,000	–
– Others	1,530	14,157	53,547
Net income on CDM projects	30,581	75,223	153,425
Net (loss)/gain on disposal of plant, property and equipment, and lease prepayments	(8,422)	8,061	13,641
Rental income from investment properties	–	195	785
Gain on disposal of subsidiaries	–	–	64,239
Net loss on disposal of partial interests in subsidiary with a loss in control	–	–	(1,681)
Net income on sale of coal to Kemen II *(note (iii))*	–	–	–
Others	351	(648)	11,816
	45,844	236,345	305,916

(i) VAT refund represents the tax rebate equivalent to 50% of the VAT payable entitled to wind power projects pursuant to Caishui [2008] No. 156 Notice on VAT Policy Regarding Comprehensive Utilization of Resources and Other Products (關於資源綜合利用及其他產品增值稅政策的通知) jointly issued by Ministry of Finance and State Administration of Taxation ("SAT").

(ii) Incentives for decommissioning obsolete coal-fired power plants are compensation incentives received by the Group for the resettlement of workers (see note 6(a)(i)) and other related expenses occurred due to eliminating backward production facilities.

(iii) After the disposal of Kemen II on January 31, 2011 as stated in note 2(d), the Group's subsidiary, Fujian Huadian Kemen Power Generation Company Limited, sold the purchased coal to Kemen II without any mark-up. The sales amount for the year ended December 31, 2011 was RMB2,650,232,000.

5 FINANCE INCOME AND EXPENSES

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Interest income on financial assets	20,913	20,234	62,433
Dividend income from other investments	10,821	6,719	8,112
Net gain on disposal of other investments	44	628	–
Net change in fair value of trading securities	–	183	–
Reversal for the impairment losses on trade and other receivables	–	–	371
Foreign exchange gains, net	100	2,342	–
Finance income	31,878	30,106	70,916
Interest on bank and other borrowings wholly repayable within five years	591,293	584,596	545,659
Interest on other loans	526,844	752,676	1,220,598
Interest expense on financial liabilities measured at amortized cost	30,723	54,332	15,259
Less: interest expenses capitalized into property, plant and equipment and intangible assets	209,097	411,033	534,762
	939,763	980,571	1,246,754
Impairment losses on trade and other receivables	1,618	824	–
Bank charges and others	3,609	3,180	12,241
Net loss on disposal of other investments	–	–	107
Foreign exchange loss, net	–	–	7,225
Finance expenses	944,990	984,575	1,266,327
Net finance expenses recognized in profit or loss	(913,112)	(954,469)	(1,195,411)

The borrowing costs have been capitalized at rates of 4.47% to 5.40%, 4.52% to 6.11%, and 4.65% to 8.46% per annum for the years ended December 31, 2009, 2010 and 2011 respectively.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Salaries, wages and other benefits	535,758	610,254	573,663
Contributions to defined contribution retirement plans	79,767	81,747	82,757
Termination benefits *(note (i))*	–	134,518	–
	615,525	826,519	656,420

(i) Termination benefits represent the compensation expenses for terminating contracts with employees due to the elimination of backward production facilities.

(b) Other items

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Amortization			
– lease prepayments	888	2,759	5,040
– intangible assets	2,109	2,012	8,485
Depreciation			
– investment property	–	69	462
– property, plant and equipment	975,558	1,133,435	1,216,789
Impairment loss of property, plant and equipment	54,792	–	–
Provision for inventory obsolescence	4,299	689	–
Auditors' remuneration			
– audit services	925	4,387	2,137
– other services	229	2,156	1,539
Operating lease charges			
– hire of machinery	–	80	658
– hire of properties	10,808	13,722	16,254

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of comprehensive income represents:

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Current tax			
Provision for the year	71,900	190,508	64,514
Under/(over) provision in respect of prior years	434	(1,278)	1,629
Deferred tax *(note 29(b))*			
Origination and reversal of temporary differences	51,661	(31,282)	29,686
Total income tax	123,995	157,948	95,829

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Profit before taxation	565,899	956,091	734,366
Applicable tax rate *(i)*	25%	25%	25%
Notional tax on profit before taxation	141,475	239,022	183,592
Effect of non-deductible expenses	16,921	13,636	12,344
Effect of non-taxable income	(3,503)	(13,022)	(4,718)
Effect of taxable deemed income	–	–	17,500
Effect of PRC tax concessions *(ii)*	(30,051)	(61,425)	(119,265)
Effect of unused tax losses not recognized	10,312	9,340	7,420
Effect of utilization of previously unrecognized tax losses	(11,593)	(15,138)	(2,673)
Effect of recognition of previously unrecognized tax losses	–	(13,187)	–
Under/(over) provision for prior years	434	(1,278)	1,629
Income tax *(iii)*	123,995	157,948	95,829

(i) Provision for income tax represents PRC income tax. On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on January 1, 2008. The statutory income tax rate under the New Tax Law is 25%. Accordingly, the Group's PRC entities are subject to income tax at 25% unless otherwise specified.

(ii) Prior to January 1, 2008, based on the then effective tax regulations, Huadian (Xiamen) Energy Company Limited and Fujian Huadian Zhangping Power Generation Company Limited, being enterprises located in Xiamen Special Economic Zones, were taxed at a preferential income tax rate of 15%. The New Tax Law and its relevant regulations allow transitional rates of 20%, 22%, 24% and 25% for 2009, 2010, 2011 and 2012 onwards, respectively.

Further, Inner Mongolia Huadian Huitengxile Wind Power Company Limited and Xinjiang Huadian Xiaocaohu Wind Power Company Limited, being enterprises engaged in power generation industries in the Western Region, were also taxed at a preferential income tax rate of 15% from 2001 to 2010 and were entitled to tax holidays of 2-year full exemption followed by 3-year 50% reduction in income tax rate from the year they commenced operation (the "2+3 tax holiday"). The New Tax Law and its relevant regulations grandfather such preferential tax rate at 15% and the tax holidays until they expire. Inner Mongolia Huadian Huitengxile Wind Power Company Limited and Xinjiang Huadian Xiaocaohu Wind Power Company Limited started their 2+3 tax holidays in 2006 and 2008, respectively.

In addition, pursuant to CaiShui [2011] No.58, the Group's subsidiaries located in the Western Region are entitled to the preferential income tax rate of 15% from 2011 to 2020.

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the New Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived (the "3+3 tax holiday").

The following subsidiaries started their 3+3 tax holidays in 2010:

- Xinjiang Huadian Bu'erjin Wind Power Company Limited
- Xinjiang Huadian Caohu Wind Power Company Limited
- Huadian Tieling Wind Power Company Limited
- Hunan Huadian Chenzhou Wind Power Company Limited
- Inner Mongolia Huadian Meiguiying Wind Power Company Limited
- Huadian Hulin Wind Power Company Limited
- Shanghai Huadian Solar Power Company Limited
- Heilongjiang Huafu Wind Power Muling Company Limited – Phase II
- Heilongjiang Dongning Huafu Wind Power Company Limited
- Harbin Yilan Huafu Wind Power Company Limited

Further, the following subsidiaries started their 3+3 tax holidays in 2011:

- Gansu Huadian Guazhou Wind Power Company Limited
- Gansu Huadian Yumen Wind Power Company Limited
- Huadian Jilin Da'an Wind Power Company Limited
- Inner Mongolia Huadian Huitengxile Wind Power Company Limited – Phase II of Project Kulun
- Inner Mongolia Huadian Hongnijing Wind Power Company Limited
- Inner Mongolia Huadian Jieji Wind Power Company Limited

- Zhoushan Huadian Wind Power Company Limited
- Huadian (Fuqing) Wind Power Company Limited
- Huadian Jiayuguan Solar Power Company Limited
- Hebei Huadian Shangyi Wind Power Company Limited
- Shanxi Huadian Guangling Wind Power Company Limited
- Huadian Shangde Dongtai Solar Power Company Limited
- Jiangsu Huadian Guanyun Wind Power Company Limited

(iii) The decrease in the weighted average effective tax rate during the Track Record Period is mainly due to the increase in the effect of PRC tax concessions during such period as there are 10 and 13 subsidiaries started their 3+3 tax holidays in 2010 and 2011, respectively. Further, during 2010, there were some subsidiaries which turned profitable and therefore be able to utilize and recognise certain previously unrecognised tax losses. This also attributed to a decrease in the weighted average effective tax rate for 2010.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the year ended December 31, 2009

	Directors' and supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Deferred compensation plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors						
Mr. Huang Xian Pei *(Chairman)*	–	175	356	61	71	663
Mr. Wang Xu Xiang	–	–	–	–	–	–
Mr. Mao Xi Shu	–	–	–	–	–	–
Mr. Fang Zheng	–	278	199	82	50	609
Mr. Huang Shao Xiong	–	175	356	60	71	662
Mr. Zong Xiao Lei	–	–	–	–	–	–
Supervisors						
Mr. Li Chang Xu	–	–	–	–	–	–
Mr. Huang Chun Qi	–	278	199	82	50	609
Mr. Xu Jin	–	169	118	52	29	368
Mr. Yao Fei	–	–	–	–	–	–
Mr. Huang Yuan Hong	–	–	–	–	–	–
Ms. Hu Xiao Hong	–	–	–	–	–	–
	–	1,075	1,228	337	271	2,911

For the year ended December 31, 2010

	Directors' and supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Deferred compensation plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors						
Mr. Huang Xian Pei *(Chairman)*	–	202	436	62	71	771
Mr. Wang Xu Xiang	–	–	–	–	–	–
Mr. Mao Xi Shu	–	–	–	–	–	–
Mr. Fang Zheng	–	340	239	68	50	697
Mr. Huang Shao Xiong	–	202	436	61	71	770
Mr. Zong Xiao Lei	–	–	–	–	–	–
Supervisors						
Mr. Li Chang Xu	–	–	–	–	–	–
Mr. Huang Chun Qi	–	340	239	68	50	697
Mr. Xu Jin	–	190	135	44	28	397
Mr. Yao Fei	–	–	–	–	–	–
Mr. Huang Yuan Hong	–	–	–	–	–	–
Ms. Hu Xiao Hong	–	–	–	–	–	–
	–	1,274	1,485	303	270	3,332

For the year ended December 31, 2011

	Directors' and supervisors' fees	Salaries allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Deferred compensation plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors						
Mr. Huang Xian Pei *(Chairman)*	–	200	367	56	73	696
Mr. Wang Xu Xiang	–	–	–	–	–	–
Mr. Mao Xi Shu	–	–	–	–	–	–
Mr. Fang Zheng	–	479	102	70	50	701
Mr. Huang Shao Xiong	–	200	367	55	73	695
Mr. Zong Xiao Lei	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiao Qian	16	–	–	–	–	16
Mr. Yang Bai Cheng	16	–	–	–	–	16
Mr. Zhang Bai	16	–	–	–	–	16
Supervisors						
Mr. Li Chang Xu	–	–	–	–	–	–
Mr. Huang Chun Qi	–	479	102	70	50	701
Mr. Xu Jin	–	339	70	55	35	499
Mr. Yao Fei	–	–	–	–	–	–
Mr. Huang Yuan Hong	–	–	–	–	–	–
Ms. Hu Xiao Hong	–	–	–	–	–	–
	48	1,697	1,008	306	281	3,340

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Track Record Period. No remuneration was paid to independent non-executive directors for the year of 2009 and 2010 as the independent non-executive directors were appointed in October 2011.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended December 31, 2009, 2010 and 2011 are set forth below:

	Years ended December 31,		
	2009	2010	2011
Directors or Supervisor	4	4	4
Non-directors and Non-supervisor	1	1	1
	5	5	5

The emoluments of the directors are disclosed in note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	142	165	169
Discretionary bonuses	285	349	302
Retirement scheme contributions	51	52	49
Deferred Compensation Plan	57	57	60
	535	623	580

The emoluments of the individuals with the highest emoluments are within the following bands:

	Years ended December 31,		
	2009	2010	2011
Nil to HKD1,000,000	1	1	1

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Track Record Period on the basis as disclosed in Section A.

11 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

– Hydro power: this segment constructs, manages and operates hydro power plants and generates electric power for sale to power grid companies.

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

– Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

– Other clean energy business: this segment mainly constructs, manages and operates other power and heat plants and generates electric power for sale to power grid companies or heat for sale to the resident households.

(a) Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and jointly controlled entity, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and bills payables, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and jointly controlled entity, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2009, 2010 and 2011 is set out below.

For the year ended December 31, 2009

	Hydro power	Wind power	Coal-fired power	Other clean energy business	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers					
– Sales of electricity	1,228,623	233,095	5,730,353	110,565	7,302,636
– Sales of others	16,316	1,051	29,190	–	46,557
Reportable segment revenue	1,244,939	234,146	5,759,543	110,565	7,349,193
Reportable segment profit (operating profit)	384,219	152,562	1,010,619	13,451	1,560,851
Depreciation and amortization	(375,995)	(97,398)	(486,061)	(16,121)	(975,575)
Impairment	4	–	(58,815)	–	(58,811)
Interest income	3,843	5,765	5,285	129	15,022
Interest expenses	(239,784)	(101,596)	(505,404)	(3,729)	(850,513)
Reportable segment assets	7,631,074	10,506,096	11,840,633	909,971	30,887,774
Expenditures for reportable segment non-current assets during the year	391,709	6,421,826	1,395,540	460,989	8,670,064
Reportable segment liabilities	4,332,971	9,864,786	10,792,752	687,134	25,677,643

For the year ended December 31, 2010

	Hydro power	Wind power	Coal-fired power	Other clean energy business	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers					
– Sales of electricity	2,187,063	546,572	4,973,701	457,341	8,164,677
– Sales of others	19,293	3,031	17,147	208	39,679
Reportable segment revenue	2,206,356	549,603	4,990,848	457,549	8,204,356
Reportable segment profit (operating profit)	1,169,987	346,732	386,155	82,634	1,985,508
Depreciation and amortization	(410,551)	(198,602)	(483,720)	(42,017)	(1,134,890)
Impairment	221	(412)	(57)	–	(248)
Interest income	1,970	6,069	4,861	900	13,800
Interest expenses	(206,973)	(203,837)	(449,245)	(23,430)	(883,485)
Reportable segment assets	8,692,459	19,630,696	14,189,560	1,115,673	43,628,388
Expenditures for reportable segment non-current assets during the year	748,050	6,008,705	1,893,223	159,588	8,809,566
Reportable segment liabilities	4,806,955	17,877,263	12,699,021	813,660	36,196,899

For the year ended December 31, 2011

	Hydro power	Wind power	Coal-fired power	Other clean energy business	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers					
– Sales of electricity	1,427,685	1,209,857	4,044,026	306,242	6,987,810
– Sales of others	13,179	4,604	74,932	15,851	108,566
Reportable segment revenue	1,440,864	1,214,461	4,118,958	322,093	7,096,376
Reportable segment profit (operating profit)	447,005	793,763	655,810	61,550	1,958,128
Depreciation and amortization	(408,180)	(481,247)	(296,974)	(40,202)	(1,226,603)
Impairment	(36)	345	62	–	371
Interest income	5,966	36,442	4,580	970	47,958
Interest expenses	(251,736)	(510,554)	(305,852)	(24,798)	(1,092,940)
Reportable segment assets	8,290,101	24,512,038	10,734,307	1,893,990	45,430,436
Expenditures for reportable segment non-current assets during the year	254,602	5,163,255	720,392	1,260,915	7,399,164
Reportable segment liabilities	4,727,440	21,266,546	8,897,137	1,364,371	36,255,494

(b) Reconciliations of reportable segment revenues, profit, assets and liabilities

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Revenue			
Reportable segment revenue	7,349,193	8,204,356	7,096,376
Service concession construction revenue	–	193,291	43,901
Unallocated head office and corporate revenue	–	–	7,135
Consolidated revenue	7,349,193	8,397,647	7,147,412
Profit			
Reportable segment profit	1,560,851	1,985,508	1,958,128
Unallocated head office and corporate revenue	–	–	7,135
Share of profits less loss of associates and jointly controlled entity	(12,335)	11,598	13,112
Net finance expenses	(913,112)	(954,469)	(1,195,411)
Unallocated head office and corporate expenses	(69,505)	(86,546)	(111,156)
Gain on disposal of subsidiaries	–	–	64,239
Loss on disposal of partial interests in subsidiary with a loss in control	–	–	(1,681)
Consolidated profit before taxation	565,899	956,091	734,366

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Assets			
Reportable segment assets	30,887,774	43,628,388	45,430,436
Inter-segment elimination	(1,294,573)	(4,164,969)	(2,904,832)
Investments in associates and jointly controlled entity	1,089,489	1,434,524	2,196,749
Other investments	283,917	475,477	482,300
Deferred tax assets	93,157	246,288	294,480
Tax Recoverable	2,095	74,129	80,922
Unallocated head office and corporate assets	1,845,747	4,017,156	4,119,694
Consolidated total assets	32,907,606	45,710,993	49,699,749
Liabilities			
Reportable segment liabilities	25,677,643	36,196,899	36,255,494
Inter-segment elimination	(1,294,573)	(4,164,969)	(2,904,832)
Tax payable	44,283	132,441	16,243
Deferred tax liabilities	325,279	431,922	536,662
Unallocated head office and corporate liabilities	2,604,284	4,644,916	6,686,327
Consolidated total liabilities	27,356,916	37,241,209	40,589,894

(c) Geographical information

All of the Group's operations are located in the PRC, therefore no geographic segment information is presented.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB7,294,198,000, RMB8,079,661,000, and RMB6,876,898,000 for the years ended December 31, 2009, 2010 and 2011, respectively. Service concession construction revenue is all from the PRC government.

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2009	8,069,321	14,223,840	127,734	119,397	2,486,770	25,027,062
Additions	2,785	134,643	13,953	5,926	7,908,201	8,065,508
Acquired through business combination	610,331	87,325	497	251	–	698,404
Transfer from construction in progress	198,748	2,249,750	14,597	40,582	(2,503,677)	–
Disposals	(20,501)	(116,910)	(7,168)	(4,058)	–	(148,637)
Net deduction arising from sales and leaseback transaction	–	(72,000)	–	–	–	(72,000)
At December 31, 2009	8,860,684	16,506,648	149,613	162,098	7,891,294	33,570,337
At January 1, 2010	8,860,684	16,506,648	149,613	162,098	7,891,294	33,570,337
Additions	355,801	195,029	17,783	6,573	7,924,896	8,500,082
Acquired through business combination	384,456	1,307,495	6,964	3,274	1,093	1,703,282
Transfer from construction in progress	103,838	2,914,444	15,831	45,414	(3,079,527)	–
Disposals	(14,006)	(103,799)	(13,774)	(7,908)	–	(139,487)
Distribution pursuant to the Reorganization	(53,516)	(83,698)	(7,495)	(4,944)	–	(149,653)
Net deduction arising from sales and leaseback transaction	(5,534)	–	–	–	–	(5,534)
At December 31, 2010	9,631,723	20,736,119	168,922	204,507	12,737,756	43,479,027
At January 1, 2011	9,631,723	20,736,119	168,922	204,507	12,737,756	43,479,027
Additions	19,701	13,922	32,135	14,837	7,134,773	7,215,368
Acquired through business combination	248,889	25,027	58	–	–	273,974
Transfer from construction in progress	873,078	8,134,026	12,268	23,831	(9,043,203)	–
Disposals	(23,609)	(268,554)	(10,519)	(26,585)	–	(329,267)
Transfer out by the disposal of the subsidiary *(note 2(d))*	(580,863)	(2,871,773)	–	–	(7,402)	(3,460,038)
Transfer out by the disposal of partial interest with the loss of control *(note 2(e))*	(73,583)	(593,852)	(2,386)	(1,959)	(253)	(672,033)
Net deduction arising from sales and leaseback transaction	–	(899,379)	–	–	37,863	(861,516)
At December 31, 2011	10,095,336	24,275,536	200,478	214,631	10,859,534	45,645,515

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation and impairment losses						
At January 1, 2009	2,055,740	3,613,626	83,424	78,201	893	5,831,884
Depreciation charge for the year	213,598	741,812	11,450	11,297	–	978,157
Impairment losses charge for the year	–	54,525	–	267	–	54,792
Written back on disposal	(16,603)	(102,392)	(6,540)	(3,878)	–	(129,413)
Transfer out arising from sales and leaseback transaction	–	(98,265)	–	–	–	(98,265)
At December 31, 2009	2,252,735	4,209,306	88,334	85,887	893	6,637,155
At January 1, 2010	2,252,735	4,209,306	88,334	85,887	893	6,637,155
Depreciation charge for the year	280,550	812,893	13,286	31,784	–	1,138,513
Written back on disposal	(12,243)	(103,916)	(12,477)	(5,795)	–	(134,431)
Distribution pursuant to the Reorganization	(40,793)	(77,315)	(6,939)	(4,176)	–	(129,223)
Transfer out arising from sales and leaseback transaction	(175)	–	–	–	–	(175)
At December 31, 2010	2,480,074	4,840,968	82,204	107,700	893	7,511,839
At January 1, 2011	2,480,074	4,840,968	82,204	107,700	893	7,511,839
Depreciation charge for the year	235,222	949,426	23,123	17,033	–	1,224,804
Written back on disposal	(17,167)	(264,967)	(9,496)	(23,947)	–	(315,577)
Transfer out by the disposal of the subsidiary *(note 2(d))*	(69,236)	(286,530)	–	–	–	(355,766)
Transfer out by the disposal of partial interest with the loss of control *(note 2(e))*	(7,608)	(65,032)	(954)	(223)	–	(73,817)
Transfer out arising from sales and leaseback transaction	–	(653,816)	–	–	–	(653,816)
At December 31, 2011	2,621,285	4,520,049	94,877	100,563	893	7,337,667
Net book value:						
At December 31, 2009	6,607,949	12,297,342	61,279	76,211	7,890,401	26,933,182
At December 31, 2010	7,151,649	15,895,151	86,718	96,807	12,736,863	35,967,188
At December 31, 2011	7,474,051	19,755,487	105,601	114,068	10,858,641	38,307,848

(i) The Group's property, plants and buildings are all located in the PRC.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB2,322,471,000, RMB5,825,167,000 and RMB9,585,103,000 as of December 31, 2009, 2010, and 2011.

(iii) During the Track Record Period, the impairment was mainly provided for certain equipments which had permanently ceased operation due to the elimination of backward production facilities.

(iv) Certain properties and equipment of the Group with an aggregate net book value of RMB731,156,000, RMB402,688,000 and RMB772,125,000 as of December 31, 2009, 2010 and 2011 are accounted for as finance leases (of which RMB731,156,000, RMB276,477,000, and RMB772,125,000 are finance lease pursuant to sales and leaseback transactions), with maturity periods of 3 to 20 years.

(v) As of December 31, 2011, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties. The aggregate carrying value of such properties of the Group was approximately RMB145,941,000. The directors are of the opinion that the Group is entitled to legally occupy or use these properties.

(vi) The analysis of net book value of properties is as follows:

	At December 31,		
	2009	**2010**	**2011**
	RMB’000	**RMB’000**	**RMB’000**
Mainland China:			
Long-term leases	6,237,592	6,777,117	6,750,753
Medium-term leases	370,357	374,532	723,298
Total	6,607,949	7,151,649	7,474,051

13 INVESTMENT PROPERTIES

	At December 31,		
	2009	**2010**	**2011**
	RMB’000	**RMB’000**	**RMB’000**
Cost:			
At January 1	–	–	20,980
Acquired from business combination	–	20,980	–
At the end of the year	–	20,980	20,980
Accumulated amortization:			
At January 1	–	–	70
Charge for the year	–	70	825
At the end of the year	–	70	895
Net book value:	–	20,910	20,085

(i) All the investment properties owned by the Group are located in the PRC. According to the Property Valuation Report issued by independent qualified valuer, the fair value of the Group’s investment properties as of December 31, 2010 and 2011 are RMB20,910,000 and RMB20,085,000, respectively.

(ii) The Group's total future rental receivables under non-cancellable operating leases are as follows:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Within 1 year	–	230	554
After 1 year but within 5 years	–	920	54
More than 5 years	–	1,100	–
	–	2,250	608

(iii) The analysis of net book value of investment properties is as follows:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Mainland China:			
Medium-term leases	–	20,910	20,085

14 LEASE PREPAYMENTS

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1	241,087	282,114	337,611
Additions	12,783	75,502	167,590
Acquired through business combination	28,244	26,504	24,393
Disposal	–	(4,367)	–
Distribution pursuant to the Reorganization	–	(42,142)	–
At the end of the year	282,114	337,611	529,594
Accumulated amortization:			
At January 1	6,012	6,900	8,794
Amortization for the year	888	2,759	8,658
Written back on disposal	–	(810)	–
Distribution pursuant to the Reorganization	–	(55)	–
At the end of the year	6,900	8,794	17,452
Net book value:	275,214	328,817	512,142

Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period of 25-50 years.

15 INTANGIBLE ASSETS

	Concession assets	Software and others	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At January 1, 2009	–	17,403	–	17,403
Additions	–	2,346	–	2,346
Acquired through business combination	–	–	89,149	89,149
At December 31, 2009	–	19,749	89,149	108,898
Additions	193,291	3,312	–	196,603
Acquired through business combination	–	956	312,763	313,719
At December 31, 2010	193,291	24,017	401,912	619,220
Additions	45,809	5,571	–	51,380
Acquired through business combination	–	–	47,521	47,521
Disposed of the subsidiary	–	(110)	–	(110)
At December 31, 2011	239,100	29,478	449,433	718,011
Accumulated amortization:				
At January 1, 2009	–	4,458	–	4,458
Charge for the year	–	2,109	–	2,109
At December 31, 2009	–	6,567	–	6,567
Charge for the year	–	2,619	–	2,619
At December 31, 2010	–	9,186	–	9,186
Charge for the year	5,700	2,787	–	8,487
At December 31, 2011	5,700	11,973	–	17,673
Net book value:				
At December 31, 2009	–	13,182	89,149	102,331
At December 31, 2010	193,291	14,831	401,912	610,034
At December 31, 2011	233,400	17,505	449,433	700,338

Concession assets represent the rights the Group received for the usage of the concession wind power plants for the generation of electricity. The concession assets are amortized over the operating period of the service concession projects.

The amortization charge for the year is included in "depreciation and amortization" in the consolidated statements of comprehensive income.

Goodwill is allocated to the Group's cash-generating units identified according to operating segment.

The recoverable amount of a CGU is determined based on value in use. These assessments use cash flow projections based on financial forecast prepared by management covering a five-year period and discounted rates of 6%-8%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Based on the assessments, the directors of the Company concluded that there has been no impairment on the goodwill of the Group as of December 31, 2009, 2010 and 2011.

16 INVESTMENT IN ASSOCIATE ENTITIES

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Share of net assets	1,067,139	1,412,174	2,174,057

The following list contains the particulars of associates as at December 31, 2011, all of which are limited liability companies established in the PRC, which principally affected the results or assets of the Group.

Name of company	Place of establishment	Particular of registered capital	Percentage of attributable equity interest: Group's effective interest	Direct	Indirect	Principal activities
		RMB'000				
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	90,000	25%	25%	–	Gas power generation
Fujian Fuqing Nuclear Power Company Limited (福建福清核電有限公司)	the PRC	3,120,000	39%	39%	–	Nuclear power generation
Guangzhou University Town Huadian New Energy Company Limited (廣州大學城華電新能源有限公司)	the PRC	294,360	43%	–	43%	Gas power generation
Pingnanxian Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司)	the PRC	86,000	45%	5%	40%	Hydropower generation
Fujian Kemen Port Logistics Company Limited (福建可門港物流有限責任公司)	the PRC	581,000	28%	28%	–	Storage and transportation

Summary of financial information on the associate entities:

	At December 31,					
	2009		2010		2011	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets	12,760,479	4,165,227	19,494,075	6,650,660	27,647,028	9,818,402
Liabilities	9,604,334	3,098,088	15,350,157	5,238,486	21,513,394	7,644,345
Equity	3,156,145	1,067,139	4,143,918	1,412,174	6,133,634	2,174,057

	Years ended December 31,					
	2009		2010		2011	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,492,940	388,507	2,455,375	636,662	3,024,107	796,483
(Loss)/profit	(42,145)	(12,335)	29,840	11,598	54,222	12,770

17 INVESTMENT IN JOINTLY CONTROLLED ENTITY

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Share of net assets	22,350	22,350	22,692

The following list contains the particulars of jointly controlled entity which is limited liability company established in the PRC and principally affected the results or assets of the Group.

			Percentage of attributable equity interest			
Name of company	Place of establishment	Particular of registered capital	Group's effective interest	Direct	Indirect	Principal activities
		RMB'000				
Shanghai Huagang Wind Power Company Limited (上海華港風力發電有限公司)	the PRC	44,700	50%	–	50%	Wind power generation

Summary of financial information on the jointly controlled entity:

	At December 31,					
	2009		2010		2011	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets	186,598	93,299	210,296	105,148	225,334	112,667
Liabilities	141,898	70,949	165,596	82,798	179,950	89,975
Equity	44,700	22,350	44,700	22,350	45,384	22,692

	Years ended December 31,					
	2009		2010		2011	
	100 per cent	Group's effective interest	100 per cent	Group's effective interest	100 per cent	Group's effective interest
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	–	–	–	–	3,152	1,576
Profit	–	–	–	–	684	342

18 OTHER INVESTMENTS

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Unquoted equity investments in non-listed companies, at cost *(note (i))*	283,917	473,080	482,300
Trading securities	–	2,397	–
	283,917	475,477	482,300
Representing:			
Current assets	–	2,397	–
Non-current assets	283,917	473,080	482,300
	283,917	475,477	482,300

(i) The following list contains the particulars of major unquoted equity investments in non-listed companies, all of which are limited liability companies and established in the PRC.

			Percentage of attributable equity interest			
Name of company	Place of Establishment	Particular of registered capital	Group's effective interest	Direct	Indirect	Principal activities
		RMB'000				
Huadian Coal Industry Group Co., Ltd (華電煤業集團有限公司)	the PRC	3,657,143	3%	3%	–	Coal supply
China Huadian Finance Corporation Limited (中國華電集團財務有限公司)	the PRC	5,000,000	6%	–	6%	Financial service
Neimeng Huhhot Hydro-Power Generation Co., Ltd. (內蒙古呼和浩特抽水蓄能發電有限公司)	the PRC	1,404,626	6%	–	6%	Hydro-Power generation utilizing pumped storage technology

19 OTHER NON-CURRENT ASSETS

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Deductible VAT *(note (i))*	500,056	1,142,447	1,406,349
Deferred cost arising from sales and leaseback transaction	48,013	52,365	302,938
Others	16,615	13,118	11,613
	564,684	1,207,930	1,720,900

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets, which is deductible from output VAT for period after January 1, 2009.

20 INVENTORIES

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Coal	175,808	129,700	143,826
Fuel oil	11,394	10,797	24,624
Spare parts and others	56,233	75,983	99,926
	243,435	216,480	268,376

21 TRADE DEBTORS AND BILLS RECEIVABLE

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Amounts due from sales of electricity	1,050,571	1,354,090	1,810,331
Amounts due from other sales activities	6,293	26,637	83,156
	1,056,864	1,380,727	1,893,487
Less: allowance for doubtful accounts	–	203	138
	1,056,864	1,380,524	1,893,349

All of the trade debtors and bills receivable are from the third parties.

The ageing analysis of trade debtors and bills receivable of the Group is as follows:

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Current	1,056,864	1,380,727	1,893,487
Less: allowance for doubtful accounts	–	203	138
	1,056,864	1,380,524	1,893,349

The Group's trade debtors are mainly electricity sales receivable from local grid companies. Generally, the debtors are due within 15-30 days from the date of invoice. Certain wind power projects collect part of receivables tariff premium, representing 30% to 60% of total electricity sales, in 2 to 18 months from the date of recognition of sales, as agreed with local grid companies.

All trade debtors and bills receivables are expected to be recovered within the credit period.

22 PREPAYMENTS AND OTHER CURRENT ASSETS

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
CER receivable	32,508	92,302	148,104
Staff advance	10,408	10,969	7,423
Deposits	2,761	21,576	2,833
Receivables from related parties	135,136	32,535	636,356
Loans to third parties	8,392	261,828	235,520
Deductible VAT *(note (i))*	94,065	270,775	437,769
Advances to the fellow subsidiaries	195,102	157,937	–
Other advances and debtors	130,776	147,403	130,937
	609,148	995,325	1,598,942

The Group's prepayments and other current assets of RMB9,373,000, RMB11,065,000 and RMB10,465,000 as of December 31, 2009, 2010 and 2011 were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Group does not hold any collateral over these balances.

For the other balances of prepayments and other current assets, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventories, which is expected to be deducted from output VAT within 12 months after the end of each year.

23 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for bills payable, tender bonds and housing maintenance fund designated for specific purposes as requested by PRC regulations.

24 CASH AND CASH EQUIVALENTS

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Cash on hand	255	874	425
Deposits with fellow subsidiary *(note (i))*	839,929	–	–
Cash at bank and other financial institutions	682,653	2,693,809	1,488,089
	1,522,837	2,694,683	1,488,514

(i) Deposits with fellow subsidiary mainly represent the deposits in China Huadian Finance Corporation Limited ("Huadian Finance").

25 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Loans from bank and other financial institutions			
– Secured	3,740,329	5,993,457	8,668,654
– Unsecured *(note (i))*	10,439,219	14,561,575	15,782,201
Loans from fellow subsidiary *(note (ii))*			
– Unsecured	1,300,000	250,000	200,000
Loans from Huadian			
– Unsecured	100,000	2,170,000	–
	15,579,548	22,975,032	24,650,855
Less: Current portion of long-term borrowings			
– Loans from bank and other financial institutions	958,144	1,267,618	2,981,395
– Loans from fellow subsidiary *(note (ii))*	210,000	–	–
	14,411,404	21,707,414	21,669,460

(i) Certain unsecured borrowings were guaranteed by the below entities:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Guarantor			
– Huadian	3,595,000	4,941,000	5,515,900
– Non-controlling interests shareholders	56,000	668,000	304,000
	3,651,000	5,609,000	5,819,900

(ii) Loans from fellow subsidiary represent the loans from Huadian Finance.

(b) The short-term interest-bearing borrowings comprise:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Loans from bank and financial institutions			
– Secured	273,000	100,000	10,000
– Unsecured	5,153,804	3,978,893	5,461,450
Loans from fellow subsidiary *(note (i))*			
– Unsecured	420,000	1,650,000	120,000
	5,846,804	5,728,893	5,591,450
Current portion of long-term borrowings			
– Loans from bank and financial institutions	958,144	1,267,618	2,981,395
– Loans from fellow subsidiary *(note (i))*	210,000	–	–
	7,014,948	6,996,511	8,572,845

(i) Loans from fellow subsidiary represent the loans from Huadian Finance.

(c) The interest rates on borrowings are as follows:

	At December 31,		
	2009	2010	2011
Long-term			
Loans from bank and financial institutions	1.58%~10.26%	4.32%~7.83%	5.04%~8.46%
Loans from fellow subsidiary	4.86%~5.40%	5.18%~5.53%	5.23%~7.05%
Loans from Huadian	4.15%	4.15%~5.60%	–
Short-term			
Loans from bank and financial institutions	4.25%~5.31%	4.37%~6.11%	5.68%~8.20%
Loans from fellow subsidiary	4.78%	4.67%~5.56%	5.23%

(d) The borrowings are repayable as follows:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	7,014,948	6,996,511	8,572,845
After 1 year but within 2 years	1,411,997	2,476,469	2,475,689
After 2 years but within 5 years	5,096,825	6,190,360	7,314,423
After 5 years	7,902,582	13,040,585	11,879,348
	21,426,352	28,703,925	30,242,305

26 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	At December 31,		
	2009	**2010**	**2011**
Present value of the minimum lease payments	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	192,034	43,800	219,831
After 1 year but within 2 years	211,863	47,476	259,515
After 2 years but within 5 years	289,221	111,968	137,476
After 5 years	109,854	103,328	47,466
	610,938	262,772	444,457
Present value of finance lease obligations	802,972	306,572	664,288

	At December 31,		
	2009	**2010**	**2011**
Total minimum lease payments	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	231,425	59,663	245,905
After 1 year but within 2 years	240,810	59,663	281,075
After 2 years but within 5 years	315,237	129,669	161,523
After 5 years	144,450	133,087	84,605
	700,497	322,419	527,203
	931,922	382,082	773,108
Less: total future interest expenses	128,950	75,510	108,820
Present value of finance lease obligations	802,972	306,572	664,288

At inception, the lease periods of the finance lease obligation are approximately 3-20 years. The principal obligations and interest expenses are to be paid at least monthly within the lease period.

27 TRADE CREDITORS AND BILLS PAYABLE

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Trade creditors to follow subsidiaries	–	–	91,207
Trade creditors to third parties	175,922	309,197	432,044
Bills payable to fellow subsidiaries	590,000	640,000	17,856
Bills payable to third parties	2,800	428,278	433,812
	768,722	1,377,475	974,919

The aging analysis for the trade creditors and bills payable is as following:

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Due within 3 month or on demand	546,322	641,667	530,300
Due after 3 month but within 6 months	220,000	705,808	435,619
Due after 6 months but within 1 year	2,400	30,000	9,000
	768,722	1,377,475	974,919

28 OTHER PAYABLES

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	3,222,469	5,120,949	6,125,341
Provision for Mianhuatan resettlement compensation *(note (i))*	–	–	40,000
Payables to the related parties *(note (ii))*	212,941	286,716	833,657
Retention payable *(note (iii))*	118,060	153,991	216,541
Dividends payable	–	38,359	13,178
Payables for acquisition of subsidiary	26,190	84,002	43,151
Payables for staff related costs	66,125	162,767	139,834
Payables for other taxes	142,141	156,901	286,933
Interest payable	54,070	64,641	77,304
Other accruals and payables	68,070	95,678	170,715
	3,910,066	6,164,004	7,946,654

(i) Fujian Mianhuatan Hydropower Development Company Limited (the "Mianhuatan Hydropower"), one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation required and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principal and prepaid to the local government additional compensation of RMB15 million, RMB15 million, and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million in advance payments. In addition, the management of Mianhuatan Hydropower has recognized an additional provision of RMB40 million for this dispute as at December 31, 2011. The advance payments of RMB390 million and the provision of RMB40 million have been capitalised in the property, plant and equipment in the historical financial information. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower will be responsible.

(ii) Payables to the related parties mainly include the payable for the purchase of property, plant and equipment from the fellow subsidiaries which are unsecured, interest-free and have no fixed terms of repayment.

(iii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

All of the other payables are expected to be settled within one year or are repayable on demand.

29 INCOME TAX IN THE CONSOLIDATED BALANCE SHEETS

(a) Tax payable/(recoverable) in the consolidated balance sheets represents:

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Net tax payable at beginning of year	70,120	42,188	58,312
Provision for the year *(note 7(a))*	71,900	190,508	64,514
Acquired from business combination	1,221	20,178	–
Adjustment in respective of prior years *(note 7(a))*	434	(1,278)	1,629
Income tax paid	(101,487)	(193,284)	(189,134)
Net tax payable at end of year	42,188	58,312	(64,679)
Representing:			
Tax payable	44,283	132,441	16,243
Tax recoverable	(2,095)	(74,129)	(80,922)
	42,188	58,312	(64,679)

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheets and the movements during the Track Record Period are as follows:

Deferred tax assets/liabilities arising from:	Tax losses	Revaluation deficit	Provision for impairment of assets	Trial run revenue	Deferred income	Expenses deductible on payment basis	Revaluation surplus	Depreciation of property, plant and equipment	Others	Total
	RMB'000 *(note i)*	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2009	103,601	–	40,699	9,656	5,295	18,994	–	(242,665)	(7,964)	(72,384)
Acquisition of subsidiaries	–	–	–	–	–	–	(108,077)	–	–	(108,077)
(Charged)/credited to profit or loss	(41,617)	–	6,790	21,883	4,599	(2,345)	852	(46,817)	4,994	(51,661)
At December 31, 2009	61,984	–	47,489	31,539	9,894	16,649	(107,225)	(289,482)	(2,970)	(232,122)
Credited/(charged) to profit or loss	45,921	–	6,204	2,441	9,460	4,158	5,469	(48,123)	5,752	31,282
Acquisition of subsidiaries	3,560	78,802	1,219	5,133	–	–	(54,110)	(15,138)	–	19,466
Reorganization	–	–	(4,346)	–	–	(635)	–	721	–	(4,260)
At December 31, 2010	111,465	78,802	50,566	39,113	19,354	20,172	(155,866)	(352,022)	2,782	(185,634)
(Charged)/credited to profit or loss	(19,516)	(8,341)	(14,146)	50,760	9,473	757	10,828	(57,314)	(2,187)	(29,686)
Acquisition of subsidiaries	–	–	–	–	–	–	(48,746)	–	–	(48,746)
Disposal of subsidiaries	–	–	–	–	–	–	–	21,884	–	21,884
At December 31, 2011	91,949	70,461	36,420	89,873	28,827	20,929	(193,784)	(387,452)	595	(242,182)

Representing

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Deferred tax asset recognized in the balance sheet	93,157	246,288	294,480
Deferred tax liability recognized in the balance sheet	(325,279)	(431,922)	(536,662)
	(232,122)	(185,634)	(242,182)

The Group recognized deferred tax assets of RMB49,738,000 as of December 31, 2010 for one of its subsidiaries which suffered a loss in 2010 in the tax jurisdiction to which the deferred tax assets relate. Based on the recent operating results as well as financial forecast covering the period till expiration of the related tax losses, management determined it was probable that future taxable profit would be available to utilize the recognized deferred tax assets.

(c) Deferred tax assets not recognized:

In according with the accounting policy set out in note 1(w), the Group have not recognized deferred tax assets in respect of unused tax losses of RMB165,071,000, RMB80,192,000 and RMB99,184,000 respectively as of December 31, 2009, 2010 and 2011. For the unused tax losses as of December 31, 2011, RMB13,396,000, RMB0, RMB19,224,000, RMB36,882,000 and RMB29,681,000, if unused, will expire at the end of year 2012, 2013, 2014, 2015 and 2016, respectively.

30 DEFERRED INCOME

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
At the beginning of the year	23,551	79,242	124,870
Additions	57,656	61,514	123,628
Credited to profit or loss	(1,965)	(15,886)	(39,675)
At the end of the year	79,242	124,870	208,823
Less: current portion of deferred income	2,989	3,225	11,166
	76,253	121,645	197,657

Deferred income mainly represents subsidies relating to the construction of property, plant and equipment, which would be recognized as income on a straight-line basis over the expected useful life of the relevant assets.

31 CAPITAL AND RESERVES

(a) Dividends

Huadian New Energy distributed the dividend of RMB15,000,000 to Huadian New Energy's equity owners on June 30, 2010 pursuant to the board resolution of Huadian New Energy on April 23, 2010 before its injection to HFEC.

Pursuant to the shareholders' committee resolution on August 23, 2011, the Company is to make a distribution to Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd. (中國電力工程顧問集團科技開發有限公司), Kunlun Trust Co., Ltd. (昆崙信託有限責任公司), Guizhou Wujiang Hydropower Development Co., Ltd. (貴州烏江水電開發有限責任公司), China Huadian Engineering (Group) Co., Ltd. (中國華電工程 (集團)有限公司), Industrial Innovation Capital Management Co., Ltd. (興業創新資本管理有限公司), Fujian Datong Chuangye Capital Co., Ltd. (福建省大同創業投資有限公司), which represents an amount equal to the net profit attributable to the equity owner of the Company, generated during the period from January 31, 2011, the date on which the Group's assets were valued for establishment as a joint stock limited company, to August 19, 2011, the date on which the Company was established as a joint stock limited company (the "Special Distribution").

(b) Capital

For the purpose of this report, the capital of the Group prior to the establishment of the Company represented the paid-in capital of HFEC.

The share capital of the Company as of December 31, 2011 represented a total of 6,000 million ordinary shares with a par value of RMB1.00 each.

(c) Reserves

(i) Capital reserve

Capital reserve includes the contributions or distributions from/to equity owners, and the difference between the considerations of acquisition or disposal of equity interests from/to non-controlling equity owners and the carrying amount of the proportionate net identifiable assets.

(ii) Reserve fund

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owner. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(iii) Distributability of reserves

Following the Reorganization, the payment of future dividends will be determined by the Company's Board of Directors. The payment of the dividends will depend upon, the future earnings, capital requirements and financial conditions and general business conditions of the Company. As the controlling shareholder, Huadian will be able to influence the Company's dividend policy.

Following the establishment of the Company, under the Company Law of the PRC and the Company's Articles of Association, net profit after tax as reported in the statutory financial statements prepared in accordance with the accounting rules and regulations of the PRC can only be distributed as dividends after allowances have been made for the following:

(i) Making up prior years' cumulative losses, if any;

(ii) Allocations to the reserve fund as set out in note 31(c)(ii) above; and

(iii) Allocations to the discretionary common reserve if approved by the shareholders.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as of December 31, 2009, 2010 and 2011 are 83%, 81% and 82%, respectively.

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable, prepayments and other current assets, and other financial assets.

Substantially all of the Group's cash and cash equivalents as of December 31, 2011 are deposited in the stated owned/controlled PRC banks, which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 99.40%, 98.07%, and 95.61% of total trade debtor and bills receivable as of December 31, 2009, 2010 and 2011 respectively. For other trade and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the Financial Information.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

The Group provide financial guarantees to third parties and related parties. Except for the financial guarantees extended by the Group as set out in note 34(a), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 34(a).

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, the Group negotiates banking facilities and utilizes operating cash inflows in the Group.

The Group had net current liabilities of RMB8,367,410,000, RMB9,295,234,000 and RMB12,276,751,000 as of December 31, 2009, 2010 and 2011 respectively. With regards to its future capital commitments and other financing requirements, the Group has unutilized banking facilities of approximately RMB15,544,213,000 as of December 31, 2011.

In addition, the directors of the Group have carried out a review of the cash flow forecast for the 18-month period ending June 30, 2013. Based on such forecast, the directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the above-mentioned borrowings financing which may impact the operations of the Group prior to the end of the next twelve months after the date of this report. The directors are of the opinion that the assumptions which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realized.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2009						
Long-term borrowings *(note 25(a))*	15,579,548	19,558,191	2,032,050	2,209,575	6,971,682	8,344,884
Short-term borrowings *(note 25(b))*	5,846,804	5,977,270	5,977,270	–	–	–
Obligations under finance leases *(note 26)*	802,972	931,922	231,425	240,810	315,237	144,450
Trade creditors and bills payable *(note 27)*	768,722	768,722	768,722	–	–	–
Other payables *(note 28)*	3,910,066	3,910,066	3,910,066	–	–	–
	26,908,112	31,146,171	12,919,533	2,450,385	7,286,919	8,489,334

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2010						
Long-term borrowings *(note 25(a))*	22,975,032	28,846,351	2,496,154	3,639,668	8,958,540	13,751,989
Short-term borrowings *(note 25(b))*	5,728,893	5,891,174	5,891,174	–	–	–
Obligations under finance leases *(note 26)*	306,572	382,082	59,663	59,663	129,669	133,087
Trade creditors and bills payable *(note 27)*	1,377,475	1,377,475	1,377,475	–	–	–
Other payables *(note 28)*	6,164,004	6,164,004	6,164,004	–	–	–
	36,551,976	42,661,086	15,988,470	3,699,331	9,088,209	13,885,076

	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2011						
Long-term borrowings *(note 25(a))*	24,650,855	31,448,542	4,480,854	3,796,189	10,351,194	12,820,305
Short-term borrowings *(note 25(b))*	5,591,450	5,806,861	5,806,861	–	–	–
Obligations under finance leases *(note 26)*	664,288	773,108	245,905	281,075	161,523	84,605
Trade creditors and bills payable *(note 27)*	974,919	974,919	974,919	–	–	–
Other payables *(note 28)*	7,946,654	7,946,654	7,946,654	–	–	–
	39,828,166	46,950,084	19,455,193	4,077,264	10,512,717	12,904,910

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

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

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the balance sheet date. The interest rate and maturity information of the Group's borrowings are disclosed in note 25.

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Net fixed rate borrowings:			
Borrowings	4,656,060	7,630,620	2,694,510
Less: Deposits at bank and fellow subsidiary (including restricted deposits)	182,473	3,768	3,020
	4,473,587	7,626,852	2,691,490
Net floating rate borrowings:			
Borrowings	16,770,292	21,073,305	27,547,795
Obligations under finance leases *(note 26)*	802,972	306,572	664,288
Less: Deposits at bank and fellow subsidiary (including restricted deposits)	1,471,362	2,748,725	1,619,873
	16,101,902	18,631,152	26,592,210
Total net borrowings	20,575,489	26,258,004	29,283,700

At December 31, 2009, 2010 and 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and the total equity by approximately RMB68,197,000, RMB42,562,000, and RMB165,520,000.

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

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

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables and borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily Euros and United States dollars.

(i) Recognized assets and liabilities

Except for CERs sales which were denominated in foreign currencies, all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in United States dollars. The directors considered that the Group's exposure to foreign currency risk is insignificant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its equity owner.

(ii) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than RMB to which they relate.

	At December 31,					
	2009		2010		2011	
	USD	EUR	USD	EUR	USD	EUR
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	–	4,376	–	3,439	–	2,351
Other current assets	–	32,508	–	83,116	27,711	166,523
Long-term borrowings	(103,789)	–	(66,227)	–	(30,244)	–
Net exposure	(103,789)	36,884	(66,227)	86,555	(2,533)	168,874

	Average rate			Reporting date spot rate		
	Years ended December 31,			December 31,		
	2009	2010	2011	2009	2010	2011
USD	6.8314	6.7668	6.4445	6.8282	6.6227	6.3009
EUR	9.7281	8.9247	9.0168	9.7971	8.8065	8.1625

The followings are USD and EUR exchange rates to RMB during the Track Record Period:

A 5% strengthening of RMB against the following currencies as of December 31, 2009, 2010 and 2011 would have increased/(decreased) the Group's profit after tax and the total equity by the amount shown below.

	At December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
USD	570	375	15
EUR	(174)	(467)	(776)
	396	(92)	(761)

A 5% weakening of RMB against the above currencies as of December 31, 2009, 2010 and 2011 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the Track Record Period.

(e) Fair values

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in IFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

As of December 31, 2010, the financial instruments of the Group carried at fair value were trading securities. The instruments fall into Level 1 of the fair value hierarchy described above. Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction for transaction costs.

The carrying amounts of the Group's other financial instruments carried at cost or amortized cost are not materially different from their fair values as of December 31, 2009, 2010 and 2011. The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

33 COMMITMENTS

(a) Capital commitments outstanding at each year end not provided for in the Financial Information were as follows:

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Contracted for	19,596,255	11,969,164	9,306,310
Authorized but not contracted for	2,369,077	3,181,078	5,257,267
	21,965,332	15,150,242	14,563,577

(b) At each year end, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	7,279	11,748	15,579
After 1 year but within 5 years	35,542	36,377	45,863
More than 5 years	133,555	130,491	124,820
	176,376	178,616	186,262

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

(c) Commitments in respect of the additional investment in Fujian Fuqing Nuclear Power Company Limited

Pursuant to the shareholders' committee resolution of Fujian Fuqing Nuclear Power Company Limited ("Fuqing Nuclear") on August 30, 2011, the Company are committed to make the additional investment of RMB222,300,000 into Fuqing Nuclear as of December 31, 2011.

On February 1, 2012, the Company has paid off the above capital injection in Fuqing Nuclear.

34 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At each year end, the Group issued the following guarantees to banks in respect of the bank loans granted to certain third parties or related parties:

At December 31, 2009

	Period of guaranteed loans		Guaranteed amount
Third party:	**From**	**To**	**RMB'000**
Yong'an Hongli Hydropower Company Limited ("Yong'an Hongli") (永安宏力水電有限公司 *(note ii)*)	April 11, 2006	October 11, 2014	35,000

	Period of guaranteed loans		Guaranteed amount
Related party:	**From**	**To**	**RMB'000**
Shanghai Huagang Wind Power Company Limited ("Huagang Power") (上海華港風力發電有限公司) *(note (i))*	December 26, 2008	January 6, 2022	70,300

At December 31, 2010

	Period of guaranteed loans		Guaranteed amount
Third parties:	**From**	**To**	**RMB'000**
Heilongjiang FuJin Wind Power Co., Ltd (黑龍江華富風力發電富錦有限責任公司)	May 31, 2004	May 31, 2017	60,000
Heilongjiang FuJin Wind Power Co., Ltd (黑龍江華富風力發電富錦有限責任公司)	August 23, 2006	August 22, 2015	24,000
Heilongjiang FuJin Wind Power Co., Ltd (黑龍江華富風力發電富錦有限責任公司)	December 5, 2006	December 4, 2018	101,000

Related parties:	Period of guaranteed loans From	To	Guaranteed amount
			RMB'000
Yong'an Hongli *(note (ii))*	April 11, 2006	October 11, 2014	35,000
Sanming Taijiang Hydropower Co., Ltd ("Sanming Taijiang") *(note (ii))* (三明台江水電有限公司)	April 10, 2010	April 10, 2011	19,000
Sanming Taijiang *(note (ii))*	August 31, 2004	August 31, 2014	19,200
Sanming Taijiang *(note (ii))*	September 2, 2004	September 2, 2014	10,068
Sanming Taijiang *(note (ii))*	June 2, 2006	June 2, 2013	14,000
Sanming Taijiang *(note (ii))*	July 18, 2007	July 18, 2014	12,000
Huagang Power *(note (i))*	December 26, 2008	January 6, 2022	70,750
Huagang Power *(note (i))*	October 22, 2010	December 21, 2023	23

At December 31, 2011

Third party:	Period of guaranteed loans From	To	Guaranteed amount
			RMB'000
Yunnan Huaning New Kowloon Investment Co., Ltd (雲南華寧新九龍投資有限公司) *(note (iii))*	April 30, 2008	April 30, 2018	145,000

Related parties:	Period of guaranteed loans From	To	Guaranteed amount
			RMB'000
Yong'an Hongli *(note (ii))*	April 11, 2006	October 11, 2014	36,000
Sanming Taijiang *(note (ii))*	June 2, 2006	June 2, 2013	9,000
Sanming Taijiang *(note (ii))*	July 18, 2007	July 18, 2014	10,000
Huagang Power *(note (i))*	December 26, 2008	January 6, 2022	66,500
Huagang Power *(note (i))*	October 22, 2010	December 21, 2023	27,800

(i) Shanghai Huagang Wind Power Company Limited ("Huagang Power") applied fixed assets project collateral loan from China Construction Bank Corporation Shanghai Branch for constructing and operating Shanghai Laogang wind power project. Huadian New Energy issued "Commitment Letter of Completion" to China Construction Bank Corporation Shanghai Branch, promising that the above Shanghai Laogang wind power project will be completed on schedule and will be put into operation, and if Huagang Power does not carry out its obligation for the project Huadian New Energy will take over the whole or partial obligation assumed by Huagang Power according to the commitment letter. The Guarantee will be relieved when the loan mortgage rate (the total amounts of principals and interests to the mortgaged fixed assets) is less than 70%.

(ii) The Company acquired 100% equity interest and control right in Yong'an Yinhe Power Generation Company Limited on November 1, 2010, which holds 30% and 23% of equity interest in Sanming Taijiang and Yong'an Hongli, and after that Sanming Taijiang and the Yong'an Hongli became the Group's related parties.

(iii) The subsidiary of the Company, Zhangping Yongfu Hydropower Development Company Limited ("Yongfu Hydropower"), issued a guarantee to the bank in respect of banking facility granted to Yunnan Huaning New Kowloon Investment Company Limited ("Huaning Investment"), and the guarantee will be terminated at the end of the construction period of Huaning Investment. At the same time, the equity owners of Huaning Investment also issued counter guarantee by pledging 100% equity interest in Huaning Investment to Yongfu Hydropower.

(b) Contingent liability in respect of taxes on CDM revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs. Therefore, the Group has not made any provision on such contingencies.

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

As set out in note 28(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the provincial DRC and the NDRC. Mianhuatan Hydropower has prepaid aggregated amount of RMB390 million during the years ended December 31, 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40 million during the year ended December 31, 2011 based on the assessment of the circumstances.

Subsequent to December 31, 2011, Huadian, the ultimate holding company, has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to Mianhuatan Project if the additional compensation the NDRC requires the Group to pay were to exceed the RMB40 million.

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows:

Continuing related party transactions

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Purchase and shipping of goods from			
Fellow subsidiaries *(note (i))*	78,667	85,777	233,387
Purchase of construction service and construction materials from			
Fellow subsidiaries *(note (ii))*	396,744	441,443	790,197
Receivables for leasing out the fixed assets and providing operating service to			
Fellow subsidiaries *(note (iii))*	–	–	46,825
Office rental and property management service from			
Fellow subsidiaries *(note (iv))*	7,269	11,244	12,837
Providing CDM management service to			
Fellow subsidiaries *(note (v))*	–	–	7,887
Loan guarantees provided by			
Huadian *(note (vi))*	1,000,000	–	–
Loan guarantees provided to (released from)			
Associates *(note (vii))*	–	74,268	(55,268)

Related party transactions discontinued/to be discontinued

	Years ended December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Sales of coal to			
A fellow subsidiary *(note 4(iii))*	–	–	2,650,232
Purchases of goods and service from			
Fellow subsidiaries *(note (viii))*	2,297,924	2,534,900	1,764,653
Fund provided to (got back from)			
A fellow subsidiary *(note (ix))*	(100,000)	(107,460)	–
Huadian *(note (ix))*	–	5,805	22,256
An associate *(note (ix))*	26,182	(188)	–
Fund provided by			
Associates *(note (x))*	–	–	30,000
Fund repayment to			
Associates *(note (x))*	–	–	30,000
Loan guarantees provided by			
Huadian *(note (xi))*	1,220,000	1,346,000	574,900
Loan guarantees provided to			
Associates *(note (xii))*	70,300	35,473	24,527
Loans received from/(repayment to)			
Huadian Finance *(note (xiii))*	670,000	180,000	(1,580,000)
Huadian *(note (xiii))*	–	2,070,000	(2,170,000)
Interest expenses			
Huadian Finance *(note (xiii))*	81,529	69,251	65,076
Huadian *(note (xiii))*	4,150	4,150	20,588
Interest income			
Huadian Finance *(note (xiv))*	11,832	5,086	3,296
Other fellow subsidiary *(note (xiv))*	12,194	–	–
An associate *(note (xiv))*	–	1,362	3,119
Assets/liability transferred to			
Huadian *(note (xv))*	–	131,291	–
Disposal of subsidiary to			
Huadian *(note 2(d))*	–	–	206,500
Disposal of partial interest in subsidiary with the loss in control to			
Huadian *(note 2(e))*	–	–	37,763

The directors are of the opinion that the related party transaction as set out below will continue to exist following the completion of the listing on the HKSE.

(i) This mainly represented the shipping service purchased from Huayuanxing Shipping Co., Ltd. (華遠星海運有限公司), and the replacement electricity purchased from Kemen II.

(ii) This is mainly about construction services and construction materials purchased from China Huadian Engineering (Group) Co., Ltd (中國華電工程(集團)有限公司), China Huadian Equipment Co., Ltd. (中國華電重工裝備有限公司) and Guodian Nanjing Automation Co., Ltd. (國電南京自動化股份有限公司).

(iii) This represented the service of leasing out the fixed assets and providing entrusted operation service the fixed assets and providing to Kemen II.

(iv) This represented office rental and property management service provided by the fellow subsidiaries in Huadian.

(v) This represented the income received for the CDM management service provided to the fellow subsidiaries in Huadian.

(vi) This represented the guarantees provided by Huadian on the long-term loans the Group borrowed from Zhong Rong International Trust Co., Ltd. (中融國際信託有限公司).

(vii) This represented the movements in the guarantees provided by the Group to the associates of Sanming Taijiang.

The related party transactions as set out below have already been terminated or the Directors are of the opinion that will be discontinued after the listing of the Company's share on the HKSE.

(viii) This mainly represented the coal materials, unloading and storage service provided by China Huadian Coal Industry Group Co., Ltd. (中國華電煤業集團有限公司), Huadian Coal Industry Group Sales and Shipping Co., Ltd. (華電煤業集團運銷有限公司), and Fujian Huadian Transportation Co., Ltd. (福建華電儲運有限公司).

(ix) This represented the movements in the operating fund provided by the Group to Xiamen Factory of Huadian (中國華電集團公司廈門電廠), to the fellow subsidiary, Inner Mongolia Huadian Zhuozi Power Generation Co., Ltd. (內蒙古華電卓資發電有限公司) and to its associate of Pingnan Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司).

(x) This represented the operating fund provided by the Group's associate, Guangzhou New Energy, to the Company, and this fund has been repaid to Guangzhou New Energy before the end of year 2011.

(xi) This represented the guarantees provided by Huadian on the long-term loans borrowed from the other financial institutes than Zhong Rong International Trust Co., Ltd. (中融國際信託有限公司).

(xii) This represented the movements in the guarantees provided by the Group to the associate of Huagang Power and Yong'an Hongli.

(xiii) This represented the movements in the loans which were borrowed from/repaid to Huadian Finance and Huadian, and the corresponding interest expenses incurred.

(xiv) This represented the interest income generated from deposits placed in Huadian Finance, the interest income generated from the operating fund provided to Inner Mongolia Huadian Zhuozi Power Generation Co., Ltd. (內蒙古華電卓資發電有限公司) and Pingnan Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司).

(xv) Pursuant to the Reorganization in 2010, HFEC disposed certain assets which do not meet the Group's strategic operation plans to Huadian at nil consideration. These assets include its equity interest of 4% in Huadian Property Co., Ltd. (華電置業有限公司) and other assets. The carrying amount for the above assets as of the date of disposal was RMB131,291,000.

(b) Outstanding balances with related parties

Details of the other outstanding balances with related parties are set out in notes 22, 24, 25, 28 and 34(a).

(c) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Salaries and other emoluments	1,443	1,719	2,421
Discretionary bonus	1,672	2,024	1,683
Retirement scheme contributions	460	416	463
Deferred compensation plan	368	365	440
	3,943	4,524	5,007

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

Major non-cash transactions

	Years ended December 31,		
	2009	**2010**	**2011**
	RMB'000	**RMB'000**	**RMB'000**
Distribution pursuant to the Reorganization	–	121,146	–
Capital contributions from non-controlling interest owner	–	–	100,000
	–	121,146	100,000

37 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the Financial Information. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those polices and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the Financial Information.

(a) Impairment losses for bad and doubtful debts

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

(b) Impairment losses of non-current assets

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

(c) Recognition of deferred tax assets

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

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's 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.

(e) Income tax

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

38 PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statement available for public use.

39 THE COMPANY'S BALANCE SHEET

The balance sheet of the Company as of December 31, 2011 was as follows:

	Notes	At December 31, 2011
		RMB'000
Non-current assets		
Property, plant and equipment	i	761,380
Lease prepayment		74,636
Intangible assets		5,115
Investment in associate entities	ii	1,807,157
Investment in subsidiaries	iii	6,665,854
Other investments	iv	133,845
Deferred tax assets		71,479
Other non-current assets		199
Total non-current assets		9,519,665
Current assets		
Inventories		2,001
Trade debtors and bills receivable	v	43,287
Prepayments and other current assets	vi	1,878,928
Restricted deposits		12,790
Cash and cash equivalents		344,132
Total current assets		2,281,138
Current liabilities		
Borrowings	vii	3,717,150
Trade and bills payables		376
Other payables	viii	846,440
Total current liabilities		4,563,966
Net current liabilities		(2,282,828)
Total assets less current liabilities		7,236,837
Non-current liabilities		
Borrowings	vii	503,000
Total non-current liabilities		503,000
NET ASSETS		6,733,837
CAPITAL AND RESERVES		
Capital		6,000,000
Reserves		733,837
TOTAL EQUITY		6,733,837

(i) The detailed information for the property, plant and equipment is as below:

	At December 31, 2011
	RMB'000
Cost:	
Buildings and structures	754,331
Generators and related equipment	838,948
Motor vehicles	42,498
Furniture, fixtures and others	24,618
Construction in progress	188,905
Total	1,849,300
Accumulated depreciation and impairment losses:	
Buildings and structures	549,411
Generators and related equipment	491,939
Motor vehicles	27,717
Furniture, fixtures and others	17,960
Construction in progress	893
Total	1,087,920
Net book value:	
Buildings and structures	204,920
Generators and related equipment	347,009
Motor vehicles	14,781
Furniture, fixtures and others	6,658
Construction in progress	188,012
Total	761,380

(ii) Investment in associate entities

	At December 31, 2011
	RMB'000
Unlisted capital contributions, at cost	1,871,776
Less: impairment loss	(64,619)
	1,807,157

Details of the Company's associate entities are set out in notes 16.

(iii) Investment in subsidiaries

	At December 31, 2011
	RMB'000
Unlisted capital contributions, at cost	6,665,854

Details of the Company's subsidiaries are set out in Section A.

(iv) Other investment

	At December 31, 2011
	RMB'000
Unquoted equity investments in non-listed companies, at cost	133,845

All of the unquoted equity investments in non-listed companies are limited liability companies and established in the PRC. The main investment is the following entity:

Name of company	Place of establishment	Particular of registered capital	The Company's effective interest	Principal activities
		RMB'000		
Huadian Coal Industry Group Co., Ltd. (華電煤業集團有限公司)	the PRC	3,657,143	3%	Coal supply

(v) The trade debtors and bills receivable are mainly electricity sales receivable from local grid companies, and the management is of the opinion that there is no impairment on it. All trade debtors and bills receivables are current and expected to be recovered within one year.

(vi) The detailed information for the prepayments and other current assets is as below:

	At December 31, 2011
	RMB'000
Receivables from the subsidiaries	1,827,458
Loans to and receivables from related parties	40,772
Staff advance	653
Other advances and debtors	10,045
Total	1,878,928

The Company's prepayments and other current assets of RMB6,670,000 as of December 31, 2011 were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Company does not hold any collateral over these balances.

For the other balances of prepayments and other current assets, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

(vii) Borrowings

	At December 31, 2011
	RMB'000
Short-term loans from bank and financial institutions	
– Unsecured	3,717,150
Long-term loans from bank and financial institutions	
– Unsecured	503,000

The interest rate for the borrowings:

	At December 31, 2011
Short-term loans	
– Bank and financial institutions	6.06%~7.54%
Long-term loans	
– Bank and financial institutions	5.53%~7.75%

The borrowings are repayable as follows:

	At December 31, 2011
	RMB'000
Within 1 year or on demand	3,717,150
After 1 year but within 2 years	200,000
After 2 years but within 5 years	28,000
After 5 years	275,000
Total	4,220,150

(viii) The detailed information for other payables is as below:

	At December 31, 2011
	RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	44,922
Payables to the related parties	70,134
Payables to the subsidiaries	662,590
Retention payable	388
Payables for acquisition of subsidiaries	26,225
Payables for staff related costs	2,453
Payables for other taxes	20,673
Interest payable	7,883
Other accruals and payables	11,172
Total	846,440

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2011

Up to the date of this report, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the period beginning January 1, 2011 and which have not been adopted in preparing the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 7, Financial instruments: Disclosure	July 1, 2011
Amendments to IAS 12, Income Taxes	January 1, 2012
Amendments to IAS 1, Presentation of financial statements	July 1, 2012
Amendments to IFRS 9, Financial instruments (2009)	January 1, 2015
IFRS 9, Financial instruments (2010)	January 1, 2015
IFRS 10, Consolidated financial statements	January 1, 2013
IFRS 11, Joint arrangements	January 1, 2013
IFRS 12, Disclosure of interest in other entities	January 1, 2013
IFRS 13, Fair value measurement	January 1, 2013
IFRS 27, Separate Financial Statements (2011)	January 1, 2013
IFRS 28, Investment in associate and joint ventures (2011)	January 1, 2013
Revised IAS 19, Employee benefits	January 1, 2013

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far the Group believes that the adoption of these new IFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

D SUBSEQUENT EVENTS

On March 28, 2012, the Company sold all of its 28.0% equity interest in an associate, Fujian Kemen Port Logistics Co., Ltd., with a carrying amount of RMB124.2 million as at December 31, 2011, to an independent third party, for a cash consideration of RMB256.0 million, which was determined between the Company and the buyer on normal commercial terms with reference to an independent asset valuation report. This disposal resulted in a net investment gain of approximately RMB131.8 million in March 2012. The Company have received the total consideration of this disposal in full by April 2012.

E SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2011.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules, is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the equity owners of the Company as of December 31, 2011 as if the Global Offering had taken place on December 31, 2011.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of December 31, 2011 or at any future date.

	Consolidated net tangible assets attributable to the equity owners of the Company as of December 31, 2011(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets(3)	Unaudited pro forma adjusted net tangible assets per share(4)	
	RMB in million	RMB in million	RMB in million	RMB	HK$
Based on an Offer Price of HK$1.60 per share	6,765.1	1,812.0	8,577.1	1.14	1.40
Based on an Offer Price of HK$1.76 per share	6,765.1	2,002.1	8,767.2	1.17	1.43

(1) The consolidated net tangible assets attributable to equity owners of the Company as of December 31, 2011 is based on the consolidated net assets attributable to the equity owners of the Company of RMB7,462.2 million as of December 31, 2011 after deducting intangible assets of RMB700.3 million and adjusting the share of intangible assets attributable to non-controlling interests of RMB3.2 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Prices of HK$1.60 and HK$1.76, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the shares which may fall to be issued upon the exercise of the Over-allotment Option. The estimated net proceeds have been converted to Renminbi at the PBOC rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

(3) The unaudited pro forma adjusted net tangible assets is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 7,500,000,000 Shares expected to be in issue following the Global Offering and the respective Offer Prices of HK$1.60 and HK$1.76, but takes no account of any shares which may fall to be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible assets per share are converted into Hong Kong Dollar at the PBOC rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

(5) The Group's property interests as at April 30, 2012, have been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer and consultant, and the relevant property valuation report is set out in "Appendix IV – Property Valuation Report." The above unaudited pro forma statement of adjusted consolidated net tangible assets does not take into account the surplus arising from the revaluation of the Group's property interests amounting to approximately RMB4,306.2 million. Revaluation surplus has not been recorded in the Financial Information as set out in Appendix I to this prospectus and will not be recorded in the consolidated financial statements of the Group for the year ending December 31, 2012 as the Group's property, plant and equipment and lease prepayments are stated at cost less accumulated depreciation or amortization and impairment losses if any. If the valuation surplus was recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB120 million would be charged against the profit for the year ending December 31, 2012.

(6) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to December 31, 2011.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share for the six months ending June 30, 2012 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2012. This unaudited pro forma forecast earnings per share had been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the six months ending June 30, 2012 or for any future period.

Forecast consolidated profit attributable to equity owners of the Company for the six months ending June 30, 2012	not less than RMB776.0 million (approximately HK$951.6 million)
Unaudited pro forma forecast earnings per Share(2)(3)	not less than RMB0.10 (approximately HK$0.13)

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(1) The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity owners of the Company for the six months ending June 30, 2012 based on the actual unaudited consolidated results for the four months ended April 30, 2012 and the forecast consolidated results for the remaining two months ending June 30, 2012.

(2) The calculation of the unaudited pro forma forecast earnings per share is based on the actual unaudited consolidated profit for the four months ended April 30, 2012 and the forecast consolidated results for the remaining two months ending June 30, 2012 attributable to equity owners of the Company, assuming that a total of 7,500,000,000 Shares had been in issue during the period. The calculation of the unaudited pro forma forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

(3) The forecast consolidated profit attributable to equity owners of the Company and the unaudited pro forma forecast earnings per share are translated into Hong Kong Dollars at the PBOC rate of HK$1.00 to RMB0.8155 prevailing on June 1, 2012.

C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

June 14, 2012

The Board of Directors
Huadian Fuxin Energy Corporation Limited

Dear Sirs,

We report on the unaudited pro forma financial information (the "Pro Forma Financial Information") of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Part A and B of Appendix II to the prospectus dated June 14, 2012 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed offering might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Part A and B of Appendix II to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by Paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Our procedures on the unaudited Pro Forma Financial Information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at December 31, 2011 or any future date; or

- the earnings per share of the Group for the six months ending June 30, 2012 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The forecast of the consolidated profit attributable to equity owners of the Company for the six months period ending June 30, 2012 is set out in the section headed "Financial Information — Profit forecast for the six-month period ending June 30, 2012" in this prospectus.

(A) Bases and assumptions

The forecast of the consolidated profit attributable to equity owners of the Company for the six months period ending June 30, 2012 prepared by the Directors is based on the unaudited consolidated results of our Group for the four months ended April 30, 2012 and a forecast of the consolidated results of our Group for the remaining two months ending June 30, 2012. The Directors are not aware of any extraordinary items which have arisen or are likely to arise for the remaining two months ending June 30, 2012. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarized in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

1 There will be no material changes in the existing government policies or political, legal, fiscal, market or economic conditions in the PRC.

2 There will be no material changes in legislation and regulations governing the power generation industry in the PRC that will materially affect the business operation of the Group.

3 There will be no material changes in inflation rate, interest rate set by the People's Bank of China (the "PBOC interest rate") or foreign currency exchange rate of RMB against U.S. Dollars and Euro compared to April 30, 2012.

4 There will be no material changes in the bases or rates of taxation or duties in the PRC.

5 The Group's production and operation will not be significantly affected by interruptions of electricity transmission and dispatch, the supplies of raw materials (primarily coal) and power generation equipments, labour disputes, technical barrier and any other reasons that are beyond the control of the Directors.

6 There will be no material changes in technology, industry, safety standards, and environmental protection regulations in connection with the generation and sales of electricity that would have a significant negative impact on the Group's operation in the PRC.

7 There will be no abnormal climatic conditions, particularly wind conditions and hydrological conditions, which will reduce our planned electricity production of the wind farms and hydropower plants.

8 The Directors assume that the Group will obtain approval for all applicable preferential tax treatment and exemptions in a timely manner and will obtain all the approvals from government for the new projects before commencement of construction.

9 The Directors assume that the Group is able to develop and complete the construction of new power generation projects or acquire third party power generation projects on schedule. The Directors assume that all necessary approvals and electricity transmission and dispatch services will be obtained in a timely manner so that the relevant power generation projects will be able to sell the electricity to local grid companies upon completion of constructions.

10 The Group's operations and financial performance will not be materially and adversely impacted by any of the risk factors set out in the section headed "Risk Factors" in this prospectus.

(B) Letters

Set out below are texts of letters received by the Directors from (i) KPMG, the reporting accountants of our Company and (ii) the Joint Sponsors prepared for the purpose of incorporation in this prospectus in connection with the profit forecast of our Group for the six months period ending June 30, 2012.

(i) Letter from KPMG

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

June 14, 2012

The Directors
Huadian Fuxin Energy Corporation Limited

CITIC Securities Corporate Finance (HK) Limited
UBS AG, Hong Kong Branch
Merrill Lynch Far East Limited

Dear Sirs,

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity owners of Huadian Fuxin Energy Corporation Limited ("the Company") for the six months period ending June 30, 2012 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed Financial Information in the prospectus of the Company dated June 14, 2012 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the unaudited consolidated results based on management accounts of the Company and its subsidiaries (collectively referred to as "the Group") for the four months ended April 30, 2012 and a forecast of the consolidated results of the Group for the remaining two months ending June 30, 2012.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated June 14, 2012, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

(ii) Letter from the Joint Sponsors

The following is the text of a letter, prepared for inclusion in this prospectus by the Joint Sponsors in connection with the forecast of our consolidated profit attributable to the shareholders of the Company for the six months ending June 30, 2012.

中信証券國際 CITIC Securities International | UBS | BofA Merrill Lynch

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

UBS AG, Hong Kong Branch
52/F, Two International Finance Centre,
8 Finance Street,
Central, Hong Kong

Merrill Lynch Far East Limited
15/F, Citibank Tower,
No.3 Garden Road,
Central, Hong Kong

June 14, 2012

The Directors

Huadian Fuxin Energy Corporation Limited

Dear Sirs,

We refer to the forecast of the consolidated profit of Huadian Fuxin Energy Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") attributable to the owners of the Company for the six-month period ending June 30, 2012 (the "**Profit Forecast**") as set out in the prospectus issued by the Company dated June 14, 2012 (the "**Prospectus**").

The Profit Forecast, for which you as the directors of the Company (the "**Directors**") are solely responsible, has been prepared based on the results shown in the unaudited consolidated management accounts of the Group for the four months ended April 30, 2012 and a forecast of the consolidated results of the Group for the remaining two months ending June 30, 2012.

We have discussed with you the bases and assumptions made by the directors of the Company, as set forth in Part (A) of Appendix III to the Prospectus, upon which the Profit Forecast has been made. We have also considered the letter dated June 14, 2012 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
CITIC Securities Corporate Finance (HK) Limited
Raymond Lee
Managing Director

For and on behalf of
UBS AG, Hong Kong Branch
Jack Chung
Executive Director
Eileen Chan
Director

For and on behalf of
Merrill Lynch Far East Limited
Steven Li
Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer and consultant, in connection with its valuation as of April 30, 2012 of the property interests of the Group.

Jones Lang LaSalle 仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

June 14, 2012

The Board of Directors
Huadian Fuxin Energy Corporation Limited
25F Yifa Plaza
No. 111 Wusi Road
Gulou District
Fuzhou City
Fujian Province
The PRC

Dear Sirs,

In accordance with your instructions to value the properties in which Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as of April 30, 2012 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

The concept of freehold and leasehold land does not exist in the PRC. Private land ownership in the PRC was abolished in the collectivization movement during the 1950's. Since then, the only form of ownership in land has been "socialist public ownership" of which there are two generic types: state-owned and collectively owned. Land was "allocated" free of charge by the state to the designed users (commonly state-owned enterprises) for an indefinite period. The users in return could not in any way transfer the land to other parties. Normally, when dealing with the valuation of such land we will deem it to have "no commercial value."

In January 1995, the "PRC, Administration of Urban Real Property Law" came in to effect, reinforcing previous legislation and establishing land as a commodity. By possessing "land use rights" users, including state-owned enterprises, could assign, lease or mortgage land. Normally, to obtain such land use rights, a premium had to be paid whereupon the "allocated" land could be reclassified as "granted" land. The land is granted by the state and the premium is based upon the standard land prices (which are periodically reviewed) set by the land Administration Bureau. Such land can be valued by reference to the standard land prices in each locality and prices paid in the market for it.

We have valued the property interests of properties no. 2, no. 3, no. 6, no. 7, no. 10, no. 12, no. 14 to no. 16, no. 19 to no. 22, no. 37, no. 41, no. 43, no. 44, no. 46, no. 57 to no. 59, no. 63, no. 66, no. 77, no. 80, no. 94, no. 104, no. 107, no. 111 and a portion of no. 86 in Group I and Group IV by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of the remaining properties in Group I and the particular locations in which they are situated, there are unlikely to be relevant market sales comparables readily available, the relevant property interests of Group I have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interests in Group II which are currently under construction as of the date of valuation, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as of the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group III, which have not been assigned to the Group as of the date of valuation, thus the titles of the properties are not vested in the Group.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS valuation – Professional Standard published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors, or the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers, Jia Yuan Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was firstly carried out in December 2010 to March 2011. Subsequent re-inspection of the properties was carried out in March 2012 to April 2012 by Mr Eric Wang, a qualified Real Estate Appraiser of China and Ms. Fiona Zhang who graduated from the University of New South Wales with a master degree in property development.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T.W. Yiu
MRICS MHKIS RPS(GP)
Associate Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 18 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
1.	4 parcels of land, 4 buildings and various structures located in Dongshuang Village Shanyang Town Gutian County Fujian Province The PRC	No commercial value	100%	No commercial value
2.	A unit on Level 26 of Yifa Building No. 111 Wusi Road Gulou District Fuzhou City Fujian Province The PRC	23,642,000	100%	23,642,000
3.	A garage No. 218 Hudong Road Gulou District Fuzhou City Fujian Province The PRC	1,800,000	100%	1,800,000
4.	3 parcels of land, 13 buildings and various structures located in Kengyuan Town Lianjiang County Fujian Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
5.	5 parcels of land, 56 buildings and various structures located in Yanbei Street Xingping Village Yong'an City Fujian Province The PRC	267,000	100%	267,000
6.	A residential building in No. 17 Jia Yong'an Thermal Power Plant Yong'an City Fujian Province The PRC	8,639,000	100%	8,639,000
7.	A unit on Level 2 of Xin'an Xiaoqu Yong'an City Fujian Province The PRC	4,161,000	100%	4,161,000
8.	8 parcels of land, 30 buildings and various structures located in Shuibeiyao Village Shaowu City Fujian Province The PRC	No commercial value	60%	No commercial value
9.	2 parcels of land and various structures located in Yangmeiling Village Shuibei Town Shaowu City Fujian Province The PRC	No commercial value	60%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
10.	A parcel of land and 2 buildings located at Xichun West Road Shaowu City Fujian Province The PRC	18,898,000	60%	11,339,000
11.	23 parcels of land, 44 buildings and various structures located in Qingcheng Street Zhangping City Fujian Province The PRC	106,232,000	100%	106,232,000
12.	Unit 203 and Unit 204 together with 2 ancillary store rooms on Level 2 and a garage on Basement Level 1 located in Longfeng New Village Huada Avenue Gulou District Fuzhou City Fujian Province The PRC	2,788,000	100%	2,788,000
13.	2 parcels of land and an industrial building No. 118 Hubin Road Yong'an City Fujian Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
14.	An office building and a car parking space located at Hualian North Road Xinluo District Longyan City Fujian Province The PRC	22,815,000	60%	13,689,000
15.	2 units and a car parking space No. 201 Hualin Road Wenlai Street Gulou District Longyan City Fujian Province The PRC	2,287,000	60%	1,372,000
16.	36 units and 11 car parking spaces No. 75 Jiuyi North Road Longyan City Fujian Province The PRC	28,254,000	60%	16,952,000
17.	A parcel of land, an industrial building and various structures located in Baisha Town Xinluo District Longyan City Fujian Province The PRC	No commercial value	60%	No commercial value
18.	7 parcels of land, 9 buildings and various structures located in Fengshi Town Yongding County Fujian Province The PRC	No commercial value	60%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
19.	Various units on Levels 24 and 25 of Yifa Plaza No. 111 Wusi Road Gulou District Fuzhou City Fujian Province The PRC	47,281,000	100%	47,281,000
20.	Unit 1003 on Level 16 and 37 garages of Jinxiuwenquan Apartment No. 218 Wenquan Street Gulou District Fuzhou City Fujian Province The PRC	6,541,000	100%	6,541,000
21.	2 units on Levels 13 and 14 of Wuyi Plaza No. 1 Zhongshan Road Nanping City Fujian Province The PRC	9,560,000	100%	9,560,000
22.	Unit 1701 and Unit 1702 on Level 17 and a garage of Changfu Plaza No. 48 Xinjian Road Fujian Province The PRC	2,903,000	100%	2,903,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		**RMB**
23.	A parcel of land, a composite building and various structures located in Xiayang Town Yanping District Nanping City Fujian Province The PRC	No commercial value	100%	No commercial value
24.	3 parcels of land and various structures of Zhaokou Hydropower Station located in Jizhou Village Wangtai Town Nanping City Fujian Province The PRC	128,544,000	100%	128,544,000
25.	A parcel of land, 3 buildings and various structures located in Gaosha Village and Longci Village Sha County Fujian Province The PRC	No commercial value	62%	No commercial value
26.	2 parcels of land, 5 buildings and a structure located at Binhe West Road Sha County Fujian Province The PRC	26,670,000	62%	16,535,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
27.	A parcel of land, 3 buildings and a structure No. 1 Lianhua North Road Sha County Fujian Province The PRC	39,513,000	62%	24,498,000
28.	2 parcels of land and 18 buildings located in Shuiji Village Meikou Town Taining County Fujian Province The PRC	36,941,000	44%	16,254,000
29.	10 parcels of land, 27 buildings and various structures located at Sanhua South Road Shuinan Town Jiangle County Fujian Province The PRC	17,350,000	48%	8,328,000
30.	A parcel of land, 3 industrial buildings and various structures located in Tao Village Guyong Town Jiangle County Fujian Province The PRC	No commercial value	48%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
31.	A parcel of land, 3 industrial buildings and various structures located in Changkou Village Gaotang Town Jiangle County Fujian Province The PRC	No commercial value	48%	No commercial value
32.	2 parcels of land, 11 buildings and various structures located in Dayan Village and Tai Village Huangtan Town Jiangle County Fujian Province The PRC	No commercial value	48%	No commercial value
33.	A parcel of land, 11 buildings and various structures located in Chitan Village Kaishan County Fujian Province The PRC	No commercial value	48%	No commercial value
34.	9 parcels of land, 8 buildings and various structures No. 62 Huancheng Road Shancheng Town Taining County Fujian Province The PRC	8,637,000	48%	4,146,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
35.	An office building No. 52 Huancheng Road Shancheng Town Taining County Fujian Province The PRC	1,234,000	48%	592,000
36.	5 parcels of land, 30 buildings and various structures located in Taining County Fujian Province The PRC	No commercial value	48%	No commercial value
37.	2 units on Level 6 of Fuzhou Haoting Nos. 156 and 158 Hualin Road Gulou District Fuzhou City Fujian Province The PRC	6,120,000	48%	2,938,000
38.	3 parcels of land, 5 buildings and various structures located in Wan'an Town Xinluo District Longyan City Fujian Province The PRC	No commercial value	41%	No commercial value
39.	A parcel of land, a building and various structures No. 189 Denggao East Road Xinluo District Longyan City Fujian Province The PRC	4,906,000	41%	2,011,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
40.	A parcel of land, 4 buildings and various structures located in Jinquan Village Qiujiang County Sha County Fujian Province The PRC	No commercial value	40%	No commercial value
41.	An office building, 14 units, a garage and a parcel of land No. 5 Qiaonan West Road Sha County Fujian Province The PRC	77,919,000	40%	31,168,000
42.	A parcel of land, an industrial building and various structures located in Gongchuan Town Yong'an City Fujian Province The PRC	No commercial value	61%	No commercial value
43.	8 units on Levels 1 to 3 of a residential building No. 61 Wusi Road Yong'an City Fujian Province The PRC	3,344,000	61%	2,040,000
44.	3 composite buildings No. 189 Baxi Avenue Yong'an City Fujian Province The PRC	4,560,000	61%	2,782,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
45.	A parcel of land, 30 buildings and various structures located in Ansha Town Yong'an City Fujian Province The PRC	No commercial value	100%	No commercial value
46.	12 units of 3 residential buildings No. 1039 Xin'an Road Yong'an City Fujian Province The PRC	21,001,000	100%	21,001,000
47.	2 parcels of land, 2 units of 2 residential buildings and a croquet court located at Minzhu New Street Taining County Fujian Province The PRC	464,000	100%	464,000
48.	7 parcels of land, 24 buildings and various structures located in Chitan Village Kaishan Town Taining County Fujian Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
49.	A parcel of land, 11 buildings and various structures No. 33 Shangbeizhou Shancheng Town Taining County Fujian Province The PRC	No commercial value	100%	No commercial value
50.	2 parcels of land, 2 residential buildings and various structures located in Shancheng Town Taining County Fujian Province The PRC	No commercial value	100%	No commercial value
51.	27 parcels of land, 90 buildings and various structures located in Minqing County and Gutian County Fujian Province The PRC	No commercial value	100%	No commercial value
52.	20 parcels of land, 18 buildings and various structures located in Huafeng Town Hua'an County Fujian Province The PRC	8,817,000	100%	8,817,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
53.	A parcel of land, 2 buildings and various structures located in Huafeng Town Hua'an County Fujian Province The PRC	No commercial value	100%	No commercial value
54.	A parcel of land, 6 buildings and various structures located in Xinyu Town Hua'an County Fujian Province The PRC	No commercial value	100%	No commercial value
55.	Units 107 and 207 on Levels 1 and 2 of Building 51 Beimiao New Village located at Datong North Road Xiangcheng District Zhangzhou City Fujian Province The PRC	359,000	100%	359,000
56.	2 parcels of land, 11 buildings and various structures located in Chuanchang Town Nanjing County Fujian Province The PRC	No commercial value	100%	No commercial value
57.	21 units located in Jianshe New Village Shancheng Town Nanjing County Fujian Province The PRC	4,094,000	100%	4,094,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
58.	7 units of 6 buildings located in Shancheng Town Nanjing County Fujian Province The PRC	2,061,000	100%	2,061,000
59.	6 units on Levels 1 to 3 of Shengsheng Huayuan located in Jinan District Fuzhou City Fujian Province The PRC	18,017,000	51%	9,189,000
60.	A parcel of land and a composite building located at Xingye Street Shicheng Town Zhouning County Fujian Province The PRC	21,032,000	51%	10,726,000
61.	8 parcels of land, 6 buildings and various structures of Zhouning Hydropower Station located in Zhouning County Fujian Province The PRC	No commercial value	51%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
62.	A parcel of land, 2 buildings and various structures of Qinshan Hydropower Station located in Siqiao Country Zhouning County Fujian Province The PRC	No commercial value	51%	No commercial value
63.	8 units on Levels 3 to 6 of Jinfucheng No. 1, 815 East Road Ningde City Fujian Province The PRC	2,125,000	51%	1,084,000
64.	2 parcels of land, 2 composite buildings and various structures located in Caoyuan Town Yong'an City Fujian Province The PRC	176,099,000	95%	167,294,000
65.	3 parcels of land, 2 buildings and various structures located in Zhouning County Fujian Province The PRC	No commercial value	70%	No commercial value
66.	A parcel of land and a residential building located at East of Xingye Street Shicheng Town Nanjing County Fujian Province The PRC	7,931,000	70%	5,552,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
67.	A parcel of land, an industrial building and a structure located in Ansha Town Yong'an City Fujian Province The PRC	365,000	100%	365,000
68.	139 parcels of land, 6 buildings and various structures of Guazhou Ganhekou 7th Wind Farm located at 312 National Highway Guazhou County Gansu Province The PRC	29,887,000	100%	29,887,000
69.	51 parcels of land, 5 buildings and various structures located at the south of Haiti Road Lingang Industry Park Guanyun County Jiangsu Province The PRC	57,486,000	51%	29,318,000
70.	196 parcels of land, 8 buildings and various structures located in Xiaocaohu Tulufan City Xinjiang Uygur Autonomous Region The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
71.	32 parcels of land, 5 buildings and various structures located in Xinle Village Hulin City Heilongjiang Province The PRC	No commercial value	82%	No commercial value
72.	35 parcels of land, 5 buildings and various structures located in Aertaibuerjin County Xinjiang Uygur Autonomous Region The PRC	11,444,000	100%	11,444,000
73.	50 parcels of land, 5 buildings and various structures located in Heiyanzi Yumen City Gansu Province The PRC	26,135,000	100%	26,135,000
74.	3 parcels of land, 3 buildings and various structures located in Zhenxibao Town Tieling City Liaoning Province The PRC	No commercial value	100%	No commercial value
75.	27 parcels of land, 4 buildings and various structures located in Shangxi County Zhangjiakou City Hebei Province The PRC	17,589,000	70%	12,312,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
76.	A parcel of land, 7 buildings and various structures located at Jieji Town Tongliao City Inner Mongolia Autonomous Region The PRC	44,596,000	100%	44,596,000
77.	A parcel of land and 3 buildings located in Keerqin District Tongliao City Inner Mongolia Autonomous Region The PRC	17,304,000	100%	17,304,000
78.	152 parcels of land, 8 buildings and various structures of Huitengxile and Kulun Wind Farm located in Chazuozhongqi Inner Mongolia Autonomous Region The PRC	58,207,000	100%	58,207,000
79.	3 parcels of land, 4 buildings and various structures located in Dagangzi Town Da'an City Jilin Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
80.	7 office units on Level 14 of Shenghao Huishang No. 5445 Linhe Street Economic-technological Development Area Changchun City Jilin Province The PRC	12,639,000	100%	12,639,000
81.	118 parcels of land, 6 buildings and various structures located in Meiguiying Town Chayouqianqi Inner Mongolia Autonomous Region The PRC	29,129,000	62%	18,060,000
82.	35 parcels of land and various structures located in Aleteng Village Akesai County Gansu Province The PRC	58,539,000	100%	58,539,000
83.	3 parcels of land, 3 buildings and various structures located in Jiayuguan City Gansu Province The PRC	No commercial value	80%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
84.	34 parcels of land, 4 buildings and various structures located in Xidoupu Town Guyang County Baotou City Inner Mongolia Autonomous Region The PRC	12,453,000	100%	12,453,000
85.	23 parcels of land, 5 buildings and various structures of Yangtianhu Wind Farm located in Beihu District Chenzhou City Hunan Province The PRC	91,423,000	100%	91,423,000
86.	2 parcels of land, 5 buildings and various structures of Guangling Dianding Mountain Phase I Wind Farm located in Guangling County Datong City Shanxi Province The PRC	39,656,000	60%	23,794,000
87.	An office unit on Level 17 of Fulinbaocheng office building No. 78 Xinjian South Road Datong City Shanxi Province The PRC	12,624,000	60%	7,574,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
88.	A parcel of land, a composite building and a structure of Zhoushan Wind Farm located in Changbai Village Dinghai District Zhoushan City Zhejiang Province The PRC	17,361,000	100%	17,361,000
89.	A parcel of land, a main building and various structures of Niutouwei Wind Farm located in Shapu Town Fuqing City Fujian Province The PRC	No commercial value	100%	No commercial value
90.	45 parcels of land, 3 buildings and various structures of Qushou Wind Farm located in Tangyuan County Jiamusi City Heilongjiang Province The PRC	No commercial value	100%	No commercial value
91.	67 parcels of land, 6 buildings and various structures located in Changshun Town Huadei County Inner Mongolia Autonomous Region The PRC	21,876,000	90%	19,688,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
92.	A parcel of land, 4 buildings and various structures located in Dongtai Yanhai Wetland Holiday Business Zone Dongtai City Jiangsu Province The PRC	No commercial value	90%	No commercial value
93.	28 parcels of land and various structures located in Wangjia Tun Shi He Mulan County Heilongjiang Province The PRC	No commercial value	47%	No commercial value
94.	2 office buildings No. 6 Qian Shan Road Technology Zone Xiangfang District Harbin City Heilongjiang Province The PRC	25,801,000	80%	20,641,000
95.	An office building, 2 units and 2 garages located in Bamiantong Town Muling City Heilongjiang Province The PRC	4,524,000	64%	2,895,000
96.	A parcel of land, a substation and various structures located in Suiyang Forestry Bureau Dongning County Heilongjiang Province The PRC	No commercial value	64%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
97.	A parcel of land, a substation and various structures located in Bamiantong Forestry Bureau Muling City Heilongjiang Province The PRC	No commercial value	64%	No commercial value
98.	3 parcels of land and various structures located at Muling City Heilongjiang Province The PRC	No commercial value	64%	No commercial value
99.	168 parcels of land, 3 buildings and various structures of Yilan Wind Farm located in Tuanshanzi Village Yilan County Harbin City Heilongjiang Province The PRC	No commercial value	64%	No commercial value
100.	22 parcels of land and various structures located in Bamiantong Forestry Bureau Heilongjiang Province The PRC	No commercial value	49%	No commercial value
101.	14 parcels of land, an industrial building and various structures located in Sui Yang Forestry Bureau Heilongjiang Province The PRC	No commercial value	49%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
102.	An office building and 2 garages No. 99 Tuanjie Road Hongqiwei Bamiantong Town Muling City Heilongjiang Province The PRC	5,132,000	49%	2,515,000
103.	2 parcels of land, a boiler room and various structures located in Yulai Town Huachuan County Jiamusi City Heilongjiang Province The PRC	No commercial value	100%	No commercial value
104.	A unit on Levels 1 to 3 of Tianyang Huafu Xiao Qu No. 227 Hongqi Street Xiangfang District Harbin City Heilongjiang Province The PRC	7,817,000	80%	6,254,000
105.	A parcel of land and an office building No. 8 Jingdu Road Jiaocheng District Ningde City Fujian Province The PRC	32,562,000	51%	16,607,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
106.	3 parcels of land, 2 buildings and various structures of Shuangliao Wind Farm located in Namusi Village Shuangliao City Jilin Province The PRC	No commercial value	98%	No commercial value
107.	An office unit on Level 14 of Shenghao Huishang No. 5445 Linhe Street Economic-technological Development Area Changchun City Jilin Province The PRC	2,667,000	98%	2,614,000
108.	A parcel of land and an office building located in Hongshagang Town Minqin County Wuwei City Gansu Province The PRC	No commercial value	100%	No commercial value
109.	A parcel of land and 2 buildings located in Guangfu Yuanqu Jinshumei Avenue Ge’ermu City Qinghai Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
110.	3 parcels of land and various structures located in Xiazhe Village and Wenxing Village Yongfu Town Zhangping City Fujian Province The PRC	17,899,000	60%	10,739,000
111.	Units D201 and D202 on Level 2 and 2 garages on Level 1 of Xianghe Xincheng Heping North District Zhangping City Fujian Province The PRC	861,000	60%	517,000
	Sub-total:	1,559,782,000		1,281,524,000

Group II – Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
112.	3 parcels of land, 6 buildings and various structures under construction located in Chuanjing Wind Farm Chuanjing Town Wulatezhongqi Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
113.	3 parcels of land, 4 buildings and various structures under construction located in Chuanjing Wind Farm Daimaoqi Baotou City Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
114.	A parcel of land, 6 buildings and various structures under construction located in Longganhu Administrative District Huanggang City Hubei Province The PRC	10,999,000	86%	9,459,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
115.	A parcel of land, 5 buildings and various structures under construction located in Qintian Wind Farm Tuburige Naimanqi Tongliao City Inner Mongolia Autonomous Region The PRC	No commercial value	90%	No commercial value
116.	A parcel of land, 2 buildings and various structures under construction located in Changshan Wind Farm Xiquan Town Jingtai County Fujian Province The PRC	No commercial value	100%	No commercial value
117.	2 parcels of land, 5 buildings and various structures under construction located in Keshiketengqi Chifeng City Inner Mongolia Autonomous Region The PRC	24,840,000	100%	24,840,000
118.	A parcel of land, 8 buildings and various structures under construction located in Yuelai Town Huachuan County Jiamusi City Heilongjiang Province The PRC	81,960,000	100%	81,960,000

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
119.	A parcel of land, a building and various structures under construction located in Heishui Town Maoming City Guangdong Province The PRC	No commercial value	51%	No commercial value
120.	3 parcels of land, a building and various structures under construction located in Nige Development Area Yong'an City Fujian Province The PRC	26,953,000	100%	26,953,000
121.	A parcel of land and various buildings under construction located in Chaiwopu Wulumuqi City Xinjiang Uygur Autonomous Region The PRC	No commercial value	100%	No commercial value
122.	2 parcels of land and 3 buildings under construction located in Xingbei Farm Qitaihe City Heilongjiang Province The PRC	No commercial value	60%	No commercial value
	Sub-total:	144,752,000		143,212,000

Group III – Property interests contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as of April 30, 2012
		RMB
123.	12 units on Levels 1 to 6 of a residential building located in Aertaibuerjin County Xinjiang Uygur Autonomous Region The PRC	No commercial value
	Sub-total:	Nil

Group IV – Property interests held for investment by the Group in the PRC

No.	Property	Capital value in existing state as of April 30, 2012	Interest attributable to the Group	Capital value attributable to the Group as of April 30, 2012
		RMB		RMB
124.	2 units on Level 2 and a shop on Level 1 No. 389 Hanshui Road Nangang District Harbin City Heilongjiang Province The PRC	8,296,000	80%	6,637,000
125.	2 units on Level 1 of an office building No. 5 Ren He Street Nan Gang District Harbin City Heilongjiang Province The PRC	12,836,000	80%	10,269,000
	Sub-total:	21,132,000		16,906,000
	Grand total:	1,725,666,000		1,441,642,000

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
1.	4 parcels of land, 4 buildings and various structures located in Dongshuang Village Shanyang Town Gutian County Fujian Province The PRC	The property comprises 4 parcels of land with a total site area of approximately 828,726.67 sq.m. and 4 buildings and various ancillary structures erected thereon which were completed in various stages between 2004 and 2005. The buildings have a total gross floor area of approximately 2,960.94 sq.m. The buildings mainly include two industrial buildings, and a switch board room. The structures mainly include roads, gates, walls and water tanks. The land use rights of the property have been allocated to Fujian Gutian Shuangkoudu Hydropower Generation Company Limited (福建古田雙口渡水電有限公司) for industrial and other uses.	The property is currently occupied by Fujian Gutian Shuangkoudu Hydropower Generation Company Limited (福建古田雙口渡水電有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Fujian Gutian Shuangkoudu Hydropower Generation Company Limited (福建古田雙口渡水電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 4 State-owned Land Use Rights Certificates – Gu He Guo Yong (2006) Di Nos. 401642 and 401643, Gu He Guo Yong (2010) Di No. 402130 and Gu He Guo Yong (2010) Di No. 500761, the land use rights of 4 parcels of land with a total site area of approximately 828,726.67 sq.m. have been allocated to Fujian Gutian Shuangkoudu Hydropower Generation Company Limited (福建古田雙口渡水電有限公司) for industrial and other uses.

3. Pursuant to a Building Ownership Certificate – Gu Fang Quan Zheng (2011) Zi Di No. 782, 3 buildings with a total gross floor area of approximately 2,227.58 sq.m. are owned by Fujian Gutian Shuangkoudu Hydropower Generation Company Limited (福建古田雙口渡水電有限公司).

4. For the remaining building with a gross floor area of approximately 733.36 sq.m. erected on the land mentioned in note 2, we have not been provided with any title certificate. As advised by the Group, Fujian Gutian Shuangkoudu Hydropower Generation Company Limited (福建古田雙口渡水電有限公司) is in the process of applying for the building ownership certificates.

5. Pursuant to the Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the 3 buildings mentioned in note 3 erected on the allocated land of the property, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the remaining building without proper title certificates mentioned in note 4, Huadian Group has made an undertaking stated in note 5. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   d. The undertaking of Huadian Group is legal, valid and enforceable; and

   e. The property is not subject to any mortgage or other encumbrances.

7. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB222,437,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
2.	A unit on Level 26 of Yifa Building No. 111 Wusi Road Gulou District Fuzhou City Fujian Province The PRC	The property comprises a unit on Level 26 of a 34-storey office building completed in 2004. The property has a gross floor area of approximately 1,313.45 sq.m.	The property is currently occupied by Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司) for office purpose.	23,642,000 100% interest attributable to the Group: RMB23,642,000
3.	A garage No. 218 Hudong Road Gulou District Fuzhou City Fujian Province The PRC	The property comprises a garage on Level 3 of a building completed in 2004. The garage has a gross floor area of approximately 272.16 sq.m.	The property is currently occupied by Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司) for garage purpose.	1,800,000 100% interest attributable to the Group: RMB1,800,000

Notes:

1. Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Rong Gu Guo Yong (2010) Di Nos. 00252515728 and 00262515724, the land use rights of properties no. 2 and no. 3 with a total apportioned site area of approximately 50.20 sq.m. have been granted to Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司) for composite and other uses.

3. Pursuant to 2 Building Ownership Certificates – Rong Fang Quan Zheng R Zi Di Nos. 1064411 and 1064530, a unit and a garage of properties no. 2 and no. 3 respectively with a total gross floor area of approximately 1,585.61 sq.m. are owned by Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司).

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the properties and has the rights to occupy and use the properties in accordance with the prescribed use stated in the land use rights certificates and the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   b. The properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
4.	3 parcels of land, 13 buildings and various structures located in Kengyuan Town Lianjiang County Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 1,068,325 sq.m. and 13 buildings and various ancillary structures erected thereon which were completed in 2006. The buildings have a total gross floor area of approximately 47,294.38 sq.m. The buildings mainly include an office building, an electricity distribution room and industrial buildings. The structures mainly include roads, walls and water tanks. The land use rights of the property have been allocated to Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司) for industrial use.	The property is currently occupied by Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Lian Keng Dan Guo Yong (2010) Di Nos. lkd00037 and lkd00038 and Lian Keng Dan Guo Yong (2011) Di No. lkd00045, the land use rights of 3 parcels of land with a total site area of approximately 1,068,325 sq.m. have been allocated to Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司) for industrial use.

3. Pursuant to 4 Maritime Use Rights Certificates – Guo Hai Zheng 033522206, 033522240, 043570009, 073570012, the maritime use rights of 4 parcels of land with a total maritime site area of approximately 1,223,590 sq.m. have been allocated to Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司).

4. Pursuant to a Building Ownership Certificate – Lian Fang Quan Zheng L Zi Di No. 20110845, 2 buildings with a total gross floor area of approximately 31,612.06 sq.m. are owned by Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司).

5. For the remaining 11 buildings with a total site area of approximately 15,682.32 sq.m. erected on the land mentioned in notes 2 and 3, we have not been provided with any title certificate. As advised by the Group, Fujian Huadian Kemen Power Generation Company Limited (福建華電可門發電有限公司) is in the process of applying for the building ownership certificates.

6. Pursuant to the Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the 2 buildings mentioned in note 4 which are erected on the allocated land of the property, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the remaining 11 buildings mentioned in note 5 without proper title certificates, Huadian Group has made an undertaking stated in note 6. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   d. The undertaking of Huadian Group is legal, valid and enforceable; and

   e. The property is not subject to any mortgage or other encumbrances.

8. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB1,117,931,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
5.	5 parcels of land, 56 buildings and various structures located in Yanbei Street Xingping Village Yong'an City Fujian Province The PRC	The property comprises 5 parcels of land with a total site area of approximately 748,138.05 sq.m. and 56 buildings and various ancillary structures erected thereon which were completed in various stage between 1975 and 2001. The buildings have a total gross floor area of approximately 79,792.02 sq.m. The buildings mainly include office buildings, industrial buildings and dormitories. The structures mainly include a dam, roads and reservoirs. The land use rights of 4 parcels of land have been allocated to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for industrial use. The land use rights of the remaining parcel of land have been granted to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for a term expiring on January 28, 2052 for industrial use.	The property is currently occupied by Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for production and ancillary purposes.	267,000 100% interest attributable to the Group: RMB267,000
6.	A residential building No. 17 Jia Yong'an Thermal Power Plant Yong'an City Fujian Province The PRC	The property comprises a 7-storey residential building completed in 2001. The property has a gross floor area of approximately 3,085.23 sq.m.	The property is currently occupied by Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for residential purpose.	8,639,000 100% interest attributable to the Group: RMB8,639,000
7.	A unit on Level 2 of Xin'an Xiaoqu Yong'an City Fujian Province The PRC	The property comprises a unit on Level 2 of a 10-storey building completed in 1998. The property has a gross floor area of approximately 1,541.05 sq.m.	The property is currently occupied by Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for commercial purpose.	4,161,000 100% interest attributable to the Group: RMB4,161,000

Notes:

1. Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 4 State-owned Land Use Rights Certificates – Yong Guo Yong (2010) Di Nos. 40083 to 40085 and 30103, the land use rights of 4 parcels of land of property no. 5 with a total site area of approximately 746,614.12 sq.m. have been allocated to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for industrial use.

3. Pursuant to 51 Building Ownership Certificates – Yong Fang Quan Zheng Di Nos. 20106739 to 20106759, 20106761 to 20106775, 20106777 to 20106780 and 20106783 to 20106793, 56 buildings of property no. 5 with a total gross floor area of approximately 79,792.02 sq.m. are owned by Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司), the buildings are erected on the land mentioned in note 2. As advised by the Group, 52 buildings with a total gross floor area of approximately 75,799.99 sq.m. of property no. 5 will be demolished.

4. Pursuant to a State-owned Land Use Rights Certificate – Yong Guo Yong (2010) Di No. 40082, the land use rights of a parcel of land of property no. 5 with a site area of approximately 1,523.93 sq.m. have been granted to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for a term expiring on January 28, 2052 for industrial use.

5. Pursuant to 2 State-owned Land Use Rights Certificates – Yong Guo Yong (2010) Di Nos. 40081 and 40061, the land use rights of properties no. 6 and no. 7 with a total apportioned site area of approximately 669.82 sq.m. have been granted to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司).

6. Pursuant to 2 Building Ownership Certificates – Yong Fang Quan Zheng Di Nos. 20104731 and 20104732, properties no. 6 and no. 7 with a total gross floor area of approximately 4,626.28 sq.m. are owned by Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司).

7. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the 56 buildings mentioned in note 3 which are erected on the allocated land of property no. 5, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land of property no. 5 mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For properties no. 6 and no. 7, the Group has obtained legal title certificates and has the rights to occupy and use them in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

8. In the valuation of property no. 5, we have attributed no commercial value to the 52 buildings which will be demolished and the 4 parcels of allocated land together with the remaining 4 buildings and structures erected thereon due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB57,294,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
8.	8 parcels of land, 30 buildings and various structures located in Shuibeiyao Village Shaowu City Fujian Province The PRC	The property comprises 8 parcels of land with a total site area of approximately 488,015.80 sq.m. and 30 buildings and various ancillary structures erected thereon which were completed in 1998. The buildings have a total gross floor area of approximately 43,547.18 sq.m. The buildings mainly include an industrial building, a dormitory, a canteen and a guardhouse. The structures mainly include roads, gates, walls and water tanks. The land use rights of the property have been allocated to Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for industrial use.	The property is currently occupied by Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for production, office, residential and ancillary purposes.	No commercial value
9.	2 parcels of land and various structures located in Yangmeiling Village Shuibei Town Shaowu City Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 283,471.30 sq.m. and various structures erected thereon which were completed in 1998. The structures mainly include a dam, roads and reservoirs. The land use rights of the property have been allocated to Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for industrial use.	The property is currently occupied by Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for ancillary purpose.	No commercial value
10.	A parcel of land and 2 buildings located at Xichun West Road Shaowu City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 1,298.50 sq.m. and 2 buildings erected thereon which were completed in 1998. The buildings have a total gross floor area of approximately 5,100.97 sq.m. The buildings mainly include an office building and a boiler house. The land use rights of the property have been granted to Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for a term of 50 years expiring on December 29, 2050 for commercial use.	The property is currently occupied by Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for office and ancillary purposes.	18,898,000 60% interest attributable to the Group: RMB11,339,000

Notes:

1. Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) is a 60% interest owned subsidiary of the Company.

2. Pursuant to 10 State-owned Land Use Rights Certificates – Shao Wu Shi Guo Yong (2006) Di No. 31402, Shao Guo Yong (2010) Di Nos. 02797 to 02804 and 03699, the land use rights of 10 parcels of land of properties no. 8 and no. 9 with a total site area of approximately 771,487.10 sq.m. have been allocated to Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for industrial use.

3. Pursuant to 10 Building Ownership Certificates – Shao Wu Zi Di Nos. 20102725 and 20102726, 20102728 to 20102735, 30 buildings of property no. 8 with a total gross floor area of approximately 43,547.18 sq.m. are owned by Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司).

4. Pursuant to a State-owned Land Use Rights Certificate – Shao Guo Yong (2011) Zi Di No. 00015, the land use rights of a parcel of land of property no. 10 with a site area of approximately 1,298.5 sq.m. have been granted to Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司) for a term of 50 years expiring on December 29, 2050 for commercial use.

5. Pursuant to a Building Ownership Certificate – Shao Wu Zi Di No. 20103838, 2 buildings of property no. 10 with a total gross floor area of approximately 5,100.97 sq.m. are owned by Fujian Huadian Shaowu Power Generation Company Limited (福建華電邵武發電有限公司).

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the 30 buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificate for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   d. For the 2 buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of properties no. 8 and no. 9, we have attributed no commercial value to the 10 parcels of allocated land and the buildings and structures erected thereon due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB125,295,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
11.	23 parcels of land, 44 buildings and various structures located in Qingcheng Street Zhangping City Fujian Province The PRC	The property comprises 23 parcels of land with a total site area of approximately 882,111.01 sq.m. and 44 buildings and various ancillary structures erected thereon which were completed in various stages between 1986 and 2011. The buildings have a total gross floor area of approximately 103,590.76 sq.m. The buildings mainly include industrial buildings, a dormitory and garages. The structures mainly include reservoirs, roads and dams. The land use rights of 19 parcels of land have been allocated to Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司) and Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司) for industrial use. The land use rights of the remaining 4 parcels of land have been granted for terms with the expiry dates between August 2, 2060 and July 2, 2068 for industrial, residential and commercial uses.	The property is currently occupied by Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司) and Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司) for production, office and ancillary purposes.	106,232,000 100% interest attributable to the Group: RMB106,232,000
12.	Unit 203 and Unit 204 together with 2 ancillary store rooms on Level 2 and a garage on Basement Level 1 located in Longfeng New Village Huada Avenue Gulou District Fuzhou City Fujian Province The PRC	The property comprises 2 units on Level 2 together with 2 ancillary store rooms on Level 1 and a garage on basement Level 1 of a 7-storey building completed in 2000. The property has a total gross floor area of approximately 321.52 sq.m.	The property is currently occupied by Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司) for residential and garage purposes.	2,788,000 100% interest attributable to the Group: RMB2,788,000

Notes:

1. Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司) is a wholly-owned subsidiary of the Company.

2. Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司) is a wholly-owned subsidiary of the Company.

3. Pursuant to 10 State-owned Land Use Rights Certificates – Min Guo Yong (2010) Di Nos. 00405 to 00412, 00544 and 00545, the land use rights of 10 parcels of land of property no. 11 with a total site area of approximately 654,194.11 sq.m. have been allocated to Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司) for industrial use.

4. Pursuant to 14 Building Ownership Certificates, 14 buildings of property no. 11 with a total gross floor area of approximately 34,813.39 sq.m. are owned by Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司), the buildings are erected on the land mentioned in note 3.

5. Pursuant to 4 State-owned Land Use Rights Certificates – Zhang Guo Yong (2010) Di Nos. 1115, 1116 and 1386 and Zhang Guo Yong (2011) Di No. 0177, the land use rights of 4 parcels of land of property no. 11 with a total site area of approximately 105,298.70 sq.m. have been granted to Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司) for terms of 40 years with the expiry date on August 2, 2060 for commercial use and 50 years with the expiry date on July 2, 2068 for industrial and office uses.

6. Pursuant to 5 Building Ownership Certificates – Fang Quan Zheng Zhang Fang Zi Di Nos. 20100002067, 20100002070, 20100002072, 20100002087 and 20100002089, 6 buildings of property no. 11 with a total gross floor area of approximately 11,457.77 sq.m. are owned by Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司), the buildings are erected on the land mentioned in note 5.

7. Pursuant to 9 State-owned Land Use Rights Certificates – Zhang Guo Yong (2010) Di Nos. 1387 to 1395, the land use rights of 9 parcels of land of property no. 11 with a total site area of approximately 122,618.20 sq.m. have been allocated to Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司) for industrial use.

8. Pursuant to 6 Building Ownership Certificates – Fang Quan Zheng Zhang Fang Zi Di Nos. 201002065, 201002075 to 201002079, 6 buildings of property no. 11 with a total gross floor area of approximately 20,918.40 sq.m. are owned by Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司), the buildings are erected on the land mentioned in note 7.

9. Pursuant to 2 State-owned Land Use Rights Certificates – Rong Gu Guo Yong (2011) Di Nos. 0222102005 and 0222102006, the land use rights of property no. 12 with a total apportioned site area of approximately 37.60 sq.m. have been granted to Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司).

10. Pursuant to 2 Building Ownership Certificates – Rong Fang Quan Zheng G Zi Di Nos. 1002819 and 1002945, property no. 12 with a total gross floor area of approximately 321.52 sq.m. is owned by Fujian Huadian Zhangping Power Generation Company Limited (福建華電漳平發電有限公司), the units are erected on the land mentioned in note 9.

11. For the remaining 18 buildings of property no. 11 with a total gross floor area of approximately 36,401.20 sq.m., we have not been provided with any title certificate.

12. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates.

13. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. For the land use rights of the allocated land mentioned in notes 3 and 7, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

    b. For the 20 buildings mentioned in notes 4 and 8 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

    c. For the land use rights of the granted land mentioned in notes 5 and 9, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

    d. For the properties mentioned in notes 6 and 10, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

    e. The properties are not subject to any mortgage or other encumbrances;

    f. For the buildings without proper title certificates mentioned in note 11, Huadian Group has made an undertaking stated in note 12. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

    g. The undertaking of Huadian Group is legal, valid and enforceable.

14. In the valuation of property no. 11, we have attributed no commercial value to the 19 parcels of allocated land and the buildings and structures erected thereon due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB233,055,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
13.	2 parcels of land and an industrial building No. 118 Hubin Road Yong'an City Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 23,259.70 sq.m. and an industrial building erected thereon which were completed in 2004. The industrial building has a gross floor area of approximately 1,281.50 sq.m. The land use rights of the property have been allocated to Fujian Huatou Ximen Power Generation Company Limited (福建華投西門發電有限公司) for green space and other uses.	The property is currently occupied by Fujian Huatou Ximen Power Generation Company Limited (福建華投西門發電有限公司) for production purpose.	No commercial value

Notes:

1. Fujian Huatou Ximen Power Generation Company Limited (福建華投西門發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Yong Guo Yong (2010) Di Nos. 30077 and 40055, the land use rights of 2 parcels of land with a total site area of approximately 23,259.70 sq.m. have been allocated to Fujian Huatou Ximen Power Generation Company Limited (福建華投西門發電有限公司) for green space and other uses.

3. Pursuant to a Building Ownership Certificate – Yong Fang Quan Zheng Zi Di No. 20112714, a building with a gross floor area of approximately 1,281.50 sq.m. is owned by Fujian Huatou Ximen Power Generation Company Limited (福建華投西門發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the building mentioned in note 3 which is erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of the property, we have attributed no commercial value to the 2 parcels of allocated land and the building erected thereon due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures (excluding the land element) would be in the sum of RMB3,422,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
14.	An office building and a car parking space located at Hualian North Road Xinluo District Longyan City Fujian Province The PRC	The property comprises an office building and a car parking space completed in 2003. The property has a total gross floor area of approximately 5,126.74 sq.m.	The property is currently occupied by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for office and car parking purposes.	22,815,000 60% interest attributable to the Group: RMB13,689,000
15.	2 units and a car parking space No. 201 Hualin Road Wenlai Street Gulou District Longyan City Fujian Province The PRC	The property comprises 2 residential units and a car parking space of a 24-storey residential building completed in about 2003. The property has a total gross floor area of approximately 294.77 sq.m.	The property is currently occupied by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for residential and car parking purposes.	2,287,000 60% interest attributable to the Group: RMB1,372,000
16.	36 units and 11 car parking spaces No. 75 Jiuyi North Road Longyan City Fujian Province The PRC	The property comprises 36 residential units and 11 car parking spaces of a 7-storey residential building completed in 2001. The property has a total gross floor area of approximately 3,940.48 sq.m.	The property is currently occupied by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for residential and car parking purposes.	28,254,000 60% interest attributable to the Group: RMB16,952,000
17.	A parcel of land, an industrial building and various structures located in Baisha Town Xinluo District Longyan City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 175,698.80 sq.m., an industrial building and various structures erected thereon which were completed in 2006. The industrial building has a gross floor area of approximately 5,440.10 sq.m. The structures mainly include roads and a gate. The land use rights of the property have been allocated to Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for industrial use.	The property is currently occupied by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for production and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
18.	7 parcels of land, 9 buildings and various structures located in Fengshi Town Yongding County Fujian Province The PRC	The property comprises 7 parcels of land with a total site area of approximately 287,487.71 sq.m. and 9 buildings erected thereon which were completed in 2002. The buildings have a total gross floor area of approximately 14,886.65 sq.m. The buildings mainly include 3 dormitories, controlling building and guard house. The structures mainly include roads. The land use rights of the property have been allocated to Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for water area and water conservancy facilities uses.	The property is currently occupied by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) is a 60% interest owned subsidiary of the Company.

2. Pursuant to 8 State-owned Land Use Rights Certificates – Long Guo Yong (2003) Di No. 200639 and Yong Ding Guo Yong (2011) Di Nos. F072 to F075, E0107 to E0109, the land use rights of 8 parcels of land of properties no. 17 and no. 18 with a total site area of approximately 463,186.51 sq.m. have been allocated to Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for industrial use, water area and water conservancy facilities uses respectively.

3. Pursuant to 5 Building Ownership Certificates – Yong Fang Quan Zheng (2011) Zi Di Nos. 00504 to 00507 and Long Fang Quan Zheng Zi Di No. 201100988, 10 buildings of properties no. 17 and no. 18 with a total gross floor area of approximately 20,326.75 sq.m. are owned by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司).

4. Pursuant to 3 State-owned Land Use Rights Certificates – Long Guo Yong (2005) Di No. 200194 and Rong Gu Guo Yong (2005) Di Nos. 0262113061 and 0262113062, the land use rights of 3 parcels of land on which properties no. 14 and no. 15 are erected with a total site area of approximately 1,576.40 sq.m. have been granted to Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for terms with the expiry dates between May 10, 2048 and December 14, 2063 for composite/residential or car parking uses.

5. Pursuant to 3 Building Ownership Certificates – Rong Fang Quan Zheng R Zi Di Nos. 0402211 and 0402212 and Long Fang Quan Zheng Zi Di No. 2051838, an office building, 2 units and 2 car parking spaces of properties no. 14 and no. 15 with a total gross floor area of approximately 5,421.51 sq.m. are owned by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司).

6. Pursuant to 36 State-owned Land Use Rights Certificates, the land use rights of 36 parcels of land of property no. 16 with a total apportioned site area of approximately 645.89 sq.m. have been granted to Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司) for a term expiring on July 30, 2070 for residential use.

7. Pursuant to 47 Building Ownership Certificates, 36 residential units and 11 car parking spaces of property no. 16 with a total gross floor area of approximately 3,940.48 sq.m. are owned by Fujian Mianhuatan Hydropower Development Company Limited (福建棉花灘水電開發有限公司).

8. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the 10 buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in notes 4 and 6, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the 41 buildings or units and 11 car parking spaces mentioned in notes 5 and 7, the Group has obtained legal title certificates and has the rights to occupy and use the buildings and car parking spaces in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   e. The properties are not subject to any mortgage or other encumbrances.

9. In the valuation of these properties, we have attributed no commercial value to the 8 parcels of allocated land of properties no. 17 and no. 18 and the buildings and structures erected thereon due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB3,721,152,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
19.	Various units on Levels 24 and 25 of Yifa Plaza No. 111 Wusi Road Gulou District Fuzhou City Fujian Province The PRC	The property comprises various units on Levels 24 and 25 of a 36-storey office building completed in 2002. The property has a total gross floor area of approximately 2,626.74 sq.m.	The property is currently intra-group leased to the Company for office purpose.	47,281,000 100% interest attributable to the Group: RMB47,281,000
20.	Unit 1003 on Level 16 and 37 garages of Jinxiuwenquan Apartment No. 218 Wenquan Street Gulou District Fuzhou City Fujian Province The PRC	The property comprises a unit on Level 16 and 37 garages of a 33-storey office building completed in 2004. The property has a total gross floor area of approximately 802.45 sq.m.	The unit is currently occupied by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for office purpose, and the garages are intra-group leased to the Company.	6,541,000 100% interest attributable to the Group: RMB6,541,000
21.	2 units on Levels 13 and 14 of Wuyi Plaza No. 1 Zhongshan Road Nanping City Fujian Province The PRC	The property comprises 2 units on Levels 13 and 14 of a 22-storey office building completed in 2002. The property has a total gross floor area of approximately 1,385.60 sq.m.	The property is currently occupied by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for office purpose.	9,560,000 100% interest attributable to the Group: RMB9,560,000
22.	Unit 1701 and Unit 1702 on Level 17 and a garage of Changfu Plaza No. 48 Xinjian Road Fujian Province The PRC	The property comprises 2 units on Level 17 and a garage of a 20-storey residential building completed in 2007. The property has a total gross floor area of approximately 437.08 sq.m.	The property is currently occupied by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for residential and car parking purposes.	2,903,000 100% interest attributable to the Group: RMB2,903,000
23.	A parcel of land, a composite building and various structures located in Xiayang Town Yanping District Nanping City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 63,304.30 sq.m., a building and various structures erected thereon which were completed in 2002. The composite building has a gross floor area of approximately 1,902.44 sq.m. The structures mainly include boundary fences, roads and gates. The land use rights of the property have been allocated to Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for industrial use.	The property is currently occupied by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for office and production purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
24.	3 parcels of land and various structures of Zhaokou Hydropower Station located in Jizhou Village Wangtai Town Nanping City Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 87,857 sq.m. and various structures erected thereon which were completed in various period between 1998 to 2006. The structures mainly include dams, roads and gates. The land use rights of 2 parcels of land with a total site area of approximately 82,347.6 sq.m. have been allocated to Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for industrial use. The land use rights of a parcel of land with a site area of approximately 5,509.4 sq.m. have been granted to Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for a term of 46 years expiring on December 30, 2056 for industrial use.	The property is currently occupied by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for office and production purposes.	128,544,000 100% interest attributable to the Group: RMB128,544,000

Notes:

1. Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Yan Guo Yong (2010) Di Nos. 065 to 067, the land uses rights of 3 parcels of land of properties no. 23 and no. 24 with a total site area of approximately 145,651.90 sq.m. have been allocated to Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司).

3. Pursuant to a Building Ownership Certificate – Nan Fang Quan Zheng Zi Di No. 201006987, a building of property no. 23 with a gross floor area of approximately 1,902.44 sq.m. is owned by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司). The building is erected on the land mentioned in note 2.

4. Pursuant to 8 State-owned Land Use Rights Certificates – Nan Guo Yong (2003) Zi Di Nos. 3487, 08183, 08184, 13112, Rong Gu Guo Yong (2006) Di Nos. 00252503639 to 00252503641 and Yan Guo Yong (2010) Zi Di No. 068, the land use rights of properties no. 19 to no. 22 and no. 24 with a total apportioned site area of approximately 5,817.60 sq.m. have been granted to Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司) for various terms with the expiry dates between May 18, 2047 and June 21, 2070 for residential/office/industrial or garage uses.

5. Pursuant to 7 Building Ownership Certificates – Nan Fang Quan Zheng Zi Di Nos. 200303871, 200307378, 200706753, 200706754, Rong Fang Quan Zheng R Zi Di Nos. 0510436, 0557131 and 0557133, various units and 37 garages of properties no. 19 to no. 22 with a total gross floor area of approximately 5,221.87 sq.m. are owned by Fujian Minxing Hydropower Company Limited (福建閩興水電有限公司). The units are erected on the land mentioned in note 4.

6 Pursuant to a Tenancy Agreement, various units and garages with a total lettable area of approximately 3,261.78 sq.m. are leased to the Company with expiring on December 31, 2012 at a total current annual rental of approximately RMB1,900,044.

7. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

b. For the building mentioned in note 3 which is erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of it after the land premium has been fully paid based on the relevant law;

c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

d. For the units and 37 garages mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

e. The 4 units of properties no. 21 and no. 22 are subject to a mortgage. The Group can still use the properties during the term of mortgage, and there will be no significant adverse effect on the operation of the Group.

8. In the valuation of these properties, we have attributed no commercial value to the 3 parcels of allocated land and the buildings and structures of properties no. 23 and no. 24 erected thereon due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB363,401,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
25.	A parcel of land, 3 buildings and various structures located in Gaosha Village and Longci Village Sha County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 71,386 sq.m. and 3 buildings and various ancillary structures erected thereon which were completed in various stages between 1994 and 2001. The buildings have a total gross floor area of approximately 5,570.46 sq.m. The buildings mainly include an industrial building, a canteen and a guardhouse. The structures mainly include boundary fences, roads and dam. The land use rights of the property have been allocated for industrial use.	The property is currently occupied by Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for production and ancillary purposes.	No commercial value
26.	2 parcels of land, 5 buildings and a structure located at Binhe West Road Sha County Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 2,654.40 sq.m. and 5 buildings and an ancillary structure erected thereon which were completed in various stages between 1994 and 2001. The buildings have a total gross floor area of approximately 12,030.55 sq.m. The buildings mainly include office buildings, a dormitory and a canteen. The structure is a bicycle shed. The land use rights of the property have been granted to Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for terms of 40 years and 70 years with the expiry dates on September 9, 2050 and December 28, 2080 for commercial and residential uses respectively.	The property is currently occupied by Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for office and residential purposes.	26,670,000 62% interest attributable to the Group: RMB16,535,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
27.	A parcel of land, 3 buildings and a structure No. 1 Lianhua North Road Sha County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 8,855.30 sq.m. and 3 buildings and an ancillary structure erected thereon which were completed in various stages between 2000 and 2002. The buildings have a total gross floor area of approximately 1,224.45 sq.m. The buildings mainly include a composite building and a dormitory. The structure is a gate. The land use rights of the property have been granted to Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for a term of 70 years with the expiry date on February 23, 2070 for residential use.	The property is currently occupied by Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for residential purpose.	39,513,000 62% interest attributable to the Group: RMB24,498,000

Notes:

1. Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) is a 62% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Qiu Guo Yong (2010) Di No. 0550005, the land use rights of a parcel of land of property no. 25 with a site area of approximately 71,386 sq.m. have been allocated to Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for industrial use.

3. Pursuant to 3 Building Ownership Certificates – Sha Fang Quan Zheng Sha Xian Zi Di Nos. 20103980 to 20103982, 3 buildings of property no. 25 with a total gross floor area of approximately 5,570.46 sq.m. are owned by Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司), the buildings are erected on the land mentioned in note 2.

4. Pursuant to 3 State-owned Land Use Rights Certificates – Qiu Guo Yong (2001) Di No. 1353015 and Qiu Guo Yong (2010) Di Nos. 1324063 and 1324086, the land use rights of 3 parcels of land of properties no. 26 and no. 27 with a total site area of approximately 11,509.7 sq.m. have been granted to Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司) for terms of 40 years and 70 years with the expiry dates between September 9, 2050 and December 28, 2080 for commercial and residential uses respectively.

5. Pursuant to 8 Building Ownership Certificates – Sha Fang Quan Zheng Sha Xian Zi Di Nos. 24756, 20111105 to 20111106 and Sha Fang Quan Zheng Zi Di Nos. 18710 to 18713 and 23771, 8 buildings of properties no. 26 and no. 27 with a total gross floor area of approximately 13,255 sq.m. are owned by Fujian Gaosha Hydropower Company Limited (福建省高砂水電有限公司), the buildings are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the 3 buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the 8 buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 25, we have attributed no commercial value to the parcel of allocated land and the buildings and structures erected thereon due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB191,516,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
28.	2 parcels of land and 18 buildings located in Shuiji Village Meikou Town Taining County Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 201,340 sq.m. and 18 buildings erected thereon which were completed in 1998. The buildings have a total gross floor area of approximately 2,464.60 sq.m. The buildings mainly include guest houses, staff dormitories and canteens. The land use rights of the property have been granted for a term expiring on November 18, 2038 for other use.	The property is currently occupied by Taining Jinhu Holiday Hotel Company Limited (福建省泰寧大金湖假日酒店有限公司) for guest house purpose.	36,941,000 44% interest attributable to the Group: RMB16,254,000

Notes:

1. Taining Jinhu Holiday Hotel Company Limited (福建省泰寧大金湖假日酒店有限公司) is a 44% interest owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Tai Guo Yong (1998) Zi Di Nos. 0242 and 0243, the land use rights of 2 parcels of land with a total site area of approximately 201,340 sq.m. have been granted to Taining Jinhu Holiday Hotel Company Limited (福建省泰寧大金湖假日酒店有限公司) for a term expiring on November 18, 2038 for other use.

3. Pursuant to 3 Building Ownership Certificates – Tai Fang Quan Zheng Zi Di Nos. 06774 to 06776, 18 buildings with a total gross floor area of approximately 2,464.60 sq.m. are owned by Taining Jinhu Holiday Hotel Company Limited (福建省泰寧大金湖假日酒店有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
29.	10 parcels of land, 27 buildings and various structures located at Sanhua South Road Shuinan Town Jiangle County Fujian Province The PRC	The property comprises 10 parcels of land with a total site area of approximately 29,219.68 sq.m. and 27 buildings and various ancillary structures erected thereon which were completed in various stages between 1989 and 1999. The buildings have a total gross floor area of approximately 18,068.22 sq.m. The buildings mainly include office buildings, dormitories and a training center. The structures mainly include public facilities, courts and a fountain. The land use rights of 9 parcels of land of the property with a total site area of approximately 6,253.68 sq.m. have been granted to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for terms with the expiry dates between June 29, 2048 and December 24, 2069 for residential and composite uses. The land use rights of the remaining parcel of land of the property with a site area of approximately 22,966 sq.m. have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial use.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for residential and ancillary purposes.	17,350,000 48% interest attributable to the Group: RMB8,328,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
30.	A parcel of land, 3 industrial buildings and various structures located in Tao Village Guyong Town Jiangle County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 34,632.80 sq.m. and 3 industrial buildings and various ancillary structures erected thereon which were completed in various stages between 1988 and 1989. The 3 industrial buildings have a total gross floor area of approximately 7,035.4 sq.m. The structures mainly include a dam, gates, roads and walls. The land use rights of the property have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial use.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial purpose.	No commercial value
31.	A parcel of land, 3 industrial buildings and various structures located in Changkou Village Gaotang Town Jiangle County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 48,190.70 sq.m. and 3 industrial buildings and various ancillary structures erected thereon which were completed in 2007. The 3 industrial buildings have a total gross floor area of approximately 6,959.22 sq.m. The structures mainly include dams and substations. The land use rights of the property have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial use.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for production and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
32.	2 parcels of land, 11 buildings and various structures located in Dayan Village and Tai Village Huangtan Town Jiangle County Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 66,914.60 sq.m. and 11 buildings and various ancillary structures erected thereon which were completed in various stages between 1998 and 2004. The buildings have a total gross floor area of approximately 14,896.20 sq.m. The buildings mainly include industrial buildings, and an electricity distribution room. The structures mainly include a dam and roads. The land use rights of the property have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial use.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for production and ancillary purposes.	No commercial value
33.	A parcel of land, 11 buildings and various structures located in Chitan Village Kaishan County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 62,444.80 sq.m. and 11 buildings and various ancillary structures erected thereon which were completed in various stages between 1992 and 1993. The buildings have a total gross floor area of approximately 7,395.01 sq.m. The buildings mainly include industrial buildings, an office building and dormitories. The structures mainly include dams and roads. The land use rights of the property have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial use.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for production and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
34.	9 parcels of land, 8 buildings and various structures No. 62 Huancheng Road Shancheng Town Taining County Fujian Province The PRC	The property comprises 9 parcels of land with a total site area of approximately 10,271.10 sq.m. and 8 buildings and various ancillary structures erected thereon which were completed in various stages between in 1990 and 1996. The buildings have a total gross floor area of approximately 3,152.21 sq.m. which mainly include residential buildings and office buildings. The structures mainly includes bicycle shed, gates and walls. The land use rights of a parcel of land of the property have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for residential use. The land use rights of 8 parcels of land of the property have been granted to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for terms with the expiry dates between November 1, 2051 and December 9, 2080 for public facilities, residential and office uses.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for residential and office purposes.	8,637,000 48% interest attributable to the Group: RMB4,146,000
35.	An office building No. 52 Huancheng Road Shancheng Town Taining County Fujian Province The PRC	The property comprises a 4-storey office building completed in 1990. The property has a gross floor area of approximately 696.23 sq.m.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for office purpose.	1,234,000 48% interest attributable to the Group: RMB592,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
36.	5 parcels of land, 30 buildings and various structures located in Taining County Fujian Province The PRC	The property comprises 5 parcels of land with a total site area of approximately 19,701.10 sq.m. and 30 buildings and various ancillary structures erected thereon which were completed in various stages between 1992 and 1993. The buildings have a total gross floor area of approximately 7,032.05 sq.m. The buildings mainly include composite buildings, industrial buildings and dormitories. The structures mainly include a dam, fences and roads. The land use rights of the property have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for industrial use.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for production and ancillary purposes.	No commercial value
37.	2 units on Level 6 of Fuzhou Haoting Nos. 156 and 158 Hualin Road Gulou District Fuzhou City Fujian Province The PRC	The property comprises 2 units on Level 6 of a 6-storey residential building completed in 2004. The property has a total gross floor area of approximately 410.56 sq.m.	The property is currently occupied by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for residential purpose.	6,120,000 48% interest attributable to the Group: RMB2,938,000

Notes:

1. Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) is a 48% interest owned subsidiary of the Company.

2. Pursuant to 20 State-owned Land Use Rights Certificates, the land use rights of 20 parcels of land of properties no. 29, no. 34 and no. 37 with a total site area of approximately 9,643.28 sq.m. have been granted to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司) for terms with the expiry dates between June 29, 2048 and December 9, 2080 for composite, residential, canteen and public facilities uses.

3. Pursuant to 13 Building Ownership Certificates, 13 buildings of properties no. 29, no. 34, no. 35 and no. 37 with a total gross floor area of approximately 5,140.46 sq.m. are owned by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司). The buildings are erected on the land mentioned in note 2.

4. Pursuant to 12 State-owned Land Use Rights Certificates – Jiang Guo Yong (2006) Di Nos. 0244, 0570, Jiang Guo Yong (2010) Di Nos. 0894 to 0896, Tai Guo Yong (2010) Di Nos. 1200 to 1204, 1442 and 2207, the land use rights of 12 parcels of land of properties no. 29 to no. 36 with a total site area of approximately 262,050 sq.m. have been allocated to Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司).

5. Pursuant to 52 Building Ownership Certificates, 83 buildings of properties no. 29 to no. 36 with a total gross floor area of approximately 60,504.64 sq.m. are owned by Fujian Jinhu Power Generation Company Limited (福建省金湖電力有限責任公司). The buildings are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the granted land mentioned in note 2, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. For the buildings mentioned in note 3, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   c. For the land use rights of the allocated land mentioned in note 4, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   d. For the buildings mentioned in note 5 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   e. 5 buildings of property no. 29 with a total gross floor area of approximately 7,271.46 sq.m. have been subject to a mortgage. The Group can still use the property during the term of mortgage, and there will be no significant adverse effect on the operation of the Group.

7. In the valuation of properties no. 29 to no. 36, we have attributed no commercial value to the 12 parcels of allocated land mentioned in note 4 and the 46 buildings mentioned in note 5 together with the structures erected thereon due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB823,969,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
38.	3 parcels of land, 5 buildings and various structures located in Wan'an Town Xinluo District Longyan City Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 292,982.30 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in various stage between 1995 and 1997. The buildings have a total gross floor area of approximately 7,552.57 sq.m. The buildings mainly include an industrial building, an office building and a dormitory. The structures mainly include walls and roads. The land use rights of the property have been allocated to Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司) for industrial use.	The property is currently occupied by Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司) for production and ancillary purposes.	No commercial value
39.	A parcel of land, a building and various structures No. 189 Denggao East Road Xinluo District Longyan City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 1,021.40 sq.m. and an office building and various ancillary structures erected thereon which were completed in 1995. The office building has a gross floor area of approximately 1,592.98 sq.m. The structures mainly include a water tower, a well and roads. The land use rights of the property have been granted to Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司) for a term expiring on May 3, 2051 for industrial use.	The property is currently occupied by Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司) for office and ancillary purposes.	4,906,000 41% interest attributable to the Group: RMB2,011,000

Notes:

1. Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司) is a 41% interest owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Long Guo Yong (2010) Di Nos. 200422 to 200424, the land use rights of 3 parcels of land of property no. 38 with a total site area of approximately 292,982.30 sq.m. have been allocated to Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司).

3. Pursuant to 5 Building Ownership Certificates – Long Fang Quan Zheng Zi Di Nos. 201008580 to 201008584, 5 buildings of property no. 38 with a total gross floor area of approximately 7,552.57 sq.m. are owned by Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司). The buildings are erected on the land mentioned in note 2.

4. Pursuant to a State-owned Land Use Rights Certificate – Long Guo Yong (2011) Di No. 200160, the land use rights of a parcel of land of property no. 39 with a site area of approximately 1,021.40 sq.m. have been granted to Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司) for a term expiring on May 3, 2051 for industrial use.

5. Pursuant to a Building Ownership Certificate – Long Fang Quan Zheng Zi Di No. 21503, a building of property no. 39 with a gross floor area of approximately 1,592.98 sq.m. are owned by Fujian Longyan Wan'anxi Hydropower Company Limited (福建省龍岩萬安溪水電公司). The building is erected the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the building mentioned in note 5, the Group has obtained legal title certificate and has the rights to occupy and use the building in accordance with the prescribed use stated in the building ownership certificate as well as donate, transfer, lease, mortgage or otherwise dispose of it; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 38, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB262,175,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
40.	A parcel of land, 4 buildings and various structures located in Jinquan Village Qiujiang County Sha County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 27,995.30 sq.m. and 4 buildings and various ancillary structures erected thereon which were completed in various stages between 1999 and 2000. The buildings have a total gross floor area of approximately 6,514.66 sq.m. The buildings mainly include 3 industrial buildings and an oil store. The structures mainly include boundary fences, roads and a dam. The land use rights of the property have been allocated to Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司) for industrial use.	The property is currently occupied by Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司) for production purpose.	No commercial value
41.	An office building, 14 units, a garage and a parcel of land No. 5 Qiaonan West Road Sha County Fujian Province The PRC	The property comprises a 7-storey office building, 14 units and a garage completed in various stages between 1999 and 2004. The property has a total gross floor area of approximately 5,745.16 sq.m. The land use rights of the property with a total apportioned site area of approximately 17,119.70 sq.m. have been granted to Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司) for terms with the expiry dates between September 9, 2050 and August 28, 2071 for residential and composite uses. The property also comprises a parcel of land with a site area of approximately 16,210.10 sq.m. which is used for ancillary facilities land.	The property is currently occupied by Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司) for office, garage and residential purposes.	77,919,000 40% interest attributable to the Group: RMB31,168,000

Notes:

1. Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司) is a 40% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Qiu Guo Yong (2006) Di No. 0816134 the land use rights of a parcel of land of property no. 40 with a site area of approximately 27,995.3 sq.m. have been allocated to Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司).

3. Pursuant to 4 Building Ownership Certificates – Sha Fang Quan Zheng Sha Xian Zi Di Nos. 20103409 to 20103412, 4 buildings of property no. 40 with a total gross floor area of approximately 6,514.66 sq.m. are owned by Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司). The buildings are erected on the land mentioned in note 2.

4. Pursuant to 16 State-owned Land Use Rights Certificates – Qiu Guo Yong (2005) Di Nos. 1345034 and 1345034-25, Qiu Guo Yong (2010) Di Nos. 1345034-33, 1345034-56 to 1345034-67 and 1345048 the land use rights of property no. 41 with a total apportioned site area of approximately 17,119.70 sq.m. have been granted to Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司) for terms with the expiry dates between September 9, 2050 and August 28, 2071 for residential and composite uses.

5. Pursuant to 15 Building Ownership Certificates – Sha Fang Quan Zheng Sha Xian Zi Di Nos. 20102842, 20103041, 20103414 to 20103425, Sha Fang Quan Zheng Zi Di No. 20051910, 15 buildings or units and a garage of property no. 41 with a total gross floor area of approximately 5,745.16 sq.m. are owned by Fujian Shaxian Chengguan Hydropower Company Limited (福建省沙縣城關水電有限公司). The buildings are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the buildings or units and a garage mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 40, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB132,015,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
42.	A parcel of land, an industrial building and various structures located in Gongchuan Town Yong'an City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 245,170.55 sq.m. and a building and various ancillary structures erected thereon which were completed in 2011. The industrial building has a gross floor area of approximately 1,979.67 sq.m. The structures mainly include a dam, roads and gates. The land use rights of the property have been allocated to Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) for water conservancy facilities use.	The property is currently occupied by Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) for industrial purpose.	No commercial value
43.	8 units on Levels 1 to 3 of a residential building No. 61 Wusi Road Yong'an City Fujian Province The PRC	The property comprises 8 units on Levels 1 to 3 of a 9-storey residential building completed in 2002. The property has a total gross floor area of approximately 837.65 sq.m.	The property is currently occupied by Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) for residential purpose.	3,344,000 61% interest attributable to the Group: RMB2,040,000
44.	3 composite buildings No. 189 Baxi Avenue Yong'an City Fujian Province The PRC	The property comprises three 8-storey composite buildings completed in 2004. The property has a total gross floor area of approximately 1,649.08 sq.m.	The property is currently occupied by Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) for office purpose.	4,560,000 61% interest attributable to the Group: RMB2,782,000

Notes:

1. Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) is a 61% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Yong Guo Yong (2004) Di No. 10157, the land use rights of a parcel of land of property no. 42 with a site area of approximately 245,170.55 sq.m. have been allocated to Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) for water conservancy facilities use.

3. Pursuant to a Building Ownership Certificate – Yong Fang Quan Zheng Zi Di No. 20105833, a building of property no. 42 with a gross floor area of approximately 1,979.67 sq.m. is owned by Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司). The building is erected on the land mentioned in note 2.

4. Pursuant to 9 State-owned Land Use Rights Certificates – Yong Guo Yong (2002) Di Nos. 40346 to 40352 and 40355, Yong Guo Yong (2005) Di No. 10114, the land use rights of 9 parcels of land of properties no. 43 and no. 44 with a total apportioned site area of approximately 728.30 sq.m. have been granted to Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司) for terms expiring on May 10, 2050 and October 23, 2052 for residential and office uses.

5. Pursuant to 11 Building Ownership Certificates – Yong Fang Quan Zheng Zi Di Nos. 20022706 to 20022713, 20061857 to 20061859, 11 building and/or units of properties no. 43 and no. 44 with a total gross floor area of approximately 2,486.73 sq.m. are owned by Fujian Yong'an Gongchuan Hydropower Company Limited (福建省永安貢川水電站有限公司). The buildings and/or units are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the building mentioned in note 3 which is erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of it after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 42, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures (excluding the land element) would be in the sum of RMB215,378,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
45.	A parcel of land, 30 buildings and various structures located in Ansha Town Yong'an City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 253,840.74 sq.m. and 30 buildings and various ancillary structures erected thereon which were completed in various stages between 1975 and 2001. The buildings have a total gross floor area of approximately 15,697.39 sq.m. The buildings mainly include industrial buildings, dormitories and office buildings. The structures mainly include a dam, roads and a swimming pool. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠) for industrial use.	The property is currently occupied by Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠) for production, office and residential purposes.	No commercial value
46.	12 units of 3 residential buildings No. 1039 Xin'an Road Yong'an City Fujian Province The PRC	The property comprises 12 units of 3 residential buildings completed in 1999. The property has a total gross floor area of approximately 3,853.02 sq.m.	The property is currently occupied by Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠) for residential and office purposes.	21,001,000 100% interest attributable to the Group: RMB21,001,000

Notes:

1. Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Yong Guo Yong (2011) Zi Di No. 40012, the land use rights of a parcel of land of property no. 45 with a site area of approximately 253,840.74 sq.m. have been allocated to Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠).

3. Pursuant to 30 Building Ownership Certificates, 30 buildings of property no. 45 with a total gross floor area of approximately 15,697.39 sq.m. are owned by Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠). The buildings are erected on the land mentioned in note 2.

4. Pursuant to 11 State-owned Land Use Rights Certificates – Yong Guo Yong (2011) Di Nos. 40006 to 40009, 40110, 40011, Min Guo Yong (2011) Di Nos. 00121 to 00125, the land use rights of 11 parcels of land of property no. 46 with a total apportioned site area of approximately 739.31 sq.m. have been granted to Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠) for terms expiring on August 15, 2066 and December 6, 2069 for residential use.

5. Pursuant to 8 Building Ownership Certificates – Yong Fang Quan Zheng Zi Di Nos. 20113034, 20113035, 20113041, 20113043 to 20113047, 12 units of property no. 46 with a total gross floor area of approximately 3,853.02 sq.m. are owned by Huadian Fuxin Energy Company Limited Ansha Hydropower Plant (華電福新能源有限公司安砂水力發電廠). The units are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificate and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificate;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 45, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB363,963,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
47.	2 parcels of land, 2 units of 2 residential buildings and a croquet court located at Minzhu New Street Taining County Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 1,998.70 sq.m. and 2 units of 2 residential buildings and a croquet court erected thereon which were completed in various stages between 1996 and 1997. The units have a total gross floor area of approximately 778.36 sq.m. The land use rights of 2 parcels of land with a total site area of approximately 1,926.4 sq.m. have been allocated to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for public facility use. The land use rights of the 2 units with an apportioned site area of approximately 72.3 sq.m. have been granted to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for a term expiring on March 24, 2051 for commercial use.	The property is currently occupied by Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for office, residential and ancillary purposes.	464,000 100% interest attributable to the Group: RMB464,000
48.	7 parcels of land, 24 buildings and various structures located in Chitan Village Kaishan Town Taining County Fujian Province The PRC	The property comprises 7 parcels of land with a total site area of approximately 177,730.03 sq.m. and 24 buildings and various ancillary structures erected thereon which were completed in various stages between 1984 and 1992. The buildings have a total gross floor area of approximately 22,946.13 sq.m. The buildings mainly include office buildings, dormitories and ancillary buildings. The structures mainly include boundary fences, roads and a square. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for industrial and public facility uses.	The property is currently occupied by Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) and Fujian Jinxi Investment Company Limited (福建省金溪投資有限公司) for office, residential and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
49.	A parcel of land, 11 buildings and various structures No. 33 Shangbeizhou Shancheng Town Taining County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 6,011.90 sq.m. and 11 buildings and various ancillary structures erected thereon which were completed in various stages between 1984 and 1992. The buildings have a total gross floor area of approximately 4,413.85 sq.m. The buildings mainly include an office building and dormitories. The structures mainly are a square, roads, wall and a gate. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for public facility use.	The property is currently occupied by Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for office and residential purposes.	No commercial value
50.	2 parcels of land, 2 residential buildings and various structures located in Shancheng Town Taining County Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 2,346.20 sq.m. and 2 residential buildings and various ancillary structures erected thereon which were completed in various stages between 1984 and 1992. The buildings have a total gross floor area of approximately 1,265.07 sq.m. The structures mainly comprise a swimming pool and a hydrological observation station. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for industrial and public facility uses.	The property is currently occupied by Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for residential and ancillary purposes.	No commercial value

Notes:

1. Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) and Fujian Jinxi Investment Company Limited (福建省金溪投資有限公司) are both wholly-owned subsidiaries of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Min Guo Yong (2011) Di No. 00266, the land use rights of a parcel of land of property no. 47 with an apportioned site area of approximately 72.3 sq.m. has been granted to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠) for a term expiring on March 24, 2051 for commercial use.

3. Pursuant to a Building Ownership Certificate – Tai Fang Quan Zheng Tai Ning Zi Di Nos. 20110137, a unit of property no. 47 with a gross floor area of approximately 389.48 sq.m. is owned by Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠).

4. Pursuant to 12 State-owned Land Use Rights Certificates – Min Guo Yong (2011) Di Nos. 00192 to 00195, 00197 to 00201, 0161 to 0163, the land use rights of properties no. 47 to no. 50 with a total apportioned site area of approximately 188,014.53 sq.m. have been allocated to Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠).

5. Pursuant to 24 Building Ownership Certificates – Tai Fang Quan Zheng Tai Ning Zi Di Nos. 20110100, 20110117-20110127, 20110129, 20110131, 20110133, 20110135, 20110138-20110145, 35 buildings and a unit of properties no. 47 to no. 50 with a total gross floor area of approximately 29,013.93 sq.m. are owned by Huadian Fuxin Energy Company Limited Chitan Hydropower Plant (華電福新能源有限公司池潭水力發電廠). The buildings are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the granted land mentioned in note 2, the Group has obtained legal title certificate for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. For the building mentioned in note 3, the Group has obtained legal title certificate and has the rights to occupy and use the building in accordance with the prescribed use stated in the building ownership certificate as well as donate, transfer, lease, mortgage or otherwise dispose of it;

   c. For the land use rights of the allocated land mentioned in note 4, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   d. For the buildings mentioned in note 5 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of properties no. 47 to no. 50, we have attributed no commercial value to the land mentioned in note 4 and the buildings mentioned in note 5 together with the structures erected thereon due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB502,968,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
51.	27 parcels of land, 88 buildings and various structures located in Minqing County and Gutian County Fujian Province The PRC	The property comprises 27 parcels of land with a total site area of approximately 763,601.10 sq.m. and 88 buildings and various ancillary structures erected thereon which were completed in various stages between 1956 and 2000. The buildings have a total gross floor area of approximately 94,276.37 sq.m. The buildings mainly include office buildings, dormitories and industrial buildings. The structures mainly include roads, walls and dams. The land use rights of the property have been allocated to 華電福建發電有限公司古田溪水力發電廠 for industrial use.	The property is currently occupied by Huadian Fujian Power Generation Company Limited Gutianxi Hydropower Plant 華電福建發電有限公司古田溪水力發電廠 for production and ancillary purposes.	No commercial value

Notes

1. Huadian Fujian Power Generation Company Limited Gutianxi Hydropower Plant 華電福建發電有限公司古田溪水力發電廠 is a wholly-owned subsidiary of the Company.

2. Pursuant to 27 State-owned Land Use Rights Certificates – Min Guo Yong (2011) Di Nos. 00116 to 00120, 00126 to 00147, the land use rights of 27 parcels of land with a total site area of approximately 763,601.10 sq.m. have been allocated to Huadian Fujian Power Generation Company Limited Gutianxi Hydropower Plant 華電福建發電有限公司古田溪水力發電廠.

3. Pursuant to 46 Building Ownership Certificates, 90 buildings with a total gross floor area of approximately 94,480.77 sq.m. are owned by Huadian Fujian Power Generation Company Limited Gutianxi Hydropower Plant 華電福建發電有限公司古田溪水力發電廠. As advised by the Group, 2 buildings with a total gross floor area of approximately 204.4 sq.m. of the aforesaid buildings have been demolished.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB622,048,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
52.	20 parcels of land, 18 buildings and various structures located in Huafeng Town Hua'an County Fujian Province The PRC	The property comprises 20 parcels of land with a total site area of approximately 131,974.70 sq.m. and 18 buildings and various ancillary structures erected thereon which were completed in various stages between 1984 and 1997. The buildings have a total gross floor area of approximately 5,107.11 sq.m. The buildings mainly include an office building, dormitories and an industrial building. The structures mainly include a water system and a square. The land use rights of 2 parcels of land of the property with a total site area of approximately 128,510.5 sq.m. have been allocated to Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for industrial use. The land use rights of the remaining 18 parcels of land of the property with a total site area of approximately 3,464.2 sq.m. have been granted to Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for terms with the expiry dates between November 29, 2050 and November 30, 2080 for commercial and residential uses.	The property is currently occupied by Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for production, office, residential and ancillary purposes.	8,817,000 100% interest attributable to the Group: RMB8,817,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
53.	A parcel of land, 2 buildings and various structures located in Huafeng Town Hua'an County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 38,804 sq.m. and 2 buildings and various ancillary structures erected thereon which were completed in various stages between 1984 and 1995. The buildings have a total gross floor area of approximately 717.51 sq.m. The buildings mainly include a composite building and an industrial building. The structures mainly include shore protections, a headstock gear and dams. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for industrial use.	The property is currently occupied by Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for production and ancillary purposes.	No commercial value
54.	A parcel of land, 6 buildings and various structures located in Xinyu Town Hua'an County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 77,054.90 sq.m. and 6 buildings and various ancillary structures erected thereon which were completed in various stages between 1983 and 2006. The buildings have a total gross floor area of approximately 8,445.80 sq.m. The buildings mainly include a composite building, office buildings and industrial buildings. The structures mainly include a tunnel and surge tanks. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for industrial use.	The property is currently occupied by Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) and Hua'an Huashun Power Generation Company Limited (華安華順電力有限公司) for production and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
55.	Units 107 and 207 on Levels 1 and 2 of Building 51, Beimiao New Village located at Datong North Road Xiangcheng District Zhangzhou City Fujian Province The PRC	The property comprises 2 units on Levels 1 and 2 of a 5-storey residential building completed in 1982. The property has a total gross floor area of approximately 137.10 sq.m.	The property is currently occupied by Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for residential purpose.	359,000 100% interest attributable to the Group: RMB359,000

Notes:

1. Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) and Hua'an Huashun Power Generation Company Limited (華安華順電力有限公司) are two wholly-owned subsidiaries of the Company.

2. Pursuant to 4 State-owned Land Use Rights Certificates – Hua Guo Yong (2010) Di Nos. 1048 to 1051, the land use rights of 4 parcels of land of properties no. 52 to no. 54 with a total site area of approximately 244,369.4 sq.m. have been allocated to Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠).

3. Pursuant to 5 Building Ownership Certificates – Zhang Fang Quan Zheng Xiang Zi Di Nos. 11531 to 11533, 11535, 11536, 9 buildings of properties no. 52 to no. 54 with a total gross floor area of approximately 9,328.81 sq.m. are owned by Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠). The buildings are erected on the land mentioned in note 2.

4. Pursuant to 20 State-owned Land Use Rights Certificates – Hua Guo Yong (2011) Di Nos. 0123 to 0139 and Min Guo Yong (2011) Di Nos. 00208, 00261, 00267, the land use rights of properties no. 52 and no. 55 with a total apportioned site area of approximately 3,493.1 sq.m. have been granted to Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠) for terms with the expiry dates between November 29, 2050 and November 30, 2080 for commercial and residential uses.

5. Pursuant to 19 Building Ownership Certificates – Zhang Fang Quan Zheng Xiang Zi Di Nos. 01109997 to 01109998, Fang Quan Zheng Hua Jian Zi Di Nos. 11511 to 11525, 11530, 11534, 19 buildings or units of properties no. 52 and no. 55 with a total gross floor area of approximately 5,078.71 sq.m. are owned by Huadian Fuxin Energy Company Limited Hua'an Hydropower Plant (華電福新能源有限公司華安水力發電廠). The buildings are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of properties no. 52 to no. 54, we have attributed no commercial value to the land mentioned in note 2 and the buildings mentioned in note 3 together with the structures erected thereon due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB266,651,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
56.	2 parcels of land, 11 buildings and various structures located in Chuanchang Town Nanjing County Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 1,750,445.60 sq.m. and 11 buildings and various ancillary structures erected thereon which were completed in various stages between in 1969 and 2001. The buildings have a total gross floor area of approximately 8,028.12 sq.m. The buildings mainly include industrial buildings and dormitories. The structures mainly include a gate, roads and a dam. The land use rights of the property have been allocated to Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠) for industrial use.	The property is currently occupied by Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠) and Nanjing Hengying Power Generation Company Limited (南靖恒盈電力有限公司) for production and ancillary purposes.	No commercial value
57.	21 units located in Jianshe New Village Shancheng Town Nanjing County Fujian Province The PRC	The property comprises 21 residential and retail units completed in various stages between 1989 and 1995. The property has a total gross floor area of approximately 2,329.03 sq.m.	The property is currently occupied by Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠) for residential and commercial purposes.	4,094,000 100% interest attributable to the Group: RMB4,094,000
58.	7 units of 6 buildings located in Shancheng Town Nanjing County Fujian Province The PRC	The property comprises 7 retail units of six 7-storey buildings completed in 2000. The property has a gross floor area of approximately 1,027.68 sq.m.	The property is currently occupied by Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠) for commercial purpose.	2,061,000 100% interest attributable to the Group: RMB2,061,000

Notes:

1. Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠) and Nanjing Hengying Power Generation Company Limited (南靖恒盈電力有限公司) are both wholly-owned subsidiaries of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Jing Guo Yong (2010) Zi Di Nos. 70297 and 70298, the land use rights of 2 parcels of land of property no. 56 with a total site area of approximately 1,750,445.6 sq.m. have been allocated to Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠).

3. Pursuant to 11 Building Ownership Certificates – Fang Quan Zheng (Chuan Chang) Zi Di Nos. 837 to 847, 11 buildings of property no. 56 with a total gross floor area of approximately 8,028.12 sq.m. are owned by Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠). The buildings are erected on the land mentioned in note 2.

4. Pursuant to 21 State-owned Land Use Rights Certificates – Min Guo Yong (2011) Di Nos. 00239 to 00256, 00263 to 00265, the land use rights of properties no. 57 and no. 58 with a total apportioned site area of approximately 534 sq.m. have been granted to Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠) for terms with the expiry dates between January 5, 2036 and February 13, 2081 for residential and commercial purposes.

5. Pursuant to 27 Building Ownership Certificates – Fang Quan Zheng Shan Cheng Zi Di Nos. 24049 to 24075, various units of properties no. 57 and no. 58 with a total gross floor area of approximately 3,356.71 sq.m. are owned by Huadian Fuxin Energy Company Limited Nanjing Hydropower Factory (華電福新能源有限公司南靖水力發電廠). The units are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

    b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

    c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

    d. For the buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

    e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 56, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB42,152,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
59.	6 units on Levels 1 to 3 of Shengsheng Huayuan located in Jinan District Fuzhou City Fujian Province The PRC	The property comprises 6 units on Levels 1 to 3 of two 3-storey residential buildings completed in 2004. The property has a total gross floor area of approximately 1,941.39 sq.m.	The property is currently occupied by Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for residential purpose.	18,017,000 51% interest attributable to the Group: RMB9,189,000
60.	A parcel of land and a composite building located at Xingye Street Shicheng Town Zhouning County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 3,520 sq.m. and a composite building erected thereon which were completed in 1997. The composite building has a gross floor area of approximately 3,281.70 sq.m. The land use rights of the property have been granted to Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for a term expiring on January 15, 2048 for composite use.	The property is currently occupied by Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for dormitory purpose.	21,032,000 51% interest attributable to the Group: RMB10,726,000
61.	8 parcels of land, 6 buildings and various structures of Zhouning Hydropower Station located in Zhouning County Fujian Province The PRC	The property comprises 8 parcels of land with a total site area of approximately 243,843.30 sq.m. and 6 buildings and various ancillary structures erected thereon which were completed in various stages between 2004 and 2007. The buildings have a total gross floor area of approximately 11,646 sq.m. The buildings mainly include industrial buildings and a store room. The structures mainly include roads, a dam and wall. The land use rights of the property have been allocated to Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for industrial use.	The property is currently occupied by Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for production and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
62.	A parcel of land, 2 buildings and various structures of Qinshan Hydropower Station located in Siqiao Town Zhouning County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 921,366.20 sq.m. and 2 buildings and various ancillary structures erected thereon which were completed in 1997. The 2 buildings (an industrial building and a composite building) have a total gross floor area of approximately 5,818 sq.m. The structures mainly include roads, a dam and wall. The land use rights of the property have been allocated to Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for industrial use.	The property is currently occupied by Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for production and ancillary purposes.	No commercial value
63.	8 units on Levels 3 to 6 of Jinfucheng No. 1, 815 East Road Ningde City Fujian Province The PRC	The property comprises 8 units on Levels 3 to 6 of a 6-storey residential building completed in 1995. The property has a total gross floor area of approximately 718.80 sq.m.	The property is currently occupied by Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for residential purpose.	2,125,000 51% interest attributable to the Group: RMB1,084,000

Notes:

1. Mindong Hydropower Development Company Limited (閩東水電開發有限公司) is a 51% interest owned subsidiary of the Company.

2. Pursuant to 9 State-owned Land Use Rights Certificates – Zhou Guo Yong (2010) Di Nos. 626 to 634, the land use rights of 9 parcels of land of properties no. 61 and no. 62 with a total site area of approximately 1,165,209.50 sq.m. have been allocated to Mindong Hydropower Development Company Limited (閩東水電開發有限公司).

3. Pursuant to 2 Building Ownership Certificates – Zhou Fang Quan Zheng Si Qiao Zi Di No. 0009 and Zhou Fang Quan Zheng Shi Cheng Zi Di No. 2010597, 8 buildings of properties no. 61 and no. 62 with a total gross floor area of approximately 17,464 sq.m. are owned by Mindong Hydropower Development Company Limited (閩東水電開發有限公司). The buildings are erected on the land mentioned in note 2.

4. Pursuant to 7 State-owned Land Use Rights Certificates – Rong Jin Guo Yong (2005) Di Nos. 00310904281 and 00310904282, Rong Jin Guo Yong (2010) Di Nos. 00300806768 to 00300806771, Zhou Guo Yong (2010) Di No. 696, the land use rights of properties no. 59 and no. 60 with a total apportioned site area of approximately 4,141.10 sq.m. have been granted to Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for terms with the expiry dates between January 15, 2048 and March 4, 2072 for composite and residential uses.

5. Pursuant to 8 Building Ownership Certificates – Zhou Fang Quan Zheng Shi Cheng Zi Di No. 2010201, Ning Fang Quan Zheng N Zi Di No. 201046034 and Rong Fang Quan Zheng R Zi Di Nos. 0451636, 0451786, 0451791 to 0451794, 15 buildings or units of properties no. 59, no. 60 and no. 63 with a total gross floor area of approximately 5,941.89 sq.m. are owned by Mindong Hydropower Development Company Limited (閩東水電開發有限公司).

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   d. For the buildings mentioned in note 5, the Group has obtained legal title certificates and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of properties no. 61 and no. 62, we have attributed no commercial value to the properties due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB1,395,764,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
64.	2 parcels of land, 2 composite buildings and various structures located in Caoyuan Town Yong'an City Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 27,305.21 sq.m. and 2 composite buildings and various ancillary structures erected thereon which were completed in various stages between 2005 and 2007. The composite buildings have a total gross floor area of approximately 1,672.45 sq.m. The structures mainly include roads and gate. The land use rights of the property have been granted to Yong'an Fenghai Power Generation Company Limited (永安豐海發電有限公司) for terms with the expiry dates on November 18, 2050 and August 25, 2052 respectively for industrial and commercial uses.	The property is currently occupied by Yong'an Fenghai Power Generation Company Limited (永安豐海發電有限公司) for production and ancillary purposes.	176,099,000 95% interest attributable to the Group: RMB167,294,000

Notes:

1. Yong'an Fenghai Power Generation Company Limited (永安豐海發電有限公司) is a 95% interest owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Yong Guo Yong (2010) Di Nos. 30120, 30124, the land use rights of 2 parcels of land with a total site area of approximately 27,305.21 sq.m. have been granted to Yong'an Fenghai Power Generation Company Limited (永安豐海發電有限公司) for terms with the expiry dates on November 18, 2050 and August 25, 2052 respectively for industrial and commercial uses.

3. Pursuant to 2 Building Ownership Certificates – Yong Fang Quan Zheng Zi Di Nos. 20110341 and 20110342, 2 composite buildings with a total gross floor area of approximately 1,672.45 sq.m. are owned by Yong'an Fenghai Power Generation Company Limited (永安豐海發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the property and has the rights to occupy and use the property in accordance with the prescribed use stated in the land use rights certificates and the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of it; and

   b. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
65.	3 parcels of land, 2 buildings and various structures located in Zhouning County Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 785,987.59 sq.m. and 2 buildings and various ancillary structures erected thereon which were completed in various stages between 2006 and 2007. The buildings have a total gross floor area of approximately 3,908.82 sq.m. The buildings mainly include a composite building and an industrial building. The structures mainly include roads and a dam. The land use rights of the property have been allocated to Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司) for industrial use.	The property is currently occupied by Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司) for production and ancillary purposes.	No commercial value
66.	A parcel of land and a residential building located at East of Xingye Street Shicheng Town Nanjing County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 216 sq.m. and a 6-storey residential building erected thereon which was completed in 2008. The building has a gross floor area of approximately 1,258.85 sq.m. The land use rights of the property have been granted to Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司) for a term expiring on December 22, 2070 for residential use.	The property is currently occupied by Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司) for residential purpose.	7,931,000 70% interest attributable to the Group: RMB5,552,000

Notes:

1. Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司) is a 70% interest owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Zhou Guo Yong (2006) Di Nos. 423, 424 and 633, the land use rights of 3 parcels of land of property no. 65 with a total site area of approximately 785,987.59 sq.m. have been allocated to Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司).

3. Pursuant to a Building Ownership Certificate – Zhou Fang Quan Zheng Li Men Zi Di No. 0012, 2 buildings of property no. 65 with a total gross floor area of approximately 3,908.82 sq.m. are owned by Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司). The buildings are erected on the land mentioned in note 2.

4. Pursuant to a State-owned Land Use Rights Certificate – Zhou Guo Yong (2006) Di No. 510, the land use rights of a parcel of land of property no. 66 with a site area of approximately 216 sq.m. have been granted to Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司) for a term expiring on December 22, 2070 for residential use.

5. Pursuant to a Building Ownership Certificate – Zhou Fang Quan Zheng Shi Cheng Zi Di No. 2009108, a building of property no. 66 with a gross floor area of approximately 1,258.85 sq.m. is owned by Zhouningxian Houlongxi Hydropower Generation Company Limited (周寧縣後壟溪水電有限公司). The buildings are erected on the land mentioned in note 4.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings mentioned in note 3 which are erected on the allocated land, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. For the land use rights of the granted land mentioned in note 4, the Group has obtained legal title certificate for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   d. For the building mentioned in note 5, the Group has obtained legal title certificate and has the rights to occupy and use the building in accordance with the prescribed use stated in the building ownership certificate as well as donate, transfer, lease, mortgage or otherwise dispose of it; and

   e. The land use rights of 3 parcels of land of property no. 65 mentioned in note 2 have been subject to a mortgage. The Group can still use the property during the term of mortgage, and there will be no significant adverse effect on the operation of the Group.

7. In the valuation of property no. 65, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB222,188,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
67.	A parcel of land, an industrial building and a structure located in Ansha Town Yong'an City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 647.50 sq.m. and an industrial building and road erected thereon which were completed in 1999. The industrial building has a gross floor area of approximately 2,695.52 sq.m. The structure is a road. The land use rights of the property have been granted to Yong'an Yinhe Power Generation Company Limited (永安銀河電力有限公司) for a term expiring on March 31, 2049 for industrial use.	The property is currently occupied by Yong'an Yinhe Power Generation Company Limited (永安銀河電力有限公司) for production and ancillary purposes.	365,000 100% interest attributable to the Group: RMB365,000

Notes:

1. Yong'an Yinhe Power Generation Company Limited (永安銀河電力有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Yong Guo Yong (2011) Di No. 40035, the land use rights of the property with a site area of approximately 647.50 sq.m. have been granted to Yong'an Yinhe Power Generation Company Limited (永安銀河電力有限公司) for a term expiring on March 31, 2049 for industrial use.

3. For the building with a gross floor area of approximately 2,695.52 sq.m., we have not been provided with any title certificate. As advised by the Group, Yong'an Yinhe Power Generation Company Limited (永安銀河電力有限公司) is in the process of applying for the building ownership certificates.

4. Pursuant to the Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificate for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. For the building without proper title certificate mentioned in note 3, Huadian Group has made an undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   c. The undertaking of Huadian Group is legal, valid and enforceable; and

   d. The property is not subject to any mortgage or other encumbrances.

6. In the valuation of this property, we have attributed no commercial value to the building which has not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building as of the date of valuation would be RMB8,751,000 assuming all relevant title certificates had been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
68.	139 parcels of land, 6 buildings and various structures of Guazhou Ganhekou 7th Wind Farm located at 312 National Highway Guazhou County Gansu Province The PRC	The property comprises 139 parcels of land with a total site area of approximately 292,775.63 sq.m. and 6 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 3,142.95 sq.m. The buildings mainly include an industrial building, a garage and a canteen. The structures mainly include boundary fences, roads and gates. The land use rights of the property have been granted to Gansu Huadian Guazhou Wind Power Company Limited (甘肅華電瓜州風力發電有限公司) for terms of 50 years expiring on October 19, 2059 and December 9, 2060 for industrial use.	The property is currently occupied by Gansu Huadian Guazhou Wind Power Company Limited (甘肅華電瓜州風力發電有限公司) for production and ancillary purposes.	29,887,000 100% interest attributable to the Group: RMB29,887,000

Notes

1. Gansu Huadian Guazhou Wind Power Company Limited (甘肅華電瓜州風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 139 State-owned Land Use Rights Certificates – Gua Guo Yong (2010) Di Nos. 0774 to 0911 and 1088, the land use rights of 139 parcels of land with a total site area of approximately 292,775.63 sq.m. have been granted to Gansu Huadian Guazhou Wind Power Company Limited (甘肅華電瓜州風力發電有限公司) for terms of 50 years expiring on October 19, 2059 and December 9, 2060 for industrial use.

3. Pursuant to 2 Building Ownership Certificates – Gua Fang Quan Zheng Zi Di Xiang Nos. 20501066 and 2201007, 6 buildings with a total gross floor area of approximately 3,142.95 sq.m. are owned by Gansu Huadian Guazhou Wind Power Company Limited (甘肅華電瓜州風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
69.	51 parcels of land, 5 buildings and various structures located at the south of Haiti Road Lingang Industry Park Guanyun County Jiangsu Province The PRC	The property comprises 51 parcels of land with a total site area of approximately 34,291.60 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 3,399.66 sq.m. The buildings mainly include industrial buildings, electricity distribution room and a guardhouse. The structures mainly include boundary fences, roads and a square. The land use rights of the property have been granted to Jiangsu Huadian Guanyun Wind Power Company Limited (江蘇華電灌雲風力發電有限公司) for terms of 50 years expiring on November 1, 2059 for industrial use.	The property is currently occupied by Jiangsu Huadian Guanyun Wind Power Company Limited (江蘇華電灌雲風力發電有限公司) for office, production and ancillary purposes.	57,486,000 51% interest attributable to the Group: RMB29,318,000

Notes:

1. Jiangsu Huadian Guanyun Wind Power Company Limited (江蘇華電灌雲風力發電有限公司) is a 51% interest owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated November 9, 2009 and September 8, 2010 respectively, the land use rights of the property with a total site area of approximately 34,291.60 sq.m. were contracted to be granted to Jiangsu Huadian Guanyun Wind Power Company Limited (江蘇華電灌雲風力發電有限公司) for industrial use. The total land premium was RMB2,130,000.

3. Pursuant to 51 State-owned Land Use Rights Certificates – Guan Guo Yong (2010) Di Nos. 4201 to 4225, 4285 to 4310, the land use rights of 51 parcels of land with a total site area of approximately 34,291.60 sq.m. have been granted to Jiangsu Huadian Guanyun Wind Power Company Limited (江蘇華電灌雲風力發電有限公司) for terms of 50 years expiring on November 1, 2059 for industrial use.

4. Pursuant to 5 Building Ownership Certificates – Guan Fang Quan Zheng Yan Wei Zi Di Nos. 00026396 to 00026400, 5 buildings with a total gross floor area of approximately 3,399.66 sq.m. are owned by Jiangsu Huadian Guanyun Wind Power Company Limited (江蘇華電灌雲風力發電有限公司).

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
70.	196 parcels of land, 8 buildings and various structures located in Xiaocaohu Tulufan City Xinjiang Uygur Autonomous Region The PRC	The property comprises 196 parcels of land with a total site area of approximately 154,176.10 sq.m. and 8 buildings and various ancillary structures erected thereon which were completed in various stages between 2007 and 2009. The buildings have a total gross floor area of approximately 4,166.77 sq.m. The buildings mainly include industrial buildings, electricity distribution rooms and a pump house. The structures mainly include boundary fences, roads and oil pools. The land use rights of 129 parcel of land of the property have been allocated to Xinjiang Huadian Xiaocaohu Wind Power Company Limited (新疆華電小草湖風力發電有限責任公司) for industrial use. The land use rights of the remaining 67 parcels of land of the property have been allocated to Xinjiang Huadian Caohu Wind Power Company Limited (新疆華電草湖風電有限公司) for industrial use.	The property is currently occupied by Xinjiang Huadian Xiaocaohu Wind Power Company Limited (新疆華電小草湖風力發電有限責任公司) and Xinjiang Huadian Caohu Wind Power Company Limited (新疆華電草湖風電有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Xinjiang Huadian Xiaocaohu Wind Power Company Limited (新疆華電小草湖風力發電有限責任公司) and Xinjiang Huadian Caohu Wind Power Company Limited (新疆華電草湖風電有限公司) are both wholly-owned subsidiaries of the Company.

2. Pursuant to 129 State-owned Land Use Rights Certificates – Tu Lu Fan Shi Guo Yong (2010) Di Nos. 0152 to 0213, 00214 to 00280, the land use rights of 129 parcels of land with a total site area of approximately 117,476.10 sq.m. have been allocated to Xinjiang Huadian Xiaocaohu Wind Power Company Limited (新疆華電小草湖風力發電有限責任公司) for industrial use.

3. Pursuant to 67 State-owned Land Use Rights Certificates – Tuo Ke Xun Town Guo Yong Cheng Zhen Di Nos. 100831021 to 100831087, the land use rights of 67 parcels of land with a total site area of approximately 36,700 sq.m. have been allocated to Xinjiang Huadian Caohu Wind Power Company Limited (新疆華電草湖風電有限公司) for industrial use.

4. Pursuant to 4 Building Ownership Certificates – Tu Fang Quan Zheng Tu Shi Zi Di Nos. 0032037 to 0032040, 4 buildings with a total gross floor area of approximately 3,184.93 sq.m. are owned by Xinjiang Huadian Xiaocaohu Wind Power Company Limited (新疆華電小草湖風力發電有限責任公司). The buildings are erected on the land mentioned in note 2.

5. Pursuant to 2 Building Ownership Certificates – Tuo Fang Quan Zheng Xiao Cao Hu Zi Di Nos. 200009103 and 200009104, 4 buildings with a total gross floor area of approximately 981.84 sq.m. are owned by Xinjiang Huadian Caohu Wind Power Company Limited (新疆華電草湖風電有限公司). The buildings are erected on the land mentioned in note 3.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   c. The property is not subject to any mortgage or other encumbrances.

7. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB12,612,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
71.	32 parcels of land, 5 buildings and various structures located in Xinle Village Hulin City Heilongjiang Province The PRC	The property comprises 32 parcels of land with a total site area of approximately 79,718 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 2,738.43 sq.m. The buildings mainly include industrial buildings, an electricity distribution room and an activity center. The structures mainly include roads. The land use rights of the property have been allocated to Huadian Hulin Wind Power Company Limited (華電虎林風力發電有限公司) for industrial use.	The property is currently occupied by Huadian Hulin Wind Power Company Limited (華電虎林風力發電有限公司) for office, production and ancillary purposes.	No commercial value

Notes:

1. Huadian Hulin Wind Power Company Limited (華電虎林風力發電有限公司) is an 82% interest owned subsidiary of the Company.

2. Pursuant to 32 State-owned Land Use Rights Certificates – Hu Guo Yong (2010) Di Nos. 0144 to 0152, 0157 to 0179, the land use rights of 32 parcels of land with a total site area of approximately 79,718 sq.m. have been allocated to Huadian Hulin Wind Power Company Limited (華電虎林風力發電有限公司) for industrial use.

3. Pursuant to 5 Building Ownership Certificates – Xin Le Xiang Zi Di Nos. 09070259 to 09070263, 5 buildings with a total gross floor area of approximately 2,738.43 sq.m. are owned by Huadian Hulin Wind Power Company Limited (華電虎林風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB9,050,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
72.	35 parcels of land, 5 buildings and various structures located in Aertaibuerjin County Xinjiang Uygur Autonomous Region The PRC	The property comprises 35 parcels of land with a total site area of approximately 27,799.80 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 2,377.20 sq.m. The buildings mainly include industrial buildings, an electricity distribution room and an electricity boiler room. The structures mainly include boundary fences, roads and a fire pool. The land use rights of the property have been granted to Xinjiang Huadian Bu'erjin Wind Power Company Limited (新疆華電布爾津風電有限公司) for terms of 50 years expiring on May 13, 2060 for industrial use.	The property is currently occupied by Xinjiang Huadian Bu'erjin Wind Power Company Limited (新疆華電布爾津風電有限公司) for production and ancillary purposes.	11,444,000 100% interest attributable to the Group: RMB11,444,000

Notes:

1. Xinjiang Huadian Bu'erjin Wind Power Company Limited (新疆華電布爾津風電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 35 State-owned Land Use Rights Certificates – Bu Guo Yong (2010) Di Nos. 0341 to 0375, the land use rights of 35 parcels of land with a total site area of approximately 27,799.80 sq.m. have been granted to Xinjiang Huadian Bu'erjin Wind Power Company Limited (新疆華電布爾津風電有限公司) for terms of 50 years expiring on May 13, 2060 for industrial use.

3. Pursuant to 5 Building Ownership Certificates – Bu Fang Quan Zheng Zi Di Nos. 00009236 to 00009237, 00009239 to 00009241, 5 buildings with a total gross floor area of approximately 2,377.20 sq.m. are owned by Xinjiang Huadian Bu'erjin Wind Power Company Limited (新疆華電布爾津風電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
73.	50 parcels of land, 5 buildings and various structures located in Heiyanzi Yumen City Gansu Province The PRC	The property comprises 50 parcels of land with a total site area of approximately 105,812 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 2,768.01 sq.m. The buildings mainly include industrial buildings, an oil storeroom and a garage. The structures mainly include boundary fences, roads and a fire hydrant pit. The land use rights of the property have been granted to Gansu Huadian Yumen Wind Power Company Limited (甘肅華電玉門風力發電有限公司) for terms of 50 years expiring on October 12, 2060 for industrial use.	The property is currently occupied by Gansu Huadian Yumen Wind Power Company Limited (甘肅華電玉門風力發電有限公司) for production and ancillary purposes.	26,135,000 100% interest attributable to the Group: RMB26,135,000

Notes:

1. Gansu Huadian Yumen Wind Power Company Limited (甘肅華電玉門風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated September 15, 2010, the land use rights of 50 parcels of land of the property with a total site area of approximately 105,812 sq.m. were contracted to be granted to Gansu Huadian Yumen Wind Power Company Limited (甘肅華電玉門風力發電有限公司) for industrial use. The land premium was RMB4,259,300.

3. Pursuant to 50 State-owned Land Use Rights Certificates – Yu Guo Yong (2010) Di Nos. E-005 to E-054, the land use rights of 50 parcels of land with a total site area of approximately 105,812 sq.m. have been granted to Gansu Huadian Yumen Wind Power Company Limited (甘肅華電玉門風力發電有限公司) for terms of 50 years expiring on October 12, 2060 for industrial use.

4. Pursuant to a Building Ownership Certificate – Yu Fang Quan Zheng Yu Zhen Lao Zi Di No. 0376, 5 buildings with a total gross floor area of approximately 2,768.01 sq.m. are owned by Gansu Huadian Yumen Wind Power Company Limited (甘肅華電玉門風力發電有限公司).

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
74.	3 parcels of land, 3 buildings and various structures located in Zhenxibao Town Tieling City Liaoning Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 121,496 sq.m. and 3 buildings and various ancillary structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 2,567 sq.m. The buildings mainly include an industrial building, a spare parts room and an electricity distribution room. The structures mainly include boundary fences, roads and an accident oil pool. The land use rights of the property have been allocated to Huadian Tieling Wind Power Company Limited (華電鐵嶺風力發電有限公司) for public facility use.	The property is currently occupied by Huadian Tieling Wind Power Company Limited (華電鐵嶺風力發電有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Huadian Tieling Wind Power Company Limited (華電鐵嶺風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Tie Ling Xian Guo Yong (2010) Di Nos. 099 and 100, Tie Ling Xian Guo Yong (2011) Di No. 209, the land use rights of 3 parcels of land with a total site area of approximately 121,496 sq.m. have been allocated to Huadian Tieling Wind Power Company Limited (華電鐵嶺風力發電有限公司) for public facility use.

3. Pursuant to 3 Building Ownership Certificates – Tie Ling Shi Fang Quan Zheng Tie Ling Xian Zi Di Nos. 211221-006439-0, 211221-006442-0 and 211221-006444-0, 3 buildings with a total gross floor area of approximately 2,567 sq.m. are owned by Huadian Tieling Wind Power Company Limited (華電鐵嶺風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in sum of RMB19,402,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
75.	27 parcels of land, 4 buildings and various structures located in Shangxi County Zhangjiakou City Hebei Province The PRC	The property comprises 27 parcels of land with a total site area of approximately 24,653.88 sq.m. and 4 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 2,744.97 sq.m. The buildings mainly include industrial buildings, an IC/VC room and an electricity distribution room. The structures mainly include a fire pool, roads and oil pools. The land use rights of the property have been granted to Hebei Huadian Shangyi Wind Power Company Limited (河北華電尚義風力發電有限公司) for terms with the expiry dates between August 25, 2060 and November 18, 2060 for industrial and public facility uses.	The property is currently occupied by Hebei Huadian Shangyi Wind Power Company Limited (河北華電尚義風力發電有限公司) for office, production and ancillary purposes.	17,589,000 70% interest attributable to the Group: RMB12,312,000

Notes:

1. Hebei Huadian Shangyi Wind Power Company Limited (河北華電尚義風力發電有限公司) is a 70% interest owned subsidiary of the Company.

2. Pursuant to 27 State-owned Land Use Rights Certificates – Shang Guo Yong (2010) Di Nos. 000227 to 000252 and 000280, the land use rights of 27 parcels of land with a total site area of approximately 24,653.88 sq.m. have been granted to Hebei Huadian Shangyi Wind Power Company Limited (河北華電尚義風力發電有限公司) for terms with the expiry dates between August 25, 2060 and November 18, 2060 for industrial and public facility uses.

3. Pursuant to a Building Ownership Certificate – Shang Fang Quan Zheng Da Ying Pan Zi Di No. 0202352, 4 buildings with a total gross floor area of approximately 2,744.97 sq.m. are owned by Hebei Huadian Shangyi Wind Power Company Limited (河北華電尚義風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
76.	A parcel of land, 7 buildings and various structures located at Jieji Town Tongliao City Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 78,315 sq.m. and 7 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 4,265.48 sq.m. The buildings mainly include an office building, a spare parts room and an electricity distribution room. The structures mainly include roads and a water well. The land use rights of the property have been granted to Inner Mongolia Huadian Jieji Wind Power Company Limited (內蒙古華電街基風力發電有限公司) for a term of 50 years expiring on October 12, 2060 for industrial use.	The property is currently occupied by Inner Mongolia Huadian Jieji Wind Power Company Limited (內蒙古華電街基風力發電有限公司) for office, production and ancillary purposes.	44,596,000 100% interest attributable to the Group: RMB44,596,000
77.	A parcel of land and 3 buildings located in Keerqin District Tongliao City Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 4,623 sq.m. and 3 buildings erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 3,614.05 sq.m. The buildings mainly include an office building, a canteen and a dormitory. The land use rights of the property have been granted to Inner Mongolia Huadian Jieji Wind Power Company Limited (內蒙古華電街基風力發電有限公司) for a term of 37 years expiring on February 9, 2047 for commercial use.	The property is currently occupied by Inner Mongolia Huadian Jieji Wind Power Company Limited (內蒙古華電街基風力發電有限公司) for office and ancillary purposes.	17,304,000 100% interest attributable to the Group: RMB17,304,000

Notes:

1. Inner Mongolia Huadian Jieji Wind Power Company Limited is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Kai Guo Yong (2010) Zi Di No. 0932 and Tong Guo Yong (2010) Zi Di No. 10133, the land use rights of 2 parcels of land of properties no. 76 and no. 77 with a total site area of approximately 82,938 sq.m. have been granted to Inner Mongolia Huadian Jieji Wind Power Company Limited (內蒙古華電街基風力發電有限公司) for terms of 50 years expiring on October 12, 2060 for industrial use and 40 years expiring on February 9, 2047 for commercial use.

3. Pursuant to 4 Building Ownership Certificates – Meng Fang Quan Zheng Tong Zi Di Nos. 108031013731 to 108031013733 and Meng Cun Fang Quan Zheng Meng No. C08-1407-01893, 10 buildings of properties no. 76 and no. 78 with a total gross floor area of approximately 7,879.53 sq.m. are owned by Inner Mongolia Huadian Jieji Wind Power Company Limited (內蒙古華電街基風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the properties and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the properties and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The properties are not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
78.	152 parcels of land, 8 buildings and various structures of Huitengxile and Kulun Wind Farm located in Chazuozhongqi Inner Mongolia Autonomous Region The PRC	The property comprises 152 parcels of land with a total site area of approximately 210,317.68 sq.m. and 8 buildings and various ancillary structures erected thereon which were completed in various stages between 2007 and 2009. The buildings have a total gross floor area of approximately 7,502.31 sq.m. The buildings mainly include composite buildings, a training building and an electricity distribution room. The structures mainly include fire pools, roads and oil pools. The land use rights of 151 parcels of land of the property have been granted to Inner Mongolia Huadian Huitengxile Wind Power Company Limited (內蒙古華電輝騰錫勒風力發電有限公司) for terms with the expiry dates between June 28, 2032 and June 19, 2058 for industrial use.	The property is currently occupied by Inner Mongolia Huadian Huitengxile Wind Power Company Limited (內蒙古華電輝騰錫勒風力發電有限公司) for production and ancillary purposes.	58,207,000 100% interest attributable to the Group: RMB58,207,000

Notes:

1. Inner Mongolia Huadian Huitengxile Wind Power Company Limited (內蒙古華電輝騰錫勒風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 151 State-owned Land Use Rights Certificates, the land use rights of 151 parcels of land with a total site area of approximately 197,717.68 sq.m. have been granted to Inner Mongolia Huadian Huitengxile Wind Power Company Limited (內蒙古華電輝騰錫勒風力發電有限公司) for terms with the expiry dates between June 28, 2032 and June 19, 2058 for industrial use.

3. Pursuant to 2 Building Ownership Certificates – Zhong Fang Quan Zheng Ke Zi Di Nos. 11669 and 11670, 8 buildings with a total gross floor area of approximately 7,502.31 sq.m. are owned by Inner Mongolia Huadian Huitengxile Wind Power Company Limited (內蒙古華電輝騰錫勒風力發電有限公司).

4. For the remaining parcel of land with a site area of approximately 12,600 sq.m. erected with electricity line, we have not been provided with any title certificate. As advised by the Group, Inner Mongolia Huadian Huitengxile Wind Power Company Limited (內蒙古華電輝騰錫勒風力發電有限公司) is in the process of applying for the relevant title certificates.

5. Pursuant to the Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   c. For the remaining parcel of land without proper title certificates, Huadian Group has made an undertaking stated in note 5. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   d. The undertaking of Huadian Group is legal, valid and enforceable; and

   e. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
79.	3 parcels of land, 4 buildings and various structures located in Dagangzi Town Da'an City Jilin Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 110,948 sq.m. and 4 buildings and various ancillary structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 2,339.59 sq.m. The buildings mainly include a composite building, a fire-fighting pump house and an electricity distribution room. The structures mainly include roads and squares. The land use rights of the property have been allocated to Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司) for public facility use.	The property is currently occupied by Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司) for production and ancillary purposes.	No commercial value
80.	7 office units on Level 14 of Shenghao Huishang No. 5445 Linhe Street Economic-technological Development Area Changchun City Jilin Province The PRC	The property comprises 7 office units on level 14 of an office building completed in 2012. The property has a gross floor area of approximately 1,108.11 sq.m.	The property is currently occupied by Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司) for office purpose.	12,639,000 100% interest attributable to the Group: RMB12,639,000

Notes:

1. Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Da Guo Yong (2010) Di Nos. 822310037 to 822310039, the land use rights of 3 parcels of land of property no. 79 with a total site area of approximately 110,948 sq.m. have been allocated to Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司) for public facility use.

3. Pursuant to 7 State-owned Land Use Rights Certificate – Chang Guo Yong (2012) Di No. 070004232 to 070004237, 070004239, the land use rights of property no. 80 with a total apportioned site area of approximately 268 sq.m. has been granted to Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司) for commercial use.

4. Pursuant to 4 Building Ownership Certificates – Da Fang Quan Zheng Da An Zi Di Nos. 00015865 to 00015868, 4 buildings of property no. 79 with a total gross floor area of approximately 2,339.59 sq.m. are owned by Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司).

5. Pursuant to 7 Building Ownership Certificates – Fang Quan Zheng Chang Fang Quan Zi Di No. 4120001456, 412000544 to 412000545, 412000547, 412000549, 412000550 to 412000551, 7 units of property no. 80 with a total gross floor area of approximately 1,108.11 sq.m. are owned by Huadian Jilin Da'an Wind Power Company Limited (華電吉林大安風力發電有限公司).

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   c. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law;

   d. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of property no. 79, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB23,149,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
81.	118 parcels of land, 6 buildings and various structures located in Meiguiying Town Chayouqianqi Inner Mongolia Autonomous Region The PRC	The property comprises 118 parcels of land with a total site area of approximately 32,120 sq.m. and 6 buildings and various ancillary structures erected thereon which were completed in various stages between 2009 and 2010. The buildings have a total gross floor area of approximately 2,606.92 sq.m. The buildings mainly include a composite building,a fire-fighting pump house and an electricity distribution room. The structures mainly include roads and a reservoir. The land use rights of the property have been granted to Inner Mongolia Huadian Meiguiying Wind Power Company Limited (內蒙古華電玫瑰營風力發電有限公司) for terms of 50 years expiring on October 27, 2060 for industrial use.	The property is currently occupied by Inner Mongolia Huadian Meiguiying Wind Power Company Limited (內蒙古華電玫瑰營風力發電有限公司) for production and ancillary purposes.	29,129,000 62% interest attributable to the Group: RMB18,060,000

Notes:

1. Inner Mongolia Huadian Meiguiying Wind Power Company Limited (內蒙古華電玫瑰營風力發電有限公司) is a 62% interest owned subsidiary of the Company.

2. Pursuant to 118 State-owned Land Use Rights Certificates – Qian Tu Guo Yong (2010) Di Nos. 0000868 to 0000985, the land use rights of 118 parcels of land with a total site area of approximately 32,120 sq.m. have been granted to Inner Mongolia Huadian Meiguiying Wind Power Company Limited (內蒙古華電玫瑰營風力發電有限公司) for terms of 50 years expiring on October 27, 2060 for industrial use.

3. Pursuant to 2 Building Ownership Certificates – Qian Fang Quan Zheng (2010) Zi Di Nos. 10381 and 10382, 6 buildings with a total gross floor area of approximately 2,606.92 sq.m. are owned by Inner Mongolia Huadian Meiguiying Wind Power Company Limited (內蒙古華電玫瑰營風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
82.	35 parcels of land and various structures located in Aleteng Village Akesai County Gansu Province The PRC	The property comprises 35 parcels of land with a total site area of approximately 84,641 sq.m. and various ancillary structures erected thereon which were completed in 2011. The structures mainly include roads. The land use rights of the property have been granted to Gansu Huadian Aksai Wind Power Company Limited (甘肅華電阿克塞風力發電有限公司) for terms of 50 years expiring on November 25, 2059 for industrial use.	The property is currently occupied by Gansu Huadian Aksai Wind Power Company Limited (甘肅華電阿克塞風力發電有限公司) for production and ancillary purposes.	58,539,000 100% interest attributable to the Group: RMB58,539,000

Notes:

1. Gansu Huadian Aksai Wind Power Company Limited (甘肅華電阿克塞風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 35 State-owned Land Use Rights Certificates – A Guo Yong (2010) Di Nos. J46E005018-2-1 to J46E005018-2-33, J46E005018-1, J46E005018-3, the land use rights of 35 parcels of land with a total site area of approximately 84,641 sq.m. have been granted to Gansu Huadian Aksai Wind Power Company Limited (甘肅華電阿克塞風力發電有限公司) for terms of 50 years expiring on November 25, 2059 for industrial use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates; and

   b. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
83.	3 parcels of land, 3 buildings and various structures located in Jiayuguan City Gansu Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 834,278.71 sq.m. and 3 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 1,178.69 sq.m. The buildings mainly include an office building, a booster station and an electricity distribution room. The structures mainly include boundary walls. The land use rights of the property have been allocated to Huadian Jiayuguan Solar Power Company Limited (華電嘉峪關太陽能發電有限公司) for other and electricity infrastructure uses.	The property is currently occupied by Huadian Jiayuguan Solar Power Company Limited (華電嘉峪關太陽能發電有限公司) for office, production and ancillary purposes.	No commercial value

Notes:

1. Huadian Jiayuguan Solar Power Company Limited (華電嘉峪關太陽能發電有限公司) is an 80% interest owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Jia Guo Yong (2010) Di No. 3310, Jia Guo Yong (2012) 3501 to 3502, the land use rights of 3 parcels of land with a total site area of approximately 834,278.71 sq.m. have been allocated to Huadian Jiayuguan Solar Power Company Limited (華電嘉峪關太陽能發電有限公司) for other and electricity infrastructure uses.

3. Pursuant to a Building Ownership Certificate – Jia Yu Guan Shi Fang Quan Zheng Jia Shi Zi Di No. 00071815, 3 buildings with a total gross floor area of approximately 1,178.69 sq.m. are owned by Huadian Jiayuguan Solar Power Company Limited (華電嘉峪關太陽能發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificate and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificate;

   b. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB18,736,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
84.	34 parcels of land, 4 buildings and various structures located in Xidoupu Town Guyang County Baotou City Inner Mongolia Autonomous Region The PRC	The property comprises 34 parcels of land with a total site area of approximately 31,380.53 sq.m. and 4 buildings and various ancillary structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 2,606 sq.m. The buildings mainly include a composite building, a fire-fighting pump house and an electricity distribution room. The structures mainly include roads, gates and a reservoir. The land use rights of the property have been granted to Inner Mongolia Huadian Hongnijing Wind Power Company Limited (內蒙古華電紅泥井風力發電有限公司) for terms of 50 years expiring on October 1, 2061 and October 2, 2061 for industrial use.	The property is currently occupied by Inner Mongolia Huadian Hongnijing Wind Power Company Limited (內蒙古華電紅泥井風力發電有限公司) for production and ancillary purposes.	12,453,000 100% interest attributable to the Group: RMB12,453,000

Notes:

1. Inner Mongolia Huadian Hongnijing Wind Power Company Limited (內蒙古華電紅泥井風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 34 State-owned Land Use Rights Certificates – Gu Guo Yong (2011) Di Nos. 60 to 70, 72 to 94, the land use rights of 34 parcels of land with a total site area of approximately 31,380.53 sq.m. have been granted to Inner Mongolia Huadian Hongnijing Wind Power Company Limited (內蒙古華電紅泥井風力發電有限公司) for terms of 50 years expiring on October 1, 2061 and October 2, 2061 for industrial use.

3. Pursuant to 4 Building Ownership Certificates – Gu Fang Quan Zheng Xi Zi Di Nos. 6 to 9, 4 buildings of the property with a total gross floor area of approximately 2,606 sq.m. are owned by Inner Mongolia Huadian Hongnijing Wind Power Company Limited (內蒙古華電紅泥井風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
85.	23 parcels of land, 5 buildings and various structures of Yangtianhu Wind Farm located in Beihu District Chenzhou City Hunan Province The PRC	The property comprises 23 parcels of land with a total site area of approximately 13,350 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in various stages between 2009 and 2010. The buildings have a total gross floor area of approximately 1,545.38 sq.m. The buildings mainly include a composite building, a fire-fighting pump house and an electricity distribution room. The structures mainly include roads and a reservoir. The land use rights of the property have been granted to Hunan Huadian Chenzhou Wind Power Company Limited (湖南華電郴州風力發電有限公司) for terms of 50 years expiring on December 26, 2060 for industrial use.	The property is currently occupied by Hunan Huadian Chenzhou Wind Power Company Limited (湖南華電郴州風力發電有限公司) for production and ancillary purposes.	91,423,000 100% interest attributable to the Group: RMB91,423,000

Notes:

1. Hunan Huadian Chenzhou Wind Power Company Limited (湖南華電郴州風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 23 State-owned Land Use Rights Certificates – Chen Bei Guo Yong (2011) Di Nos. 001 to 023, the land use rights of 23 parcels of land with a total site area of approximately 13,350 sq.m. have been granted to Hunan Huadian Chenzhou Wind Power Company Limited (湖南華電郴州風力發電有限公司) for terms of 50 years expiring on December 26, 2060 for industrial use.

3. Pursuant to 5 Building Ownership Certificates – Chen Fang Quan Zheng Bei Hu Zi Di Nos. 711001858 to 711001862, 5 buildings with a total gross floor area of approximately 1,545.38 sq.m. are owned by Hunan Huadian Chenzhou Wind Power Company Limited (湖南華電郴州風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
86.	2 parcels of land, 5 buildings and various structures of Guangling Dianding Mountain Phase I Wind Farm located in Guangling County Datong City Shanxi Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 35,741.18 sq.m. and 5 buildings and various ancillary structures erected thereon which were completed in various stages between 2010 and 2011. The buildings have a total gross floor area of approximately 2,975.38 sq.m. The buildings mainly include composite buildings, a united pump house and an office building. The structures mainly include roads, fence boundaries and a reservoir. The land use rights of the property have been granted to Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司) for public facility use.	The property is currently occupied by Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司) for office, production and ancillary purposes.	39,656,000 60% interest attributable to the Group: RMB23,794,000
87.	An office unit on Level 17 of Fulinbaocheng office building No. 78 Xinjian South Road Datong City Shanxi Province The PRC	The property comprises an office unit on Level 17 of an office building completed in 2010. The property has a gross floor area of approximately 1,471.32 sq.m.	The property is currently occupied by Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司) for office purpose.	12,624,000 60% interest attributable to the Group: RMB7,574,000

Notes:

1. Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司) is a 60% interest owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Guang Guo Yong (2011) Di Nos. 231401001 and 231401002, the land use rights of 2 parcels of land of property no. 86 with a total site area of approximately 35,741.18 sq.m. have been granted to Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司) for public facility use.

3. Pursuant to a Building Ownership Certificate – Tong Fang Quan Zheng Cheng Zi Di No. 043176, an office unit of property no. 87 with a gross floor area of approximately 1,471.32 sq.m. is owned by Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司).

4. For the remaining 5 buildings of property no. 86 with a total gross floor area of approximately 2,975.38 sq.m. erected on the land mentioned in note 2, we have not been provided with any title certificate. As advised by the Group, Shanxi Huadian Guangling Wind Power Company Limited (山西華電廣靈風力發電有限公司) is in the process of applying for the building ownership certificates.

5. Pursuant to the Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the properties and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the properties and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   c. For the remaining 5 buildings without proper title certificates, Huadian Group has made an undertaking stated in note 5. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   d. The undertaking of Huadian Group is legal, valid and enforceable; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of these properties, we have attributed no commercial value to the buildings mentioned in note 4 due to lack of any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) would be in the sum of RMB7,498,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
88.	A parcel of land, a composite building and a structure of Zhoushan Wind Farm located in Changbai Village Dinghai District Zhoushan City Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 8,576 sq.m. and a building and a structure erected thereon which were completed in various stages between 2009 and 2010. The building has a gross floor area of approximately 1,360.01 sq.m. The building is a composite building and the structure is a road. The land use rights of the property have been granted to Zhoushan Huadian Wind Power Company Limited (舟山華電風力發電有限公司) for a term of 50 years expiring on January 19, 2061 for public facility use.	The property is currently occupied by Zhoushan Huadian Wind Power Company Limited (舟山華電風力發電有限公司) for production and ancillary purposes.	17,361,000 100% interest attributable to the Group: RMB17,361,000

Notes:

1. Zhoushan Huadian Wind Power Company Limited (舟山華電風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Ding Guo Yong (2011) Di No. 0300650, the land use rights of a parcel of land with a site area of approximately 8,576 sq.m. have been granted to Zhoushan Huadian Wind Power Company Limited (舟山華電風力發電有限公司) for a term of 50 years expiring on January 19, 2061 for public facility use.

3. Pursuant to a Building Ownership Certificate – Zhou Fang Quan Zheng Ding Bai Zi Di No. 28003768, a building with a gross floor area of approximately 1,360.01 sq.m. is owned by Zhoushan Huadian Wind Power Company Limited (舟山華電風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificate for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. The Group has obtained legal title certificate for the building of the property and has the rights to occupy and use the building in accordance with the prescribed use stated in the building ownership certificate as well as donate, transfer, lease, mortgage or otherwise dispose of it; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
89.	A parcel of land, a main building and various structures of Niutouwei Wind Farm located in Shapu Town Fuqing City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 15,823 sq.m. and a building and various ancillary structures erected thereon which were completed in 2011. The building has a gross floor area of approximately 1,514.02 sq.m. The structures mainly include roads, walls and oil pools. The land use rights of the property have been allocated to Huadian (Fuqing) Wind Power Company Limited (華電（福清）風電有限公司) for industrial use.	The property is currently occupied by Huadian (Fuqing) Wind Power Company Limited (華電（福清）風電有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Huadian (Fuqing) Wind Power Company Limited (華電（福清）風電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Rong Sha Pu Guo Yong (2011) Di No. B0788, the land use rights of a parcel of land with a site area of approximately 15,823 sq.m. has been allocated to Huadian (Fuqing) Wind Power Company Limited (華電（福清）風電有限公司) for industrial use.

3. Pursuant to a Building Ownership Certificate – Rong Fang Quan Zheng R Zi Di No. 1110135, a main building with a gross floor area of approximately 1,514.02 sq.m. is owned by Huadian (Fuqing) Wind Power Company Limited (華電（福清）風電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

    b. For the building erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of it after the land premium has been fully paid based on the relevant law; and

    c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures (excluding the land element) would be in the sum of RMB23,147,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
90.	45 parcels of land, 3 buildings and various structures of Qushou Wind Farm located in Tangyuan County Jiamusi City Heilongjiang Province The PRC	The property comprises 45 parcels of land with a total site area of approximately 94,117.2 sq.m. and 3 buildings and various ancillary structures erected thereon which were completed in various stages between 2009 to 2010. The buildings have a total gross floor area of approximately 2,307.30 sq.m. The buildings mainly include a central control building and an electricity distribution room. The structures mainly include roads, and a fire-fighting facility. The land use rights of the property have been allocated to Huadian Tangyuan Wind Power Company Limited (華電湯原風力發電有限公司) for industrial use.	The property is currently occupied by Huadian Tangyuan Wind Power Company Limited (華電湯原風力發電有限公司) for office, production and ancillary purposes.	No commercial value

Notes:

1. Huadian Tangyuan Wind Power Company Limited (華電湯原風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 45 State-owned Land Use Rights Certificates – Tang Guo Yong (2011) Di Nos. 0837 to 0881, the land use rights of 45 parcels of land with a total site area of approximately 94,117.20 sq.m. have been allocated to Huadian Tangyuan Wind Power Company Limited (華電湯原風力發電有限公司) for industrial use.

3. Pursuant to 3 Building Ownership Certificates – Tang Fang Quan Zheng Zi Di Nos. 2011001883 to 2011001885, 3 buildings with a total gross floor area of approximately 2,307.30 sq.m. are owned by Huadian Tangyuan Wind Power Company Limited (華電湯原風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB22,813,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
91.	67 parcels of land, 6 buildings and various structures located in Changshun Town Huadei County Inner Mongolia Autonomous Region The PRC	The property comprises 67 parcels of land with a total site area of approximately 23,002.8 sq.m., 6 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 2,555.24 sq.m. The buildings mainly include a composite building, a pump house and an electricity distribution room. The structures mainly include roads and boundary walls. The land use rights of the property have been granted to Inner Mongolia Sansheng Wind Power Company Limited (內蒙古三勝風電有限公司) for terms of 50 years expiring on April 12, 2061 for industrial use.	The property is currently occupied by Inner Mongolia Sansheng Wind Power Company Limited (內蒙古三勝風電有限公司) for production and ancillary purposes.	21,876,000 90% interest attributable to the Group: RMB19,688,000

Notes:

1. Inner Mongolia Sansheng Wind Power Company Limited (內蒙古三勝風電有限公司) is a 90% interest owned subsidiary of the Company.

2. Pursuant to 67 State-owned Land Use Rights Certificates, the land use rights of 67 parcels of land with a total site area of approximately 23,002.8 sq.m. have been granted to Inner Mongolia Sansheng Wind Power Company Limited (內蒙古三勝風電有限公司) for terms of 50 years expiring on April 12, 2061 for industrial use.

3. Pursuant to 6 Building Ownership Certificates – Meng Zi Di Nos. 142011100514 to 142011100519, 6 buildings with a total gross floor area of approximately 2,555.24 sq.m. are owned by Inner Mongolia Sansheng Wind Power Company Limited (內蒙古三勝風電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
92.	A parcel of land, 4 buildings and various structures located in Dongtai Yanhai Wetland Holiday Business Zone Dongtai City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 262,068 sq.m. and 4 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 1,867 sq.m. The buildings mainly include a composite building, a pump house and an electricity distribution room. The structures mainly include roads, gates and boundary walls.	The property is currently occupied by Huadian Shangde Dongtai Solar Power Company Limited (華電尚德東台太陽能發電有限公司) for office, production and ancillary purposes.	No commercial value

Notes:

1. Huadian Shangde Dongtai Solar Power Company Limited (華電尚德東台太陽能發電有限公司) is a 90% interest owned subsidiary of the Company.

2. Pursuant to a Land Leasing Contract, a parcel of land with a site area of approximately 262,068 sq.m. is leased to the Company from Dong Tai Wetland Holiday Business Zone Committee (東台沿海濕地旅遊度假經濟區管委會), an independent third party, for a term of 25 years expiring on November 30, 2034 at a total annual rental of approximately RMB117,900.

3. As advised by the Company, the 4 buildings erected on the leased land with a total gross floor area of approximately 1,867 sq.m. of the property were constructed by the Company. For the buildings, we have not been provided with any title certificate.

4. Pursuant to the Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates since the incorporation of the Company.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. For the property without proper title certificates, Huadian Group has made an undertaking stated in note 4. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   b. The undertaking of Huadian Group is legal, valid and enforceable; and

   c. The property is not subject to any mortgage or other encumbrances.

6. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature and lack of any proper title certificate for the building. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB5,302,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
93.	28 parcels of land and various structures located in Wangjia Tun Shi He Mulan County Heilongjiang Province The PRC	The property comprises 20 parcels of land with a total site area of approximately 18,000 sq.m. and various ancillary structures erected thereon which were completed in various stages between 2003 to 2010. The property also comprises 8 parcels of vacant land with a total site area of approximately 11,400 sq.m. and which are for further development. The structures mainly include store rooms and an electricity distribution ancillary room. The land use rights of the property have been allocated to Heilongjiang Huafu Wind Power Mulan Company Limited (黑龍江華富風力發電木蘭有限責任公司) for public facility use.	The property is currently occupied by Heilongjiang Huafu Wind Power Mulan Company Limited (黑龍江華富風力發電木蘭有限責任公司) for production and ancillary purposes except for 8 parcels of land with a total site area of approximately 11,400 sq.m. which are vacant.	No commercial value

Notes:

1. Heilongjiang Huafu Wind Power Mulan Company Limited (黑龍江華富風力發電木蘭有限責任公司) is a 47% interest owned subsidiary of the Company.

2. Pursuant to 28 State-owned Land Use Rights Certificates – Mu Lan Xian Guo Yong (2010) Di Nos. 58 to 85, the land use rights of 28 parcels of land with a total site area of approximately 29,400 sq.m. have been allocated to Heilongjiang Huafu Wind Power Mulan Company Limited (黑龍江華富風力發電木蘭有限責任公司) for public facility use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates; and

   b. The property is not subject to any mortgage or other encumbrances.

4. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the structures (excluding the land element) would be in the sum of RMB7,949,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
94.	2 office buildings No. 6 Qian Shan Road Technology Zone Xiangfang District Harbin City Heilongjiang Province The PRC	The property comprises 2 office buildings completed in 1993. The buildings have a total gross floor area of approximately 2,663.66 sq.m.	The property is currently occupied by Heilongjiang Huafu Power Investment Company Limited (黑龍江省華富電力投資有限公司) for office purpose.	25,801,000 80% interest attributable to the Group: RMB20,641,000

Notes:

1. Heilongjiang Huafu Power Investment Company Limited (黑龍江省華富電力投資有限公司) is an 80% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Ha Guo Yong (2003) Di No. 80041, the land use rights of the property with a total apportioned site area of approximately 1,537.10 sq.m. have been granted to Heilongjiang Huafu Power Investment Company Limited (黑龍江省華富電力投資有限公司) for a term of 40 years expiring on June 20, 2042 for industrial use.

3. Pursuant to 2 Building Ownership Certificates – Ha Fang Quan Zheng Kai Guo Di Nos. 200703405 and 200802458, 2 buildings with a total gross floor area of approximately 2,663.66 sq.m. are owned by Heilongjiang Huafu Power Investment Company Limited (黑龍江省華富電力投資有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
95.	An office building, 2 units and 2 garages located in Bamiantong Town Muling City Heilongjiang Province The PRC	The property comprises an office building and 2 units and garages completed in various stages between 2008 and 2009. The property has a gross floor area of approximately 1,361.47 sq.m.	The property is currently occupied by Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for office, residential and garage purposes.	4,524,000 64% interest attributable to the Group: RMB2,895,000
96.	A parcel of land, a substation and various structures located in Suiyang Forestry Bureau Dongning County Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 289,254 sq.m. and a substation and various structures erected thereon which were completed in various stage between 2008 to 2010. The substation has a gross floor area of approximately 567.32 sq.m. and the structures mainly include roads. The land use rights of the property have been allocated to Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for industrial use.	The property is currently occupied by Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for production and ancillary purposes.	No commercial value
97.	A parcel of land, a substation and various structures located in Bamiantong Forestry Bureau Muling City Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 61,050 sq.m. and a substation and various structures erected thereon which were completed in various stages between 2008 to 2010. The substation has a gross floor area of approximately 1,309.17 sq.m. The structure mainly include roads. The land use rights of the property have been allocated to Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for industrial use.	The property is currently occupied by Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for production and ancillary purposes.	No commercial value

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
98.	3 parcels of land and various structures located in Muling City Heilongjiang Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 1,828.56 sq.m. and various ancillary structures erected thereon which were completed in 2010. The structures mainly include transmission towers. The land use rights of the property have been allocated to Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for industrial use.	The property is currently occupied by Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for production and ancillary purposes.	No commercial value

Notes:

1. Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) is a 64% interest owned subsidiary of the Company.

2. Pursuant to 5 State-owned Land Use Rights Certificates – Hei Guo Yong (2010) Di Nos. 25100080 to 25100081 and Mu Guo Yong (2009) Di Nos. 0493 to 0494 and 0494-1, the land use rights of 5 parcels of land of properties no. 96 to no. 98 with a total site area of approximately 352,132.56 sq.m. have been allocated to Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for industrial use.

3. Pursuant to 2 Building Ownership Certificates – Mu Fang Quan Zheng Shi Qu Zi Di No. 2010005481 and Hei Sen Fang Quan Zheng Fu Yang Zi Di No. 0401, 2 buildings of properties no. 96 and no. 97 with a total gross floor area of approximately 1,876.49 sq.m. are owned by Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司), the buildings are erected on the land mentioned in note 2.

4. Pursuant to 5 State-owned Land Use Rights Certificates – Mu Guo Yong (2011) Di Nos. 0287, 0287-1, 0288-1, 0288-2, and Mu Guo You (2011) Di No. 0379, the land use rights of property no. 95 with a total apportioned site area of approximately 1,386.95 sq.m. have been granted to Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司) for various terms of 65 and 35 years expiring on December 1, 2046 and December 1, 2076 for residential, garages and office uses.

5. Pursuant to 5 Building Ownership Certificates – Mu Fang Quan Zheng Ba Mian Tong Town Zi Di Nos. 2011001541 to 2011001544 and Mu Fang Quan Zheng Shi Qu Zi Di No. 2011001565-1/2, 5 buildings or units of property no. 95 with a total gross floor area of approximately 1,361.47 sq.m. are owned by Heilongjiang Dongning Huafu Wind Power Company Limited (黑龍江東寧華富風力發電有限責任公司).

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the property and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   c. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   d. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of properties no. 96 to no. 98, we have attributed no commercial value to the properties due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB44,976,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
99.	168 parcels of land, 3 buildings and various structures of Yilan Wind Farm located in Tuanshanzi Village Yilan County Harbin City Heilongjiang Province The PRC	The property comprises 168 parcels of land with a total site area of approximately 30,944 sq.m. and 3 buildings and various ancillary structures erected thereon which were completed in various stages between 2008 and 2009. The buildings have a total gross floor area of approximately 2,373.71 sq.m. The buildings mainly include an office building, a garage and an electricity distribution room. The structures mainly include roads and a well. The land use rights of the property have been allocated to Harbin Yilan Huafu Wind Power Company Limited (哈爾濱依蘭華富風力發電有限公司) for public facility use.	The property is currently occupied by Harbin Yilan Huafu Wind Power Company Limited (哈爾濱依蘭華富風力發電有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Harbin Yilan Huafu Wind Power Company Limited (哈爾濱依蘭華富風力發電有限公司) is a 64% interest owned subsidiary of the Company.

2. Pursuant to 168 State-owned Land Use Rights Certificates – Yi Guo Yong (2009) Di Nos. 01-231-001, 02-231-001 to 02-231-020, 04-231-002 to 04-231-040, 08-231-001 to 08-231-073, 10-231-001 to 10-231-030, 15-231-001 to 15-231-005, the land use rights of 168 parcels of land with a total site area of approximately 30,944 sq.m. have been allocated to Harbin Yilan Huafu Wind Power Company Limited (哈爾濱依蘭華富風力發電有限公司) for public facility use.

3. Pursuant to 3 Building Ownership Certificates – Yi Fang Quan Zheng (2011) Zi Di Nos. 014959 to 014961, 3 buildings with a total gross floor area of approximately 2,373.71 sq.m. are owned by Harbin Yilan Huafu Wind Power Company Limited (哈爾濱依蘭華富風力發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the buildings erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB18,187,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
100.	22 parcels of land, an industrial building and various structures located in Bamiantong Forestry Bureau Heilongjiang Province The PRC	The property comprises 22 parcels of land with a total site area of approximately 260,395 sq.m. and an industrial building and various ancillary structures erected thereon which were completed in 2006. The industrial building has a gross floor area of approximately 2,205.54 sq.m. The structures mainly include roads, boundary walls and a well. The land use rights of the property have been allocated to Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for industrial and public facility uses.	The property is currently occupied by Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for production and ancillary purposes.	No commercial value
101.	14 parcels of land and various structures located at Sui Yang Forestry Bureau Heilongjiang Province The PRC	The property comprises 14 parcels of land with a total site area of approximately 85,699 sq.m. and various ancillary structures erected thereon which were completed in 2006. The structures mainly include roads. The land use rights of the property have been allocated to Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for industrial and public facility uses.	The property is currently occupied by Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for production and ancillary purposes.	No commercial value
102.	An office building and 2 garages No. 99 Tuanjie Road Hongqiwei Bamiantong Town Muling City Heilongjiang Province The PRC	The property comprises an office building and 2 garages completed in various stages between 2008 and 2009. The property has a total gross floor area of approximately 1,157.71 sq.m.	The property is currently occupied by Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for office and garage purposes.	5,132,000 49% interest attributable to the Group: RMB2,515,000

Notes:

1. Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) is a 49% interest owned subsidiary of the Company.

2. Pursuant to 36 State-owned Land Use Rights Certificates – Hei Guo Yong (2010) Di Nos. 25100082 to 25100083, Hei Guo Yong (2006) Di Nos. 25100683, 25100693 to 25100725, the land use rights of 36 parcels of land of properties no. 100 and no. 101 with a total site area of approximately 346,094 sq.m. have been allocated to Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for industrial and public facility uses.

3. Pursuant to a Building Ownership Certificate – Mu Fang Quan Zheng Ba Mian Tong Zi Di No. 012720, a building of property no. 100 with a gross floor area of approximately 2,205.54 sq.m. is owned by Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司), the building is erected on the land mentioned in note 2.

4. Pursuant to 3 State-owned Land Use Rights Certificates – Mu Guo Yong (2011) Di Nos. 0285, 0378-1, 0378-2, the land use rights of 3 parcels of land of property no. 102 with a total site area of approximately 1,224.07 sq.m. have been granted to Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司) for terms of 45 years expiring on December 31, 2056 for commercial use.

5. Pursuant to 3 Building Ownership Certificates – Mu Fang Quan Zheng Ba Mian Tong Town Zi Di Nos. 2009000603, 2009000610, Mu Fang Quan Zheng Shi Qu Zi Di No. 2011001565-1/2, a building and 2 garages of property no. 102 with a total gross floor area of approximately 1,157.71 sq.m. are owned by Heilongjiang Huafu Wind Power Muling Company Limited (黑龍江華富風力發電穆棱有限責任公司).

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the properties and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the buildings of the properties and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   c. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   d. For the buildings erected on the allocated land of the properties, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of them after the land premium has been fully paid based on the relevant law; and

   e. The properties are not subject to any mortgage or other encumbrances.

7. In the valuation of properties no. 100 and no. 101, we have attributed no commercial value to the properties due to the allocated land nature of the properties. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB31,087,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
103.	2 parcels of land, a boiler room and various structures located in Yulai Town Huachuan County Jiamusi City Heilongjiang Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 58,325.79 sq.m. and a boiler room and various ancillary structures erected thereon which were completed in various stages between 2006 and 2010. The boiler room has a gross floor area of approximately 3,081.95 sq.m. The structures mainly include roads, a gate and boundary walls. The land use rights of the property have been allocated to Huadian Huachuan Heat Power Company Limited (華電樺川熱力有限公司) for public facility use.	The property is currently occupied by Huadian Huachuan Heat Power Company Limited (華電樺川熱力有限公司) for production and ancillary purposes.	No commercial value

Notes:

1. Huadian Huachuan Heat Power Company Limited (華電樺川熱力有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Right Certificates – Hua Chuan County Guo Yong (2011) Di Nos. 0433 and 0080, the land use rights of 2 parcels of land with a total site area of approximately 58,325.79 sq.m. have been allocated to Huadian Huachuan Heat Power Company Limited (華電樺川熱力有限公司) for public facility use.

3. Pursuant to a Building Ownership Certificate – Hua Fang Quan Zheng Zi Di No. 2011001145, a building with a gross floor area of approximately 3,081.95 sq.m. is owned by Huadian Huachuan Heat Power Company Limited (華電樺川熱力有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificates and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificates;

   b. For the building erected on the allocated land of the property, the Group has obtained legal title certificates and could transfer, donate, lease, mortgage or otherwise dispose of it after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of this property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structures (excluding the land element) would be in the sum of RMB29,350,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
104.	A unit on Levels 1 to 3 of Tianyang Huafu Xiao Qu No. 227 Hongqi Street Xiangfang District Harbin City Heilongjiang Province The PRC	The property comprises a unit on Levels 1 to 3 of a 28-storey office building completed in 2006. The unit has a gross floor area of approximately 710.65 sq.m.	The property is currently occupied by Harbin ChenHua Power New Technology Development Co., Ltd. (哈爾濱辰華電力新技術開發有限責任公司) for office purpose.	7,817,000 80% interest attributable to the Group: RMB6,254,000

Notes:

1. Harbin ChenHua Power New Technology Development Co., Ltd. (哈爾濱辰華電力新技術開發有限責任公司) is an 80% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Ha Guo Yong No. (2011) 10000722, the land use rights of the property with an apportioned site area of approximately 43.70 sq.m. have been granted to Harbin ChenHua Power New Technology Development Co., Ltd. (哈爾濱辰華電力新技術開發有限責任公司) for a term of 32 years expiring on March 2, 2043 for commercial use.

3. Pursuant to a Building Ownership Certificate – Ha Fang Quan Zheng Kai Zi Di No. 201110456, the property with a gross floor area of approximately 710.65 sq.m. is owned by Harbin ChenHua Power New Technology Development Co., Ltd. (哈爾濱辰華電力新技術開發有限責任公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. The Group has obtained legal title certificates for the building of the property and has the rights to occupy and use the building in accordance with the prescribed use stated in the building ownership certificate as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   c. The property is not subject to any mortgage or other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
105.	A parcel of land and an office building No. 8 Jingdu Road Jiaocheng District Ningde City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 4,992.97 sq.m. and a 9-storey office building erected thereon which were completed in 2011. The building has a total gross floor area of approximately 7,137.8 sq.m. The land use rights of the property have been granted for a term expiring on February 26, 2039 for commercial and finance uses.	The property is currently occupied by Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for office purpose.	32,562,000 51% interest attributable to the Group: RMB16,607,000

Notes:

1. Mindong Hydropower Development Company Limited (閩東水電開發有限公司) is a 51% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Ning Zheng Guo Yong (2010) Di No. 6230, the land use rights of a parcel of land with a site area of approximately 4,992.97 sq.m. have been granted to Mindong Hydropower Development Company Limited (閩東水電開發有限公司) for a term expiring on February 26, 2039 for commercial and finance uses.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 35090020090067 in favour of the Mindong Hydropower Development Company Limited (閩東水電開發有限公司), the building with a planned gross floor area of approximately 7,137.8 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – No. 352221201005280101 in favour of Mindong Hydropower Development Company Limited (閩東水電開發有限公司), permission by the relevant local authority was given to commence the construction work.

5. As advised by the Company, the Company is in the process of applying for relevant title certificates of the property.

6. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the granted land mentioned in note 2, the Group has obtained legal title certificate for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. For the office building of the property, Huadian Group has made an undertaking stated in note 6. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   c. The undertaking of Huadian Group is legal, valid and enforceable; and

   d. The property is not subject to any mortgage or other encumbrances.

8. In the valuation of the property, we have attributed no commercial value to the building of the property due to lack of any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) would be in the sum of RMB17,666,000 as of the date of valuation assuming all relevant title certificates had been obtained and the building could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
106.	3 parcels of land, 2 buildings and various structures of Shuangliao Wind Farm located in Namusi Village Shuangliao City Jilin Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 25,662 sq.m., 2 buildings and various ancillary structures erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 2,218.32 sq.m. The buildings mainly include a composite building and an electricity distribution room. The structures mainly include roads. The land use rights of the property have been granted for a term expiring on February 26, 2039 for commercial and financing use.	The property is currently occupied by Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司) for production and ancillary purposes.	No commercial value
107.	An office unit on Level 14 of Shenghao Huishang No. 5445 Linhe Street Economic-technological Development Area Changchun City Jilin Province The PRC	The property comprises a unit on Level 14 of an office building completed in 2012. The property has a gross floor area of approximately 246.93 sq.m.	The property is currently occupied by Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司) for office purpose.	2,667,000 98% interest attributable to the Group: RMB2,614,000

Notes:

1. Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司) is a 98% interest owned subsidiary of the Company.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 0020110061 in favour of Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司), permission towards the planning of the subject land (including the land of property No. 106) with a site area of approximately 153,924 sq.m. has been granted to the Group.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No.0020110061 in favour of Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司), the building of property no. 106 with a planned gross floor area of approximately 2,600 sq.m. has been approved construction.

4. Pursuant to a Construction Work Commencement Permit in favour of Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司), permission by the relevant local authority was given to commence the construction work of property no. 106.

5. As advised by the Company, the Company is in the process of applying for relevant title certificates of property no. 106.

6. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates.

7. Pursuant to a State-owned Land Use Rights Certificate – Chang Guo Yong (2012) Di No. 070004240, the land use rights of property no. 107 with an apportioned site area of approximately 60 sq.m. have been granted to Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司) for commercial use.

8. Pursuant to a Building Ownership Certificate – Fang Quan Zheng Chang Fang Quan Zi Di No. 4120001548, the unit of property no. 107 with a gross floor area of approximately 246.93 sq.m. is owned by Huadian Jilin Shuangliao Wind Power Company Limited (華電吉林雙遼風力發電有限公司).

9. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of property no. 107 and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. The Group has obtained legal title certificates for the buildings of property no. 107 and has the rights to occupy and use the buildings in accordance with the prescribed use stated in the building ownership certificate as well as donate, transfer, lease, mortgage or otherwise dispose of them;

   c. For 3 parcels of land and 2 buildings of property no. 106, Huadian Group has made an undertaking stated in note 6. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   d. The undertaking of Huadian Group is legal, valid and enforceable; and

   e. The properties are not subject to any mortgage or other encumbrances.

10. In the valuation of property no. 106 , we have attributed no commercial value to the property due to lack of any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) would be in the sum of RMB19,376,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at April 30, 2012
				RMB
108.	A parcel of land and an office building located in Hongshagang Town Minqin County Wuwei City Gansu Province The PRC	The property comprises a parcel of land with a site area of approximately 243,000 sq.m. and an office building erected thereon which were completed in 2011. The building has a total gross floor area of approximately 514.02 sq.m. The land use rights of the property have been allocated to Gansu Huadian Minqin Power Generation Company Limited (甘肅華電民勤發電有限公司) for industrial use.	The property is currently occupied by Gansu Huadian Minqin Power Generation Company Limited (甘肅華電民勤發電有限公司) for office and ancillary purposes.	No commercial value

Notes:

1. Gansu Huadian Minqin Power Generation Company Limited (甘肅華電民勤發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Min Guo Yong (2011) Di No.116, the land use rights of a parcel of land with a site area of approximately 243,000 sq.m. have been allocated to Gansu Huadian Minqin Power Generation Company Limited (甘肅華電民勤發電有限公司) for industrial use.

3. Pursuant to a Building Ownership Certificate – Min Fang Quan Zheng Zi Di No. 9210, an office building with a total gross floor area of approximately 514.02 sq.m. is owned by Gansu Huadian Minqin Power Generation Company Limited (甘肅華電民勤發電有限公司).

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. For the land use rights of the allocated land, the Group has obtained legal title certificate for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. For the office building erected on the allocated land of the property, the Group has obtained legal title certificate and could transfer, donate, lease, mortgage or otherwise dispose of it after the land premium has been fully paid based on the relevant law; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of the property, we have attributed no commercial value to the property due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) would be in the sum of RMB738,000 as at the date of valuation assuming all relevant title certificates had been obtained and it could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at April 30, 2012
				RMB
109.	A parcel of land and 2 buildings located in Guangfu Yuanqu Jinshumei Avenue Ge'ermu City Qinghai Province The PRC	The property comprises a parcel of land with a site area of approximately 440,000 sq.m. and 2 buildings erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 780 sq.m. The buildings mainly include a composite building and an industrial building.	The property is currently occupied by Gansu Huadian Golmud Solar Power Company Limited (華電格爾木太陽能發電有限公司) for production and office purposes.	No commercial value

Notes:

1. Gansu Huadian Golmud Solar Power Company Limited (華電格爾木太陽能發電有限公司) is a wholly-owned subsidiary of the Company.

2. For the parcel of land and 2 buildings of the property, we have not been provided with any title certificate. As advised by the Group, Gansu Huadian Golmud Solar Power Company Limited (華電格爾木太陽能發電有限公司) is in the process of applying for the relevant title certificates.

3. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For a parcel of land and 2 buildings of the property, Huadian Group has made an undertaking stated in note 3. There is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group;

   b. The undertaking of Huadian Group is legal, valid and enforceable; and

   c. The property is not subject to any mortgage or other encumbrances.

5. In the valuation of the property, we have attributed no commercial value to the building of the property due to lack of any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) would be in the sum of RMB2,037,000 as at the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at April 30, 2012
				RMB
110.	3 parcels of land and various structures located in Xiazhe Village and Wenxing Village Yongfu Town Zhangping City Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 472,932.01 sq.m. and various structures erected thereon which were completed in various stages between 2005 and 2010. The structures mainly include a dam, roads and dykes. The land use rights of 2 parcels of land have been granted for terms expiring on July 21, 2054 for industrial use. The land use rights of the remaining parcel of land have been allocated to Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司) for industrial use.	The property is currently occupied by Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司) for production purpose.	17,899,000 60% interest attributable to the Group: RMB10,739,000
111.	Units D201 and D202 on Level 2 and 2 garages on Level 1 of Xianghe Xincheng Heping North District Zhangping City Fujian Province The PRC	The property comprises 2 units on Level 2 and 2 garages on Level 1 of a 6-storey residential building completed in 2003. The property has a total gross floor area of approximately 308.19 sq.m.	The property is currently occupied by Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司) for residential and garage purposes.	861,000 60% interest attributable to the Group: RMB517,000

Notes:

1. Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司) is a 60% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Zhang Guo Yong (2007) Di No. 0473, the land use rights of a parcel of land of property no. 110 with a site area of approximately 458,502 sq.m. have been allocated to Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司) industrial use.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Zhang Guo Yong (2007) Di Nos. 0474 and 0475, the land use rights of 2 parcels of land of property no. 110 with a total site area of approximately 14,430.01 sq.m. have been granted to Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司) for terms expiring on July 21, 2054 for industrial use.

4. Pursuant to 4 Building Ownership Certificates – Fang Quan Zheng Zhang Fang Zi Di Nos. 01582, 01583, 01648 and 01649, 2 units and 2 garages of property no. 111 with a total gross floor area of approximately 308.19 sq.m. are owned by Zhangping Yongfu Hydropower Development Company Limited (漳平市永福水電發展有限公司).

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land use rights of the allocated land mentioned in note 2, the Group has obtained legal title certificate and is entitled to solely occupy and use the relevant land use rights in terms of the prescribed use stated in the land use rights certificate;

   b. For the land use rights of the granted land mentioned in note 3, the Group has obtained legal title certificates for the land and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   c. For the 2 units and 2 garages of property no. 111 mentioned in note 4, the Group has obtained legal title certificates and has rights to occupy and use the property in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them; and

   d. The properties are not subject to any mortgage or other encumbrances.

6. In the valuation of property no. 110, we have attributed no commercial value to the allocated land and the structures erected thereon due to the allocated land nature of the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the structures (excluding the land element) would be in the sum of RMB85,963,000 as at the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

Group II – Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
112.	3 parcels of land, 6 buildings and various structures under construction located in Chuanjing Wind Farm Chuanjing Town Wulatezhongqi Inner Mongolia Autonomous Region The PRC	The property comprises 3 parcels of land with a total site area of approximately 76,815 sq.m. and 6 buildings and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in December 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 6,659 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. China Huadian New Energy Development Company Limited Chuanjing Wind Power Company Limited (中國華電集團新能源發展有限公司川井風電分公司) is a wholly-owned subsidiary of the Company.

2. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB13,771,719.45, of which RMB13,771,719.45 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

3. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion of construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will be no legal impediment to obtain the relevant title certificates after the completion of CIP and the relevant procedures of land granting or allocating have been finished;

   b. For the CIP, Huadian Group has made an undertaking in note 3. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

5. In valuing the property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificates and construction permits. Hoverer, for reference purpose, we are of the opinion that the depreciated replacement cost of the CIP (excluding the land element) would be in the sum of RMB15,322,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
113.	3 parcels of land, 4 buildings and various structures under construction located in Chuanjing Wind Farm Daimaoqi Baotou City Inner Mongolia Autonomous Region The PRC	The property comprises 3 parcels of land with a total site area of approximately 93,009.79 sq.m. and 4 buildings and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in January 2013. Upon completion, the buildings of the property will have a total gross floor area of approximately 3,114.20 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. Inner Mongolia Huadian Bayin Wind Power Company Limited (內蒙古華電巴音風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB12,925,868.36, of which RMB10,909,905.64 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

3. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion of construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will be no legal impediment to obtain the relevant title certificates after the completion of CIP and the relevant procedures of land granting or allocating have been finished;

   b. For the CIP, Huadian Group has made an undertaking in note 3. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

5. In valuing the property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificates and construction permits. Hoverer, for reference purpose, we are of the opinion that the depreciated replacement cost of the CIP (excluding the land element) would be in the sum of RMB11,936,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
114.	A parcel of land, 6 buildings and various structures under construction located in Longganhu Administrative District Huanggang City Hubei Province The PRC	The property comprises a parcel of land with a site area of approximately 20,626 sq.m. and 6 buildings and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 5,784 sq.m.	The property is currently under construction.	10,999,000 86% interest attributable to the Group: RMB9,459,000

Notes:

1. Hubei Huadian Longgan Lake Biogas Power Company Limited (湖北華電龍感湖沼氣發電有限公司) is an 86% interest owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Long Guo Yong (2010) Di No. 390, the land use rights of a parcel of land (including the land of the property) with a site area of approximately 100,235.60 sq.m. has been granted to Hubei Huadian Longgan Lake Biogas Power Company Limited (湖北華電龍感湖沼氣發電有限公司) for a term of 50 years expiring on October 25, 2060 for industrial use.

3. Pursuant to a Construction Work Planning Permit – Long Jian Gong No. 2010-004 in favour of Hubei Huadian Longgan Lake Biogas Power Company Limited (湖北華電龍感湖沼氣發電有限公司), the buildings (including the buildings of the property) with a planned gross floor area of approximately 3,114.20 sq.m. has been approved construction.

4. Pursuant to a Construction Work Commencement Permit – No. 42110320100505000111 in favour of Hubei Huadian Longgan Lake Biogas Power Company Limited (湖北華電龍感湖沼氣發電有限公司), permission by the relevant local authority is given to commence the construction work.

5. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB12,659,282, of which RMB8,710,000 had been paid up to the date of valuation.

6. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the construction is completed, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the CIP, Huadian Group has made an undertaking in note 6. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   b. The undertaking of Huadian Group is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
115.	A parcel of land, 5 buildings and various structures under construction located in Qintian Wind Farm Tuburige Naimanqi Tongliao City Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 84,000 sq.m. and 5 buildings and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 2,182 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. Inner Mongolia Huadian Qintian Wind Power Company Limited (華電秦天風力發電有限公司) is a 90% interest owned subsidiary of the Company.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 15(2010)052 in favour of Inner Mongolia Huadian Qintian Wind Power Company Limited (華電秦天風力發電有限公司), permission towards the planning of the subject land with a site area of approximately 84,000 sq.m. has been granted to the Group.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. (2011)015 in favour of Inner Mongolia Huadian Qintian Wind Power Company Limited (華電秦天風力發電有限公司), the buildings with a total planned gross floor area of approximately 2,182 sq.m. have been approved construction.

4. Pursuant to a Construction Work Commencement Permit – No. 152326201008310307 in favour of Inner Mongolia Huadian Qintian Wind Power Company Limited (華電秦天風力發電有限公司), permission by the relevant local authority is given to commence the construction work.

5. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB55,320,000 of which RMB23,627,778.25 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

6. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the construction is completed, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. For the CIP, Huadian Group has made an undertaking in note 6. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   b. The undertaking of Huadian Group is legal, valid and enforceable.

8. In the valuation of this property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of CIP (excluding the land element) would be in the sum of RMB23,628,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
116.	A parcel of land, 2 buildings and various structures under construction located in Changshan Wind Farm Xiquan Town Jingtai County Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 186,602 sq.m. and 2 buildings and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 2,075 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. Gansu Huadian Jingtai Wind Power Company Limited (華電景泰風力發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. (2010)019 in favour of Gansu Huadian Jingtai Wind Power Company Limited (華電景泰風力發電有限公司), permission towards the planning of the subject land with a site area of approximately 2,075 sq.m. has been granted to the Group.

3. Pursuant to a Construction Work Commencement Permit – No. 620423201011260000 in favour of Gansu Huadian Jingtai Wind Power Company Limited (華電景泰風力發電有限公司), permission by the relevant local authority is given to commence the construction work.

4. As advised by the Company, the total construction cost of CIP is estimated to be approximately RMB21,153,886.21, of which RMB11,955,371.46 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

5. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion of construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will be no legal impediment to obtain the relevant title certificates after the completion of CIP and the relevant procedures of land granting or allocating have been finished;

   b. For the CIP, Huadian Group has made an undertaking in note 5. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

7. In valuing the property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of CIP (excluding the land element) would be in the sum of RMB11,955,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
117.	2 parcels of land, 5 buildings and various structures under construction located in Keshiketengqi Chifeng City Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 93,216 sq.m. and a building and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 5,182.39 sq.m.	The property is currently under construction.	24,840,000 100% interest attributable to the Group: RMB24,840,000

Notes:

1. Inner Mongolia Huadian Wutaohai Wind Power Company Limited (內蒙古華電烏套海風電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Ke Qi Guo Yong (2012) Di No. 86, the land use rights of a parcel of land of the property with a site area of approximately 69,005 sq.m. has been granted to Inner Mongolia Huadian Wutaohai Wind Power Company Limited (內蒙古烏套海風電有限公司) for industrial use.

3. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 1504252010182 in favour of Inner Mongolia Huadian Wutaohai Wind Power Company Limited (內蒙古華電烏套海風電有限公司), permission towards the planning of the remaining parcel of the land with a site area of approximately 24,211 sq.m. has been granted to the Group, but the Group has not obtained the Land Use Rights Certificate.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 1504252010182 in favour of Inner Mongolia Huadian Wutaohai Wind Power Company Limited (內蒙古華電烏套海風電有限公司), the buildings with a planned gross floor area of approximately 5,344.85 sq.m. has been approved construction.

5. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB66,190,000, of which RMB45,671,100 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

6. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion of construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will no legal impediment to obtain the relevant title certificates after the completion of the CIP and the relevant procedures of land granting or allocating have been finished;

   c. For the CIP, Huadian Group has made an undertaking in note 6. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   d. The undertaking of Huadian Group is legal, valid and enforceable.

8. In valuing the property, we have attributed no commercial value to the CIP and the parcel of land stated in note 3 as the Group has not obtained any land use rights certificates and construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the CIP (excluding the land element) would be in the sum of RMB18,134,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
118.	A parcel of land, 8 buildings and various structures under construction located in Yuelai Town Huachuan County Jiamusi City Heilongjiang Province The PRC	The property comprises a parcel of land with a site area of approximately 100,235.60 sq.m. and 8 buildings and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in June 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 35,884.25 sq.m.	The property is currently under construction.	81,960,000 100% interest attributable to the Group: RMB81,960,000

Notes:

1. Huachuan Biomass Cogeneration Heat Power Company Limited (樺川協聯生物質能熱電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Hua Chuan Xian Guo Yong (2008) Di No. 0264, the land use rights of the property with a site area of approximately 100,235.60 sq.m. has been granted to Huachuan Biomass Cogeneration Heat Power Company Limited (樺川協聯生物質能熱電有限公司) for a term of 50 years expiring on October 25, 2060 for industrial use.

3. Pursuant to a Construction Work Planning Permit – Hua Gui No. (2008) Gong Cheng GJ023 in favour of the Huachuan Biomass Cogeneration Heat Power Company Limited (樺川協聯生物質能熱電有限公司), the building with a planned gross floor area of approximately 35,884.25 sq.m. has been approved construction.

4. Pursuant to a Construction Work Commencement Permit – No. 230826200805100101 in favour of Huachuan Biomass Cogeneration Heat Power Company Limited (樺川協聯生物質能熱電有限公司), permission by the relevant local authority is given to commence the construction work.

5. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB58,013,987.95, of which RMB75,244,195.77 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

6. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the construction is completed, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a. The Group has obtained legal title certificate for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificate;

   b. For the CIP, Huadian Group has made an undertaking in note 6. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
119.	A parcel of land, a building and various structures under construction located in Heishui Town Maoming City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 24,156 sq.m. and a building and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in September 2012. Upon completion, the building of the property will have a total gross floor area of approximately 998.64 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. Maoming Zhong'ao Wind Power Company Limited (茂名市中坳風電有限公司) is a 51% interest owned subsidiary of the Company.

2. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB81,622,300, of which RMB60,880,099.61 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

3. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion of construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates with the owner of the Group.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will be no legal impediment to obtain the relevant title certificates after the completion of CIP and the relevant procedures of land granting or allocating have been finished;

   b. For the CIP, Huadian Group has made an undertaking in note 3. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

5. In valuing the property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificates and construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of CIP (excluding the land element) would be in the sum of RMB60,880,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
120.	3 parcels of land, a building and various structures under construction located in Nige Development Area Yong'an City Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 149,285 sq.m. and a building and various ancillary structures which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in December 2012. Upon completion, the building of the property will have a total gross floor area of approximately 20,318.5 sq.m. The land use rights of the property have been granted to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for terms expiring on September 20, 2060 for other use.	The property is currently under construction.	26,953,000 100% interest attributable to the Group: RMB26,953,000

Notes:

1. Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Yong Guo Yong (2010) Zi Di Nos. 30099 to 30101, the land use rights of the property with a total site area of approximately 149,285 sq.m. have been granted to Fujian Huadian Yong'an Power Generation Company Limited (福建華電永安發電有限公司) for terms expiring on September 20, 2060 for other use.

3. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB400,410,000, of which RMB339,029,000 had been paid up to the date of valuation. The Company is in the process of applying for relevant construction permits of the property.

4. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the construction is completed, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has obtained legal title certificates for the land of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates;

   b. For the CIP, Huadian Group has made an undertaking in note 4. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

6. In valuing the property, we have attributed no commercial value to the CIP as the Group has not obtained any construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the CIP (excluding the land element) would be in the sum of RMB377,978,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
121.	A parcel of land and various buildings under construction located in Chaiwopu Wulumuqi City Xinjiang Uygur Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 15,867 sq.m. and various buildings which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in June 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 5,346 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. Huadian New Energy Development Company Limited Daban Cheng Wind Power Company Limited (華電新能源發展有限公司新疆達阪城風電分公司) is a wholly-owned subsidiary of the Company.

2. Pursuant to a Construction Land Planning Permit – 650107201100491 in favour of Huadian New Energy Development Company Limited Daban Cheng Wind Power Company Limited (華電新能源發展有限公司新疆達阪城風電分公司), permission towards the planning of the subject land with a site area of approximately 15,867 sq.m. has been granted to the Group.

3. As advised by the Company, the total construction cost of CIP is estimated to be approximately RMB23,091,900, of which RMB19,226,623.26 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

4. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion to construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates under the name of the Group.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will be no legal impediment to obtain the relevant title certificates after the completion of CIP and the relevant procedures of land granting or allocating have been finished;

   b. For the CIP, Huadian Group has made an undertaking in note 4. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

6. In valuing the property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificates and construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the CIP (excluding the land element) would be in the sum of RMB18,991,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
122.	2 parcels of land and 3 buildings under construction located in Xingbei Farm Qitaihe City Heilongjiang Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 227,394 sq.m. and 3 buildings which were being constructed thereon (the "CIP") as of the date of valuation. As advised by the Company, the CIP is scheduled to be completed in September 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 2,500 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. Qitaihe Honghao Wind Power Company Limited (七台河宏浩風力發電有限公司) and Qitaihe Fengrun Wind Power Company Limited (七台河豐潤風力發電有限公司) is a 60% interest owned subsidiary of the Company.

2. As advised by the Company, the total construction cost of the CIP is estimated to be approximately RMB8,684,600, of which RMB5,850,000 had been paid up to the date of valuation. The Company is in the process of applying for relevant title certificates of the property.

3. Pursuant to a Reorganization Agreement, Huadian Group (the controlling shareholder of the Company) has undertaken to assist the Group in applying for the proper title certificates and indemnify against any losses, claims, charges or expenses arising from the failure to obtain outstanding title certificates. For the CIP, after the completion of construction, Huadian Group has undertaken to assist the Group in applying for building ownership certificates with the owner of the Group.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For the land of the property, as per the confirmation letter for the project issued by the county level or above local government or land administration department, the Group will not be subject to any penalty or sanction for existing construction of the property, including any order to suspend construction. There will be no legal impediment to obtain the relevant title certificates after the completion of the CIP and the relevant procedures of land granting or allocating have been finished;

   b. For the CIP, Huadian Group has made an undertaking in note 3. After finishing the relevant procedures, there is no significant dispute over the ownership which will affect the major business of the Group. Therefore, there will be no significant adverse effect on listing and operation of the Group; and

   c. The undertaking of Huadian Group is legal, valid and enforceable.

5. In valuing the property, we have attributed no commercial value to the property as the Group has not obtained any land use rights certificates and construction permits. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the CIP (excluding the land element) would be in the sum of RMB5,850,000 as of the date of valuation assuming all relevant title certificates had been obtained and they could be freely transferred.

VALUATION CERTIFICATE

Group III – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at April 30, 2012
				RMB
123.	12 units on Levels 1 to 6 of a residential building located in Aertaibuerjin County Xinjiang Uygur Autonomous Region The PRC	The property comprises 12 units on Levels 1 to 6 of a residential building which are estimated to have a total gross floor area of approximately 964.38 sq.m. upon completion and they are scheduled to be completed in June 2012.	The property was under construction as of the date of valuation.	No commercial value

Notes:

1. The Group has entered into 12 Commodity Property Sale & Purchase Contracts dated February 17, 2011 with Buerjin Dali Real Estate Development Co., Ltd. (布爾津大利房地產開發有限責任公司) to purchase 12 units with a total gross floor area of approximately 964.38 sq.m. at a total consideration of RMB2,609,557. As advised by the Group, the consideration was fully paid up to the date of valuation.

2. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as of the date of valuation would be RMB3,749,000, on condition that the property is completed and assuming the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

Group IV – Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
124.	2 units on Level 2 and a shop on Level 1 No. 389 Hanshui Road Nangang District Harbin City Heilongjiang Province The PRC	The property comprises 2 units on Level 2 and a shop on Level 1 of a 20-storey commercial building completed in 2011. The property has a gross floor area of approximately 726.28 sq.m.	The property is currently leased to an independent third party for office use.	8,296,000 80% interest attributable to the Group: RMB6,637,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates – Ha Guo Yong (2011) Nos. 03006723, 03014730-03014731, the land use rights of the property with a total apportioned site area of approximately 48.81 sq.m. have been granted to Harbin ChenHua Power New Technology Development Co., Ltd. (哈爾濱辰華電力新技術開發有限責任公司) for a term of 37 years expiring on August 10, 2038 and August 1, 2048 for commercial and residential uses.

2. Pursuant to 3 Building Ownership Certificates – Ha Fang Quan Zheng Kai Guo Zi Di No. 201111489-201111491, a shop and 2 units with a total gross floor area of approximately 726.28 sq.m. are owned by Harbin ChenHua Power New Technology Development Co., Ltd. (哈爾濱辰華電力新技術開發有限責任公司).

3. According to a Tenancy Agreement, the property with a total gross floor area of approximately 726.28 sq.m. is leased to Heilongjiang Jianlong Drink Corporation Limited (黑龍江健龍飲品股份有限公司), an independent third party, for a term expiring on December 31, 2012 at an annual rent of RMB500,000, exclusive of management fees, water and electricity charges.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Company has obtained legal title certificates for the land use rights of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates; and

   b. The Company has obtained legal title certificates for the property and has the rights to occupy and use the property in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as of April 30, 2012
				RMB
125.	2 units on Level 1 of an office building No. 5 Ren He Street Nan Gang District Harbin City Heilongjiang Province The PRC	The property comprises 2 units on Level 1 of an 8-storey office building completed in 2000. The property has a total gross floor area of approximately 1,283.51 sq.m.	The property is currently leased to various third parties for office use.	12,836,000 80% interest attributable to the Group: RMB10,269,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Ha Guo Yong (2008) Di Nos. 105629 to 105630, the land use rights of the property with a total apportioned site area of approximately 160.44 sq.m. have been granted to Heilongjiang Huafu Power Investment Company Limited (黑龍江省華富電力投資有限公司) for terms of 30 years expiring on March 5, 2039 for commercial use.

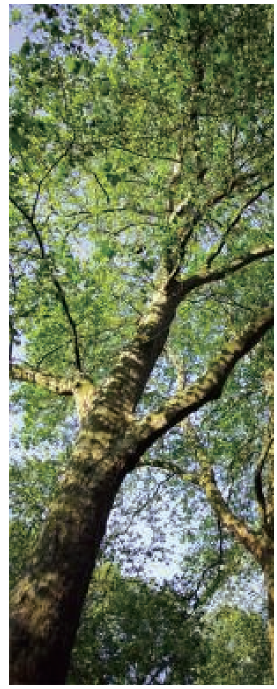
2. Pursuant to 2 Building Ownership Certificates – Ha Fang Quan Zheng Zi Di Nos. 0701040626 and 0701040629, 2 units with a total gross floor area of approximately 1,283.51 sq.m. are owned by Heilongjiang Huafu Power Investment Company Limited (黑龍江省華富電力投資有限公司).

3. According to 3 Tenancy Agreements, the property with a total gross floor area of approximately 1,283.51 sq.m. is leased to Zhang Huifang, Li Lan and Guo Zhiyong (張慧芳、李嵐和郭志勇), 3 independent third parties, for a term expiring on February 1, 2013, October 10, 2014 and December 1, 2014 at an annual rent of RMB202,000, including management fees, water and electricity charges.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Company has obtained legal title certificates for the land use rights of the property and is entitled to solely occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the land use rights in terms of the prescribed use terms stated in the land use rights certificates; and

   b. The Company has obtained legal title certificates for the property and has the rights to occupy and use the property in accordance with the prescribed use stated in the building ownership certificates as well as donate, transfer, lease, mortgage or otherwise dispose of them.


Technical Assessment Report

December 2011
Huadian Fuxin Energy Co., Ltd

Mott MacDonald

ISSUE AND REVISION RECORD

Revision	Date	Originator	Checker	Approver	Description
01	2011-11-2	郭和財 陳曦 苗炎軍 Jens Kahler 袁婧薇 李複生 歐陽珣	吳飛 曹新偉 朱耀泉 Jeff Kerr	Paul Jenkins	The first draft for company review, though there are still some documents needed from company.
02	2011-11-14	郭和財 陳曦 苗炎軍 Jens Kahler 袁婧薇 李複生 歐陽珣	吳飛 曹新偉 朱耀泉 Jeff Kerr	Paul Jenkins	The second draft for company review, though there are still some documents needed from company.
03	2011-12-5	郭和財 陳曦 苗炎軍 Jens Kahler 袁婧薇 李複生 歐陽珣	吳飛 曹新偉 朱耀泉 Jeff Kerr	Paul Jenkins	The third draft for company review, though there are still some documents needed from company.
04	2011-12-16	郭和財 陳曦 苗炎軍 Jens Kahler 袁婧薇 李複生 歐陽珣	吳飛 曹新偉 朱耀泉 Jeff Kerr	Paul Jenkins	The forth draft for company review, the Chinese is the final version, and the English is the first draft which still needs to be discussed with company.
05	2011-12-31	郭和財 陳曦 苗炎軍 Jens Kahler 袁婧薇 李複生 歐陽珣	吳飛 曹新偉 朱耀泉 Jeff Kerr	Paul Jenkins	The fifth is the final version.

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EXECUTIVE SUMMARY

Introduction

Mott MacDonald Limited (herein and after MM) has been appointed by Huadian Fuxin Energy Corporation Limited (herein and after Huadian Fuxin) to act as Technical Consultant on the Company's global initial public offering (herein and after IPO) project.

MM will be compensated with professional fees for the services and technical advice provided. However, none of the MM directors and staff who contributed to the report has any interest in:

- Huadian Fuxin Energy Corporation Limited;
- the asset portfolio that was subject to the technical assessment; or
- the outcome of the Global Offering.

Prior to issue a final report, the Company and its advisers were provided with the draft of a technical report only for the purpose of confirming the accuracy of data used and factual material.

MM is a wholly independent international company, with headquarters in the UK, annual turnover in excess of 1 billion pounds, over 14,000 staff and global experience spanning over 140 countries. Strong technical excellence, multi-disciplinary professional advantage, wide service range and world wide resources made MM to be one of the top consultant corporations around world, which provided solutions of management, engineering and development to lots of government department and private client. MM has started business in Beijing, Hong Kong and Shanghai over 50 years, completed hundreds of consultant projects, service covers many aspects such as transport, energy, building, water, environment, health, education, industry and communications etc. For the third consecutive year, MM has made the top 10 list in the UK's Sunday Times annual '25 Best Big Companies to Work For' employee survey, and ranking eighth in 2010.

MM has undertaken over seventy-four power projects in China totally over 35 GW including wind, hydro, biomass, waste-to-energy, gas-fired and coal-fired power plants, and power transmission and distribution.

MM carried out an independent technical assessment of Huadian Fuxin assets of wind farms, hydro power stations and coal-fired power plants. This review of wind farms includes wind resource assessment, power generation, availability, operation and maintenance arrangements, wind turbine technologies, grid connection arrangements and compliance with grid codes. The review of hydro power stations includes the design scheme, mechanical & electrical equipments, hydrology structure, hydrology, geography, availability, power generation, grid connection and environmental impact. The review of coal-fired power plants includes coal supply, power generation, availability, operation and maintenance, super-critical boiler and steam turbine technologies, life-limiting issues and major problems, and environmental limitations.

The majority of the information from which the report was compiled comprises of documents provided by Huadian Fuxin, and discussions and meetings with relevant Huadian Fuxin staffs. MM's professional judgement was exercised with regard to the rationality and validity of all information submitted from external sources. MM's knowledge of the Chinese power sector has been utilised throughout the independent technical assessment process.

MM has selected a core team of specialists to complete the technical appraisal for the Huadian Fuxin's generation assets. The core team members and their roles are presented below.

Paul Jenkins, has been appointed to be Managing Director of China and Taiwan to look after business in this region since 2011. He has over 30 years' experience in the management, design and construction of major civil engineering, rail and metro projects in UK and overseas, including over 25 years of successfully managing projects from engineering studies through to major build, operate and transfer (BOT) rail schemes, with the past 10 years managing projects with capital values in excess of US$30,000 million. He has senior management experience leading large international multi-discipline teams on rail and metro transportation projects in UK and Asia Pacific Region.

Bauer Wu, MEng of Tsinghua University, BSc of Wuhan University, is the project manager for this project with over 8 years experience in China power sector, acting as the designer and technical consultant in over 15 power plant construction projects, covering coal-fired power plants, oil-fired power plants and wind farms. He also has experience for several hydro power plants technical assessment projects for assets acquisitions and some IPO technical due diligence projects such as Longyuan. The projects are both domestic and overseas.

Steven Cao, BSc in Power System and Automation and MSc in Power Engineering, has in depth understanding in energy system analysis, renewable energy and the development strategy of electric enterprise with over 15-year solid industrial, commercial and research experience in energy sector in and abroad. He has been involved in various energy projects as project engineer, for instance, primary electrical system design, sustainable development of power network, economic operation of transmission line, smart grid and distribution network reconstruction, due diligence for power projects and electricity business investment analysis, etc.

Adrian Kwek, has more than 20 years' experience in project management, business management and construction management which involves in structural steel construction and wind farm construction. He specialises in quality assurance, quality control system and engineering management progress. In the other hand, he is also very familiar with the environmental protection and site service engineering.

Ouyang Xun, Mechanical Engineer who has B.E. of Huazhong University of Science and Technology, MSc of University of Keele, Ph.D of the University of Derby. He has more than 10 years' experience in energy sector, and specialises in boiler system design for coal-fired power plant, Facilities installation, generator installation and commissioning, CCS, etc.

Recently he has offered technical consultation for six thermal power projects. He has also undertaken a number of projects, including construction of 300 MW to 800 MW sub-critical and super-critical coal-fired generation units, construction of 140 MW gas-fired combined cycle power generation, CCS, etc which located in China, UK, USA, Italy, Turkey, Pakistan, Iran, Kuwait and other countries.

Jeff Kerr, BEng, MBA. Over 22 years' experience in the design of civil engineering structures and excavation works, power houses and tunnel design, for hydroelectric power projects. He specialises in assessment of hydropower project viability and feasibility studies and the provision of lender's and owner's engineering services.

Jens Kahler, Ph.D, Hydroinformatics, a Chartered Engineer as well as being an ordinary member of the Institute of Engineering and Technology (IET) and The Association of German Engineers (VDI). Jens has extensive experience in mechanical and electrical design of hydropower plants as well as performing transient analysis and power and energy calculations. His experience in hydropower encompasses technical reviews and feasibility studies of hydropower plants, mechanical and electrical plant design in many countries all over the world.

Yuan Jingwei, BSc and MSc, engaged in large funded Integrated Water Resources Management project and several technical appraisal projects in water sector, including hydropower plant appraisal project to review the technical suitability and operation performance, and identify risks for the potential purchasers and investors.

Karryn Chen, MSc in Environmental Engineering, MSc in Energy Research of the University of Melbourne who has in depth understanding in renewable energy and concentrates on system design and review for solar power. She was responsible for ELI (Efficient Lighting Institute) certification services and involved in CNOOC Mass Energy Storage Station and Application Solution since joining MM. Meanwhile, she has accumulated rich experience in project investigation and report writing.

Project Participants

Huadian Fuxin Energy Co. Ltd. was formed in August 19, 2011 under Company Law of the People's Republic of China. It is converted from Huadian Fujian, the wholly-owned subsidiary of China Huadian Corporation. Its business focused on hydropower business, thermal power business and nuclear power business. At present, the company extends its business to the investment, construction and operation of all the clean energy projects and integrates the development and utilisation of hydropower, wind energy, thermal power, biomass power, distributed energy, solar PV power and other clean energy.

To date December 31, 2010, the hydro, wind, thermal power and other clean energy projects contributed approximately 26.1%, 24.6%, 29.1% and 20.2% of the total power installed capacity, respectively. As of December 31, 2011, Huadian Fuxin owned 36 operating wind power projects which had total installed capacity 2,171.3 MW. Meanwhile, there are 36 hydropower projects based in Fujian province that are in operation, which had installed capacity 2,223.4 MW in total. Huadian Fuxin also had 4 operating thermal power plants of which the total installed capacity is 2,050 MW. All the projects are managed by the subsidiaries of Huadian Fuxin in China.

Furthermore, Huadian Fuxin is a shareholder of a 2,000 MW nuclear power plant under construction and two 78 MW distributed energy projects which have been put into operation. Meanwhile, there are three solar power projects in operation with total installed capacity of 21.4 MW. Huadian Fuxin also owns two operating biomass power plants with total installed capacity of 25.3 MW.

Based on the review to representative projects, we consider that Huadian Fuxin is capable of acting as the owner and operator of the wind farms, hydro and coal-fired power plants.

Most of the WTG suppliers chosen by Huadian Fuxin to supply and maintain the WTGs on its wind farms are well known in wind industry. CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd. (herein and after Haizhuang) did not have the long track record of the other chosen WTG suppliers. However it has undergone rapid development and its parent company CSIC has strong equipment manufacturing capability. We therefore considered Haizhuang is acceptable as a WTG supplier. We consider that these WTG manufacturers are capable of delivering their role in the reviewed projects.

Wind Farms Technical Assessment

Of the seven representative wind farms we reviewed, Guazhou wind farm and Lianyungang Guanyun wind farm power generation data is less than a year, as they are relatively new and so did not have enough operational data (at lease 12 months normal operational data), thus we could not assess whether their power generation of these two wind farms was in line with the forecasted value in the feasibility studies. For the rest of the five wind farms, the actual annual power generation of Kulun, Xiaocaohu and Muling are less than their feasibility studies forecasted value; Yilan Jiguanshan's annual power generation is in line with feasibility study's expectation; and Burqin has better annual power generation than feasibility study.

The seven representative wind farms are located in areas with excellent wind regimes of which six wind farms performance could be better if there were no grid curtailments for one reason or another. We would expect this curtailments problem to be mitigated by future upgrading of gird and load demand continuous increasing, and the strict imposition of LVRT and voltage control requirements on the wind farms by the grid operators.

For reactive power compensation devices in seven representative wind farms, Kulun wind farm has better capacity to feasibility study after reconstruction, which satisfies the requirements of reactive power compensation capacity. Xiaocaohu wind farm, Burqin wind farm, and Muling wind farm do not have sufficient reactive capacity to meet the reactive power demand required in the grid code and had submitted their reactive power compensation reconstruction plan to Huadian Fuxin headquarters and is pending approval. Yilan Jiguanshan wind farm will complete the construction of Static Var Generator (SVG) by the end of 2011. Comparing with feasibility study forecasted value, Guazhou wind farm has higher reactive power compensation capacity, which means the wind farm has sufficient reactive capacity to meet the reactive power demand required in the grid code. Lianyungang Guanyun wind farm is currently doing fine tuning of Static Var Generator (SVG), which capacity is sufficient for the technical requirements in grid code.

We were informed that both SGCC and Inner Mongolia grid company required all WTGs must have LVRT capability. Kulun, Xiaocaohu wind farm, Muling, and Yilan Jiguanshan wind farm do not have LVRT capability. They have submitted their LVRT reconstruction plan to Huadian Fuxin headquarters and were approved. As WTGs manufacturer of Kulun wind farm, Sinovel has developed LVRT reconstruction plan and promise implementing appropriately. Xiaocaohu wind farm will employ wind farm integrated LVRT technology for 54 Goldwind WTGs' reconstruction, and 6 WTGs from Sinovel LVRT reconstruction has been completed in December 2011. Since Muling has long operation time and less installation capacity, currently the wind farm is coordinating with local gird for necessity of LVRT reconstruction. Yilan Jiguanshan will complete LVRT reconstruction by the end of 2012. Goldwind promises that their WTGs installed at Muling wind farm have LVRT capability, and will be responsible for reconstruction if WTGs cannot be approved by inspection and certification. Sinovel WTGs installed at Guazhou wind farm have completed LVRT reconstruction by WTG manufacture in November 2011. The WTGs installed in Lianyungang Guanyun wind farm were inspected and certificated with LVRT capability.

There is a common problem for seven representative wind farms. The Group did not have regular testing and calibration on all torque wrenches, which are used to test whether the tower connecting bolts torque can meet manufacturer's requirements. It is a potential risk for WTGs safe operation. Huadian Fuxin should ensure that all torque wrenches are to be test and calibrated regularly.

Earth settlement monitor method and progress should improve immediately to meet earth settlement monitoring requirements in industrial regulation 'WTGs foundations design regulation FD003-2007'.

Kulun wind farm is running well. We hold the opinion that the actual power generation would be better if there is no grid curtailments. This wind farm is developing a pilot project to overcome grid curtailments by investing in electric boiler factor to provide regional winter heating. It is really important to reduce grid curtailments.

The actual power generation of Xiaocaohu wind farm is slightly lower than feasibility study forecasted value and is running in a good condition. Comparing lower capacity factor with feasibility study, we believed its annual power generation data is at a normal level.

The actual annual power generation of Burqin wind farm is higher than feasibility study forecasted value, which resulted from higher annual average wind speed and better capacity factor.

There were three large-scale off-grid incidents in Gansu area in 2011, thus Guazhou wind farm was affected by grid curtailments to date 7% of wind farm output.

Muling and Yilan Jiguanshan wind farm have long operation history. Comparing actual annual power generation data from 2009 to 2010 with feasibility study forecast, we concluded that the lower power generation of Muling wind farm in 2011 results from lower capacity factor. Base on historical data, we believed Muling wind farm is running well. Referring to Yilan Jiguanshan wind farm, its actual annual power generation fluctuated with feasibility study forecasted value in 2009-2010, and in 2010-2011. We understand Yilan Jiguanshan wind farm is running well.

Muling and Yilan Jiguanshan Wind Farm were built on areas with heavy vegetation and could be a potential fire hazard during the dry autumn and winter months. Special care and attention need to be taken into consideration during this period and Huadian Fuxin staffs need to stay vigilant during this season.

There is experimental Solar PV equipment at Yilan Jiguanshan Wind Farm to tap full resources into their wind farm, thus increase their revenue.

Liangyungang Guanyun Wind Farm showed lower performance than expected. We understand from the available information that missing operation data in 3 high wind speed months was the main reason for the low production. Earth settlement has to be monitored regularly at the major equipment components and rectifications works need to be done immediately where possible.

It is worthy to note that the wind farms located at Lianyungang in Jiangsu province do not have any such grid curtailment concerns.

Overall, the equipment and facilities of our visited representative seven wind farms are well-maintained and of good standard. The design, construction and installation are in line with our expectations.

Hydro Power Plants Technical Assessment

From reviewing the documents available and site inspection, all of the seven selected plants there well established and appropriate to current design. It appears to be no seismic activity at the powerhouse location and no major flood events or landslides have occurred that could have affected the dam and powerhouse and can be confirmed low risks.

Baisha hydropower station has been in operation for approximately four and half years since 2007. Analysis of operational records has shown that the plant has generated on average up to 88% of its design generation. It can be confirmed that the plant operates well as expected.

Mianhuatan hydropower has been in operation for approximately ten years and operated as expected based on the operation records.

Ansha hydropower station has been in operation for approximately 36 years. Some of the technology employed in the scheme (batteries) is considered old and may require replacement, even though it is not affecting the station capability. Overall the station equipment is appropriate for operation and considered to be low risk.

Fenghai hydropower station is a small-scale run-of-river power station and has been in operation for just over five years. The technology employed in the scheme (unit type, switchgear, batteries) is well established and appropriate to current design standards and considered to be low risk.

Gutianxi second cascade hydropower station has been in operation for more than 40 years. The dam has been reinforced during 2003-2005 and appropriate to current design standards. Most of the M&E equipments have been replaced since 2003 and in good condition.

Qinshan plant has almost been outage due to the construction of Zhouning hydropower plant in the downstream. Excluding 2004, the average annual power generation during 2000-2010 was 132.88 GWh, which has generated on average up to 91% of its design generation. It can be confirmed that the plant operates well as expected.

Chitan Hydropower station has been in operation over 30 years. Generally, the dam is in normal condition. Parts of equipments have been replaced since 2001. 1# generator and 2# turbine and generator are ageing. It is reported that the plant is preparing technical upgrading strategy and is planning to replace the ageing equipments gradually.

Thermal Power Plants Technical Assessment

We comment on the key conclusions relating to Unit 1 and Unit 2 in Kemen power station as below:

- We consider the power station design and equipment are based on mature and proven technology;
- We consider the output and power generation are in line with our expectation;
- Plant availability in some years had an outstanding performance and in general consistent with our expectations;
- Power station coal consumption reduction effect is higher than the national average and meet our expectations;
- The plant Capacity Factor is at high level among the similar power stations in China, though slightly lower than similar Western power stations. This is because annual power generation amount is decided by the production plan issued by government authority at beginning of every year;
- Because of high temperature premature failure and safety reason, the actual heat efficiency is slightly lower than design;

- We are slightly concerned about the 20% redundancy for circulating cooling water pumps. We consider the redundancy for other major equipment is adequate;

- Boiler high temperature superheater premature failure was due to design flaw and will be fixed by 2012;

- We reviewed the LTSA and the power cable maintenance agreement. We consider these agreements cost effective and provide some quality assurance;

- We reviewed the FSA, Grid Connection Agreement, and PPA and consider these agreements have provided some assurance to power generation, sales, and on-grid generation;

- We reviewed current Emission Permit and consider the emission meets current emission code. We would expect the NO_x emission meet the new emission regulation when fitted with SCR system;

- We reviewed the plant spare parts inventory and consider the stock and range are adequate for maintenance and planned outage.

1. INTRODUCTION

1.1 Overview

Mott MacDonald Limited (herein and after MM) has been appointed by Huadian Fuxin Energy Corporation Limited (herein and after Huadian Fuxin) to act as Technical Consultant on the Company's global initial public offering (herein and after IPO) project.

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1.2 Assets Overview

1.2.1 Introduction

To date December 31, 2010, the hydro, wind, thermal power and other clean energy projects contributed approximately 26.1%, 24.6%, 29.1% and 20.2% of the total power installed capacity, respectively. As of December 31, 2011, Huadian Fuxin owned 36 operating wind power projects which had total installed capacity 2,171.3 MW. Meanwhile, there are 36 hydropower projects based in Fujian province that are in operation, which had installed capacity 2,223.4 MW in total. Huadian Fuxin also had 4 operating thermal power plants of which the total installed capacity is 2,050 MW. All the projects are managed by the subsidiaries of Huadian Fuxin in China.

Wind turbine technologies adopted in the wind power projects of Huadian Fuxin are from renowned WTG manufacturers such as Goldwind, Sinovel, Haizhuang, Dongfang Electric Corporation (herein and after DEC) and international suppliers such as Nordex. The size of the turbines varies from 750 kW to 2 MW.

Hydro turbine technologies adopted in the hydro power projects of Huadian Fuxin are from well-known Chinese Hydro Turbine Generator manufacturers such as Harbin Electric Corporation (herein and after HEC), DEC, Hangzhou Hangfa Electrical Equipment Co., Ltd, etc.

Large-scale coal-fired power generation units adopted in the thermal power projects of Huadian Fuxin are from Shanghai Boiler Works Co., Ltd, Shanghai Turbine Works Co., Ltd and Shanghai Electric Power Generation Equipment Co., Ltd, which are the three subsidiaries of China Shanghai Electric Group Co., Ltd.

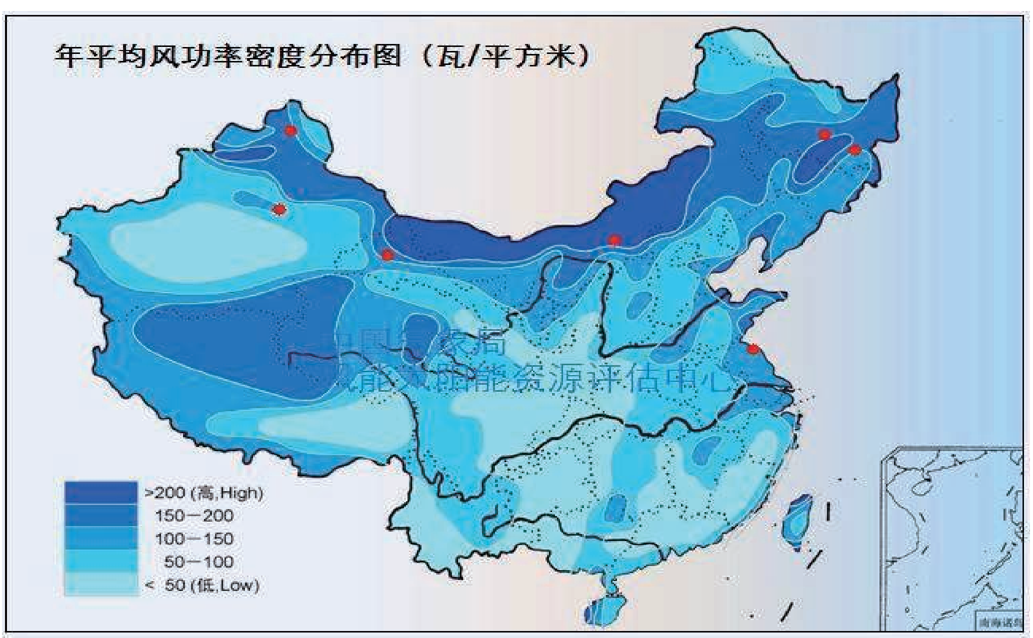
1.2.2 Selection of Representative Power Plants

A large number of wind farms spread across a wide area of China as well as hydro and coal-fired power plants widely contribute in Fujian province are included in the asset portfolio of Huadian Fuxin. These plants were designed by various local design institutes based on the same Chinese standard. The wind turbine units, hydro turbine generation units, and thermal power generation units were supplied by a number of domestic and international manufacturers. For these reasons it was agreed that the report would be compiled with specific references to representative projects. These plants were selected to best encapsulate and represent the diversity of all power plants controlled and operated by Huadian Fuxin. Particular attention was paid to the following factors when selecting the representative power plants:

Wind turbine types – Turbines selected in representative wind farms are produced by both domestic and international manufacturers as detailed in Section 2.2.1 of this report.

Wind resources and geographic coverage – Representative wind farms selected are located in areas with abundant wind resources including Inner Mongolia, Xinjiang, Gansu, Heilongjiang and Jiangsu, as indicated by the red marks in Figure shown in Figure 1.1 China has very sufficient wind resources, with the Global Wind Energy Council (GWEC) report "Global Wind 2009 Report," the estimated exploitable onshore wind resources at approximately 2,380 GW. According to a survey undertaken by the Chinese Renewable Energy Industries Association (CREIA) and the Business Council for Sustainable Energy (BCSE), wind resources are distributed as shown in Figure 1.1. Higher resources are located in the Northern parts of China such as Inner Mongolia, Xinjiang, Gansu Hexi Corridor, some areas of Qinghai-Tibetan Plateau, Northeast China, Hebei, and along the East China coast region from Shandong to Fujian provinces. The colour tone in Figure 1.1 represents wind density.

Figure 1.1: Wind power density of representative wind farms



Source: Provided by CMA Wind and Solar Energy Resources Assessment Center

- Operational time of wind farms – The operation date of the wind farms are various, however, the operational periods are mostly more than one year as shown in Table 1.1.

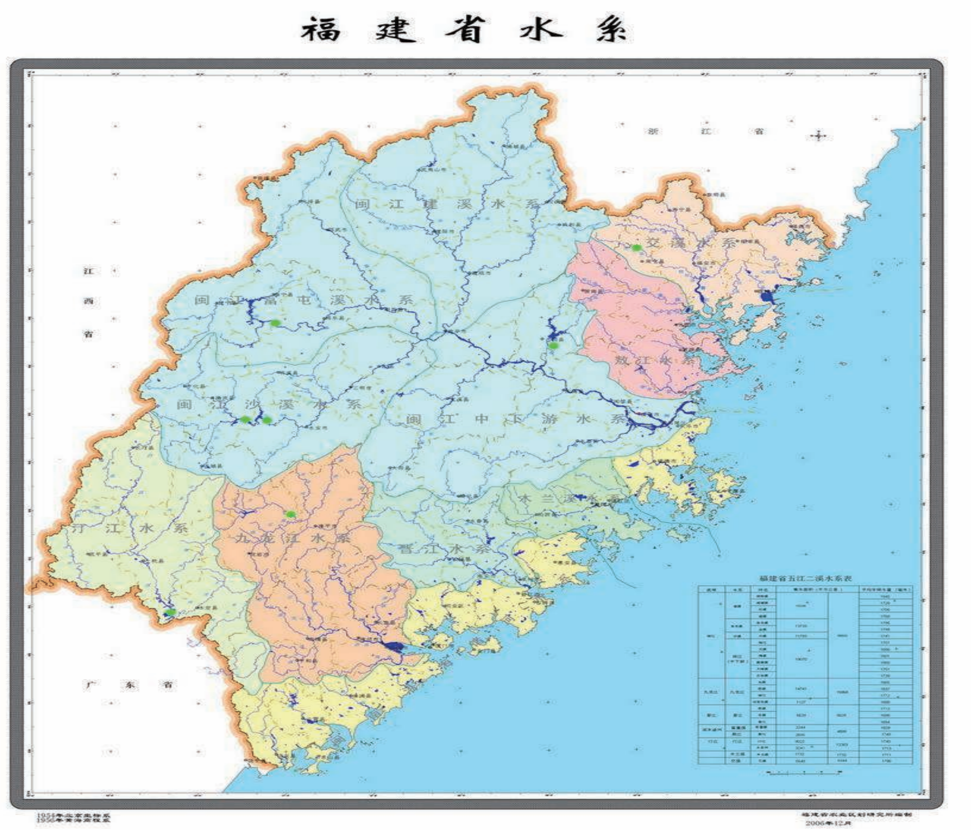
Table 1.1: Operation time of representative wind farms

Item	Project	Installed capacity (MW)	Operation date
1	Kulun Wind Farm Phase I	201 MW	Aug 2009
2	Xiaocaohu Wind Farm 1 Phase I	49.5 MW	Oct 2007
3	Burqin Wind Farm Phase I	49.5 MW	Mar 2010
4	Guazhou Wind Farm Phase I	201 MW	Mar 2011
5	Muling Wind Farm Phase I	31.2 MW	Sep 2006
6	Yilan Jiguanshan Wind Farm Phase I	49.5 MW	Sep 2009
7	Lianyungang Guanyun Wind Farm Phase I	100 MW	Apr 2011

Source: Provided by Huadian Xinfu

- Basin perimeter of hydro power plants – the representative hydro power plants are located in Jiulong river, Ting river, Minjiang Shaxi river system, Minjiang Futunxi River system, Minjiang downstream river system, Jiaoxi river system and etc as indicated by the green marks in Figure 1.2. The hydro power plants widely distributed on major water system in Fujian province, which fully reflect the generation ability of hydro power plants and are very representative.

Figure 1.2: Representative hydro power plants distribution in Fujian water system



Source: Fujian Agriculture Regional Planning Institute, Dec 2006

- Coal-fired power plants – the installed capacity of Kemen power plant contributes the major component of the thermal power as seen in Table 1.2.

Table 1.2 Operational thermal power projects

Item	Project	Installed capacity (MW)	Practical operation date
1	Fujian Huadian Kemen power plant	The two 600 MW units of Phase I, the two 600 MW units of Phase II	The two units of phase I started in Aug and Dec 2006

Source: Provided by Huadian Fuxin

The progress of the technical assessment was accomplished in China, of which the key procedures include but not limited to: site inspection, data collection, discussion, analysis and report writing.

1.3 Report Structure

This report provides a detailed review of key information relating to the construction and operation of the projects. It is structured as listed below:

- Project Participants;
- Wind Farms Assessment;
- Hydro Power Plants Assessment;
- Thermal Power Plants Assessment;
- Appendices;
- Glossary

1.4 Status of this Document

This Report presents a review of documents and other information available at the date of this report. MM has collected all available documents and information from Huadian Fuxin, and visited the sites of all projects. All primary technical problems have been taken into consideration, and complete technical analysis and assessment have been implemented. After adequate communication with every relevant party, MM issued the final version of this report.

2. PROJECT PARTICIPANTS

2.1 Introduction

This section of the report reviews the project participants and considers their suitability and capability for the roles envisaged. The report considers Huadian Fuxin and main WTG suppliers as well as gas turbine suppliers. Information has been gathered from our work, discussion with the participants and also from a review of information available on the internet. We have not considered the strength of any participants or their suitability from a financial standpoint.

The predecessor, Huadian Fujian, was established on November 30, 2004. Huadian Fujian was a limited liability company wholly-owned by Huadian Group, primarily focusing on the operation of hydropower business, thermal power business and nuclear power business. On October 20, 2010, Huadian Fujian changed its name to Huadian Fuxin Energy Co. Ltd. upon SAIC's approval. On October 29, 2010, Huadian Group, Huadian Energy, Wujiang Hydropower, Huadian International and Huadian Engineering, which were all subsidiaries of Huadian Group (collectively "Five Shareholders"), transferred their respective equity interest in Huadian New Energy (Huadian New Energy was subsidiary controlled by Huadian Group, primarily focusing on the operation of clean energy business such as wind power business, distributed energy business and solar power business) to Huadian Fuxin Energy Co. Ltd.. After the transfer of equity interest, Huadian New Energy became a wholly-owned subsidiary of Huadian Fuxin Energy Co. Ltd.. Huadian Fuxin Energy Co. Ltd. was converted into a joint stock limited company under the Company Law on August 19, 2011.

To date December 31, 2010, the hydro, wind, thermal power and other clean energy projects contributed approximately 26.1%, 24.6%, 29.1% and 20.2% of the total power installed capacity, respectively. As of December 31, 2011, Huadian Fuxin owned 36 operating wind power projects which had total installed capacity 2,171.3 MW. Meanwhile, there are 36 hydropower projects based in Fujian province that are in operation, which had installed capacity 2,223.4 MW in total. Huadian Fuxin also had 4 operating thermal power plants of which the total installed capacity is 2,050 MW. All the projects are managed by the subsidiaries of Huadian Fuxin in China.

Furthermore, Huadian Fuxin is a shareholder of a 2,000 MW nuclear power plant under construction and two 78 MW distributed energy projects which have been put into operation. Meanwhile, there are three solar power projects in operation with total installed capacity of 21.4 MW. Huadian Fuxin also owns two operating biomass power plants with total installed capacity of 25.3 MW.

Based on the representative projects review, we consider that Huadian Fuxin is capable of acting as the owner and operator of the wind farms, hydro and coal-fired power plants.

2.2 Main Equipment Suppliers

2.2.1 WTG Manufacturers

Huadian Fuxin uses many different WTGs supplied by international and domestic manufacturers for its wind farms. WTG selection is a crucial step in ensuring sufficient performance in terms of power quality, technical availability, grid compliance, maximisation of energy yield etc. Huadian Fuxin manages all procurement and engineering activities of WTGs centrally from its headquarters, and its regional subsidiaries operate those WTGs. The following sub-sections assess the capability of all WTG manufacturers utilised on the representative wind farms we visited.

2.2.1.1 Sinovel Wind Group Co., Ltd.

Sinovel Wind Group Co., Ltd. (herein and after Sinovel) is one of China’s major wind turbine manufacturers, with its headquarters in Beijing, and branches or manufacture bases spread across Tianjin, Dalian of Liaoning province, Baotou, Xing’anmeng and

Bayannaoer of Inner Mongolia, Dongying of Shandong province, Yancheng of Jiangsu province and Jiuquan of Gansu province. It is actively engaged in development, design, manufacture, marketing, sales and operation & maintenance of both onshore and offshore WTGs. The Sinovel wind turbines are mostly gear-driven, with sizes including 1.5 MW, 3 MW, 5 MW and 6 MW.

On February 27, 2010, all 34 selected Sinovel 3 MW offshore generation units for the Shanghai Donghai Bridge 100 MW offshore wind power demonstration project are successfully installed and connected to grid on June 8.

According to 'Statistics of Installed Capacity of China Wind Power in 2010' launched by Chinese Wind Energy Association in March 2011, as of date December 31, 2011, Sinovel has contributed 4,386 MW new installed and 10,038 MW cumulative installed capacity. According to the ranking, Sinovel is the first place both in new installed and cumulative installed capacity among the all domestic and international wind turbine manufacturers.

2.2.1.2 Xinjiang Goldwind Science & Technology Co., Ltd.

The history of Xinjiang Goldwind Science & Technology Co., Ltd. (herein and after Goldwind) can be tracked back to 1998. It is one of the leading wind turbine manufacturers and whole technical solutions providers in China. Its core business includes research, development, manufacture and sales of WTGs.. Goldwind is also involved in design and construction, wind farm planning and consultancy services for wind farms.

Goldwind purchased Vensys in Germany in 2008. By the end of 2009, Goldwind owned two production bases in Xinjiang province and Beijing respectively, five assembly factories in Baotou of Inner Mongolia, Jiuquan of Gansu province, Xi'an of Shanxi province, Chengde of Hebei province and Ningxia province. It also has a manufacture base in Germany.

Goldwind established a number of spare part warehouses in China and set Beijing branch as the centre. Of different periods, 11 other spare part centres are set up which are located in Xinjiang, Inner Mongolia, Liaoning, Guangdong, Ningxia, Jiangsu and other districts. These spare part centres formed an integrated nationwide service and spare part supply network, strengthened the response mechanism of the after sale service,and effectively guaranteed the next 20 years' continuous operation of the generation units.

On December 20, 2010, Goldwind wholly owned the Shady Oaks Wind farm located in Illinois, USA and there were more than 70 Goldwind megawatt PMSG units adopted in this wind farm. Meanwhile, Goldwind reached a power supply agreement with the local power operator. In addition, on November 23, 2010, Goldwind subscribed an agreement about the introduction of core module technology with Infineon Technologies AG.

PMSG wind turbine produced by Goldwind is currently the most representative megawatt wind turbine model in Chinese market.

According to 'Statistics of Installed Capacity of China Wind Power in 2010' launched by Chinese Wind Energy Association on March 2011, to date December 31, 2010, Goldwind contributed 9,078.85 MW cumulative installed capacity and 3,735 MW new. According to the ranking, Goldwind is the second place in terms of both new installed and cumulative installed capacity among the all domestic and international wind turbine manufacturers.

2.2.1.3 Dongfang Electric Corporation

Dongfang Electric Corporation (herein and after DEC) is converted from Dongfang Electric Machinery Co., Ltd which was formed in 1958. Through 50 years development, it has become the key member of the Chinese enterprises which produce large-scale generation equipment. DEC specialises in design, production and sales of water turbines, special motors and related control equipment, auxiliary equipment. Its subsidiaries spread in eight provinces and one city which are Sichuan, Guangdong, Zhejiang, Henan, Hubei, Jiangsu, Gansu, Inner Mongolia and Tianjin, furthermore, the headquarter is in Deyang of Sichuan Province. The DEC wind turbines are mostly gear-driven, with sizes from 1 MW to 2.5 MW.

According to 'Statistics of Installed Capacity of China Wind Power in 2010' launched by Chinese Wind Energy Association on March 2011, to date December 31, 2010, DEC contributed 2,623.5 MW new installed capacity and 5,952 MW cumulative in China. According to the ranking, DEC is the third place in terms of both new installed and cumulative installed capacity among all domestic and international wind turbine manufacturers.

2.2.1.4 Chongqing Haihuang Wind Power Co., Ltd

CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd. (herein and after Haizhuang) was established in 2004, is the manufacturer who produces large-scale wind turbines and the related important parts. It was funded by the subsidiary and research institute of China Shipbuilding Industry Corporation (herein and after CSIC), which took advantages in system integration, gearboxes, generators, computer control, steel structure, hydraulic system, etc. Currently, there are 3 factories of Haizhuang which are respectively located in Chongqing, Shandong and Inner Mongolia.

According to 'Statistics of Installed Capacity of China Wind Power in 2010' launched by Chinese Wind Energy Association on March 2011, to date December 31, 2011, Haizhuang contributed 383.15 MW new installed capacity and 479.25 MW cumulative in China. According to the ranking, Haizhuang is the 11th place in terms of new installed capacity and 15th in cumulative installed capacity among the all domestic and international wind turbine manufacturers.

2.2.1.5 Nordex

Since established in 1985, Nordex has been committed itself to develop the high-powered and economical wind turbine. In 1995, the first Nordex megawatt wind turbine N54/1000 was produced, and N80/2500 series, the highest capacity wind turbine in the world, were manufactured in 2000.

At present, Nordex has installed over 4,600 wind turbines in 34 countries worldwide, and the total installed capacity reached to 7,111.45 MW. The branches of Nordex were set up in 18 countries, and its business in China commenced from 1995. As one of the international manufacturers who entered china earliest, Nordex established a joint venture specialising in wind turbine assembling and installation in Xi'an in 1998. So far, Nordex has installed over 550 wind turbines in China. There is a nacelle assembly line set up in Yinchuan at the end of 2006, and a blade manufactory established in Dongying in January 2007 producing 1.5 MW wind turbine blades.

According to 'Statistics of Installed Capacity of China Wind Power in 2010' launched by Chinese Wind Energy Association on March 2011, to date December 31, 2010, Nordex has contributed 524.7 MW cumulative installed capacity in China.It ranked 14th in terms of cumulative installed capacity among all domestic and international wind turbine manufacturers.

2.2.2 Hydro Turbine Manufacturers

2.2.2.1 Dongfang Electric Corporation

Dongfang Electric Corporation is converted from Dongfang Electric Machinery Co., Ltd which was formed in 1958. Through 50 years' development, it has become the key member of the Chinese enterprises which produce large-scale generation equipment. The main business of DEC includes design, production and sales of hydro turbine, special motors and relevant control equipment, auxiliary equipment. Its subsidiaries spread in Sichuan, Guangdong, Zhejiang, Henan, Hubei, Jiangsu, Gansu, Inner Mongolia and Tianjin, furthermore, the headquarters is in Deyang of Sichuan province.

At present, Dongfang Electric Corporation can produce 400 MW, 550 MW and 800 MW hydro turbine generation units. In recent 50 years, it has supplied plenty of power generation facilities for approximate 300 large and medium-sized power stations all over 31 provinces, cities and autonomous regions in China. By the end of 2007, Dongfang Electric Corporation has supplied generation equipment with 164,250.3 MW cumulative, which commands nearly 1/5 of the nationwide total installed capacity, of which there are 505 sets/33,130.5 MW of hydro turbines and 644 sets/131,109.2 MW of steam turbines.

2.2.2.2 Harbin Electric Corporation

Harbin Electric Corporation (herein and after HEC) was formed in 1951. At present, the hydro power generation of HEC reached to 4,000 MW, and its products has 50% domestic market share. HEC is the main Chinese hydro equipment manufacture base in China, whose hydro products contribute half of the domestic total installed capacity. A number of generation units have been manufactured for plenty of national key projects, for instance, cross-flow generation units with maximum capacity 800 MW, 300 MW pumped-storage aggregates, Kaplan generation units with maximum capacity 200 MW, and tubular generation units with maximum capacity of 45 MW. HEC has provided over 300 generation units for nearly over 200 domestic power stations, and nearly about 80 hydro power generation units for 26 overseas power stations.

2.2.2.3 Hangzhou Hangfa Electrical Equipment Co., Ltd

Hangzhou Hangfa Electrical Equipment Co., Ltd (herein and after HEEW) was formed in 1956, of which the leading products are hydro turbine generation units, steam turbine generators, motors, etc. HEEW has already had the ability of producing steam turbines with different specifications from 0.75 MW to 60 MW and hydro turbines from 0.32 MW to 50 MW. Among all the hydro power equipment series, the HEEW's mature manufacturing technique of high water head Francis and high-speed generation units maintain the leading position. Since 1970's, the products of HEEW have been applied in more than 30 countries and regions.

2.2.3 Boiler and Steam Turbine Suppliers

Shanghai Electric Group Co., Ltd

Shanghai Electric Group Co., Ltd (herein and after Shanghai Electric) is one of the biggest enterprise groups among Chinese equipment manufacturers. From 1990's, the sales revenue of Shanghai Electric always ranks 1st in China equipment manufacturing industry. Its core business is high efficient clean energy and new energy equipment, the latter contributed approximately 70% of the sales income.The leading products are 1,000 MW ultra-super critical thermal power generation units, 1,000 MW nuclear power generation units,heavy equipment, transmission and distribution, elevators, printing machinery and etc.

Shanghai Electric successfully produced the first Chinese 600 MW super-critical thermal power generation units in 2000. In addition, the first Chinese 1,000 MW ultra-super-critical generation units are manufactured in 2006. In 2009, Shanghai Electric contracted to build two 1,000 MW ultra-super-critical generation units for Waigaoqiao third power station.

Shanghai Electric actively developed the Integrated Gasification Combined Cycle (IGCC) technology, and then becomes the main equipment supplier of the first Chinese IGCC project – Huaneng IGCC power station.

2.3 Grid Operators

2.3.1 Grid Operators of Representative Projects

Table 2.1: Grid operators of representative power stations

Item	Energy type	Project	Installed capacity (MW)	Local grid operator	Provincial grid operator	Regional grid operator	National grid operator	Connected Point Voltage
1	Wind	Kulun Wind Farm Phase I	201	Ulanqab Power Supply	Inner Mongolia Power Company	Inner Mongolia Power Company	Inner Mongolia Power Company	220 kV
2	Wind	Xiaocaohu Wind Farm 1 Phase I	49.5	Tulufan Power Supply	Xinjiang Power Company	Northwest China Grid Company Limited	SGCC	110 kV
3	Wind	Burqin Wind Farm Phase I	49.5	Aletai Power Supply	Xinjiang Power Company	Northwest China Grid Company Limited	SGCC	110 kV
4	Wind	Guazhou Wind Farm Phase I	201	Jiuquan Power Supply	Gansu Power Company	Northwest China Grid Company Limited	SGCC	330 kV
5	Wind	Muling Wind Farm Phase I	31.2	Mudanjiang Power Supply	Heilongjiang Power Company	Northeast China Grid Company Limited	SGCC	66 kV
6	Wind	Yilan Jiguanshan Wind Farm Phase I	49.5	Jiamusi Power Supply	Heilongjiang Power Company	Northeast China Grid Company Limited	SGCC	110 kV
7	Wind	Lianyungang Guanyun Wind Farm	100	Lianyungang Power Supply	Jiangsu Power Company	East China Grid Company Limited	SGCC	110 kV
8	Hydro	Baisha Hydro power station	70	Longyan Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	110 kV
9	Hydro	Mianhuatan Hydro power station	600	Longyan Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	220 kV

Item	Energy type	Project	Installed capacity (MW)	Local grid operator	Provincial grid operator	Regional grid operator	National grid operator	Connected Point Voltage
10	Hydro	Ansha Hydro power station	115	Sanming Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	110 kV
11	Hydro	Fenghai Hydro power station	30	Sanming Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	110 kV
12	Hydro	Qinshan Hydro power station	70	Ningde Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	220 kV
13	Hydro	Gutianxi second cascade Hydro power station	130	Ningde Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	220 kV 110 kV
14	Hydro	Chitan Hydro power station	100	Sanming Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	220 kV
15	Thermal	Kemen power station Phase I	1,200	Fuzhou Power Supply	Fujian Power Company	East China Grid Company Limited	SGCC	500 kV

Source: Provided by Huadian Fuxin

2.3.2 State Grid Corporation of China

Founded on December 29, 2002 by the State Council, State Grid Corporation of China (herein and after SGCC) is responsible for construction and operation of power grids, and providing secure economic clean and sustainable power supply for economic and society development. SGCC supplies electricity to 88% of the national area, in twenty-six provinces. Its service area represents 88% of the national territory. It also provides power services to one billion customers. By the end of 2010, it owned and managed five regional electric power grid companies, twenty-six provincial-level electric power grid companies, and operated Philippines national grid and seven Brazil transmission concession companies. SGCC was ranked the 8th in the Fortune Global 500 in 2010 and becomes the largest utility in the world. The owned transmission line at 110 kV and above was 618,837 km. In 2010, SGCC sold 2,689.1 TWh of electricity and had annual revenue of RMB1,542.7 billion. Therefore, we consider that SGCC is capable of acting as the grid operator.

2.3.3 Inner Mongolia Power Company

As the only independent provincial grid corporation, the Inner Mongolia Power Company is responsible for construction, operation, management and rural power work of the transmission and distribution networks of 10 cities in western Inner Mongolia except Chifeng and Tongliao. It is the only large-sized state-owned gird operating enterprise owned by the Inner Mongolia Autonomous Region government.The eastern power grid is operated by Northeast China Power Grid Company in SGCC. By the end of 2010, it owned transmission line at 110 kV and above was more than 20,000 km. In 2010, the Inner Mongolia Grid Company sold 110 TWh of electricity and had annual revenue of RMB32 billion. Therefore, we have no concerns with regards to the capabilities and experience of Inner Mongolia Grid Company.

2.4 Conclusions

Most WTG suppliers chosen by Huadian Fuxin to supply and maintain WTGs on its wind farms are well known to the worldwide wind industry and we consider that these WTG manufacturers are capable of delivering their role in the reviewed projects. Although Haizhuang did not have the long track record of the other chosen WTG suppliers, however it has undergone rapid development and is a subsidiary of CSIC which has strong equipment manufacturing capability. We therefore considered Haizhuang acceptable as a WTG supplier. All other WTG models chosen by Huadian Fuxin have substantial track records and we consider the technology used as mature and the models as reliable if operated properly and adequately maintained.

Most hydro turbine generator and thermal power generation units suppliers (HEC, Dongfang Electric, Shanghai Electric) chosen by Huadian Fuxin in the hydro and thermal power projects are well known to the worldwide power industry. According to the substantial track records, we consider the technology used as mature and the models as reliable if operated properly and adequately maintained.

The transmission and distribution grid of the power stations owned by Huadian Fuxin is constructed, owned and maintained by large-scale state-owned grid corporations (SGCC and the Inner Mongolia Power Company) which have become world leading grid investors and operators with long history and tremendous strength. Therefore, we have no concerns with regards to the capabilities and experience of China transmission and distribution companies acting as grid operators.

3. WIND FARMS TECHNICAL ASSESSMENT

3.1 Introduction

3.1.1 Wind Resources Assessment

We conducted technical assessment for Huadian Fuxin's seven wind farms located at Inner Mongolia, Xinjiang, Gansu, Heilongjiang, and Jiangsu. The objective is to assist buyer to identify potential risks and issues through current documents and on-site visit.

MM reviewed the documents and conducted on-site visit for the follow 7 wind farms:

- Kulun Wind Farm Phase I (201 MW)
- Xiaocaohu Wind Farm 1 Phase I (49.5 MW)
- Burqin Wind Farm Phase I (49.5 MW)
- Guazhou Wind Farm Phase I (201 MW)
- Muling Wind Farm Phase I (31.2 MW)
- Yilan Jiguanshan Wind Farm Phase I (49.5 MW)
- Lianyungang Guanyun Wind Farm (100 MW)

Each wind farm within the portfolio has a feasibility study report which contains sections on wind resources assessment and energy yield assessment.

For this portfolio, we have reviewed wind resources and energy yield assessments within the feasibility studies for a selection of seven wind farms. Rather than involving a quantitative and detailed analysis involving remodelling or recalculation of the energy yields, our review focuses on the adopted methodology and assumptions. We have also reviewed the applicable Chinese standards and industrial codes, which set out recommended practices in China, in order to comment on the approach compared to wider international practice.

The wind resources assessment forms a key component of the feasibility studies, and can provide a useful insight into the expected power generation, particularly where limited production data is available. However, where we have been provided with sufficient production data (at least 1 year of normal operation), we have used this as an indicator for future production forecasts since there can often be changes to the wind farm design, or turbine type which compromises the preconstruction estimates.

3.1.1.1 Chinese Standards for Wind Resources Assessment

There are two main standards for wind resource assessment in China:

GB/T 18709-2002 – Methodology of Wind Resource Measurement for Wind Farm; and

GB/T 18710-2002 – Methodology of Wind Resource Assessment for Wind Farm.

The former standard covers data collection and reporting, while the latter outlines the procedures for long-term correction, data screening, data processing and reporting. The wind resource assessments for the wind farms in this review were developed by different Chinese design institutes. However, the methodology and reporting of results are common to all studies and are based on the Chinese standards listed above.

3.1.1.2 Methodology of GB/T 18709-2002

The Chinese Standard GB/T 18709-2002 'Methodology of Wind Resource Measurement for Wind Farm' has requirements about location & installation of met masts, selection & configuration of measuring equipment, arrangement & layout of sensors, and collecting & processing of measuring data. We have observed in previous projects that fewer masts were used in the Chinese measurement campaigns compared to our preferred practice. It can be found from our site visits for this portfolio, the measurement campaigns were often with more than one met mast considered in feasibility studies. Therefore we believe the forecast and analysis for wind resources and WTG model selection in feasibility study have reliable reference.

3.1.1.3 Methodology of GB/T 18710-2002

GB/T 18710-2002 is the Chinese Standard for wind resource assessment which outlines the methodology for processing the wind data and reporting the assessment results. The standard covers reference data requirements and long-term corrections as well as data screening, the formulae for extracting relevant parameters (wind shear, turbulence intensity) and reporting of the results. GB/T 18710-2002 references a number of documents including NREL/SR-440-22223 – Wind Resource Assessment Handbook. It is an American publication issued by the National Renewable Energy Laboratory of the U.S. Department of Energy and provides a good overview of the measurement based wind resources assessment method. Much of GB/T 18710-2002 is derived directly from this document and hence the approach to wind resources assessment in China is largely consistent with international practice.

Measure-Correlate-Predict (MCP) techniques adopted in the feasibility studies for the wind farms of this portfolio are based on the correlation analysis of long-term meteorological observation data and relevant historic annual wind speeds. Long-term correlation of the site data is often based on a comparison of historic annual wind speeds, although in some projects reviewed more sophisticated techniques were employed. This depends on the quality and consistency of the reference data records available. In several of the reviewed feasibility studies, where Huadian Fuxin could not achieve confidence in the reference data available, site collected data (of at least one year) was used as the basis for the energy calculations. This shows evidence of diligence in approach.

The culmination of GB/T 18710-2002, in terms of energy yield, is reporting of the average annual windspeed, the wind direction, power density (W/m^2) and diurnal and seasonal profiling. In order to calculate the energy yield from a wind farm, it is necessary to calculate the wind speed distributions at each wind turbine location and to integrate these over the power curve for the chosen wind turbine. The wake turbulence losses must then be modelled, and other losses, such as electrical efficiency and availability, must be considered in order to arrive at a net energy yield.

3.1.1.4 Feasibility Study for the Representative Wind Farms

Between September 22 and October 15, 2011 we conducted site visit for a selection of seven wind farms within the portfolio. During or after these visits Huadian Fuxin provided us with the original feasibility study for each wind farm. We also requested the production and availability figures, evidence of power curve performance, and details on the operational performance of each wind farm including significant outage, major component failure, grid curtailments etc.

We reviewed the wind resources and energy yield studies for each of the visited wind farms to determine the approach, consistency or otherwise with the as-built details like WTG models and layout and to form an overall opinion on the rationality. However, in the cases where there was of least 1 year of normal production data available, we focused more heavily on those data for our consideration of the future energy yield forecasts.

3.1.1.5 Wind Resources

In each of the feasibility studies we reviewed, annual average values for wind speed and wind direction at the site were obtained from single or multiple met masts located on or near the site. In most cases, however, these met masts were decommissioned after the feasibility study period. On the whole, met masts were well placed to represent the wind regime at each site and gaps in the data were fairly minimal in duration. Often, the approach taken in the feasibility studies was to consider multiple met masts on or around the site and select the best met mast as the source of short term wind data for the site. In some of the studies, this involved correlation of the site met masts to ensure consistency. We are satisfied with this approach.

The range of measurements heights in all cases was good, either equal to or close to the actual hub heights of the turbines.

In each case of feasibility study, the wind speed distributions were modelled by WasP, which is a software package developed by Riso, the National Laboratory and is considered to be an industry standard tool for modelling the variation in wind flow considering details on topographic and ground cover variation in non-complex environments.

The difference of wind turbines types, number of units, and layouts between actual approval result and feasibility study is because the wind turbines suppliers for wind farms are not the recommended supplier in feasibility study, which is a common situation. However, the difference in the wind turbines types, number of units and layouts of the wind farms to their feasibility studies had not and will not effect the operation of the wind farms.

3.1.1.6 Energy Yield

The power curves used in the feasibility studies are supposed to be standard power curves provided by the WTG manufacturers. We consider these to be a reasonable basis for prediction at the feasibility study stage. For the seven representative wind farms, the power curves used in some feasibility studies were often not listed numerically and some of the origins were not stated. We understand from Huadian Fuxin that this is due to the need to maintain fairness in the open bidding process for wind turbine selection. To acknowledge the accuracy of energy yield forecast, it is important to understand whether the power curve is theoretical or derived from measurement, and whether it is guaranteed by the manufacturer. By way of conservatism, the energy yield predictions in Huadian Fuxin's feasibility studies have generally been reduced by 5% which is in line with Chinese practice. We consider that this practice provides some comfort and compensation for the lack of detailed information on the power curves.

The wind farms sites we visited were spread across a range of different locations and at different levels of elevation above sea level. As air density changes with altitude, so does the performance of the power curves for each turbine, requiring a correction on the power curve when considering the energy yield analysis. Many of the feasibility studies we reviewed employed an inaccurate approach to this density correction. A simple scaling factor was derived from comparison of the site air density with density at standard sea level conditions. This factor was then applied to the power output according to the standard power curve. In our opinion, this approach is not an accurate or robust way of calculating the real impact of air density on a wind turbine power curve and can lead to an over-estimate of the energy lost due to lower air density at high altitude sites, resulting in conservative energy yield forecasts.

Wake modelling was carried out using WasP software, the industry standard method. During our site visits, we enquired as to the presence of other wind farms in the surrounding area. In many cases, there were either further extensions to the wind farm in question or other wind farms in the vicinity. None of the feasibility studies considered their presence. This would lead to an underestimation of the extent of the wake losses.

The overall losses applied to each project vary depending on the site specifics. Many of the feasibility studies consider losses for areas such as wake losses, controller (yaw error) and turbulence, blade contamination, wind farm power consumption and inter-array losses, weather effected outage and availability.

However, we noted that there was no consideration of losses due to grid curtailments for those wind farms in Inner Mongolia, Xinjiang, Heilongjiang and Gansu. We understood that it was mainly because there was no grid curtailment when these feasibility study reports were prepared. The wind energy industry has grown rapidly since 2007 in China and grid curtailments became serious in western Inner Mongolia and partly North China in the winter of 2009. Along with the large-scale upgrade of relative regional grid from 2010, we expect that the bottleneck of curtailment will gradually ease in future. This is an area of concern in our opinion the local grid curtailments should be fully considered for production forecasts in the feasibility studies. Where possible, we would prefer to base the production forecasts on actual production data from at least 1 year of operating history. Typically in the feasibility studies, assumed losses are around 28% of the gross energy production, which we consider to be generous in our opinion. Nevertheless, where there were grid curtailments in place, more credence should be given to the actual production figures of each wind farm.

Uncertainty analysis are important for making commercial decisions about wind farm performance, particularly where external debt financing is sought, as they describe the probability, and hence degree of risk associated with a prediction. Adherence to published industry standards does not immunise an energy yield assessment from uncertainty as sources of error are endemic in the process and are not necessarily consistent from site to site. Debt financers will typically base production forecasts on a higher confidence prediction since they will not benefit from any upside in revenues. Conversely, a large corporation with a large portfolio of wind farms such as Huadian Fuxin or an equity investor, will base revenue projections on central-estimate (P50) production forecasts. Chinese standards do not have specific requirements for uncertainty analysis and only central estimates (P50) are provided in the feasibility studies. We have however observed a tendency for conservatism in the energy yield forecasts carried out for Huadian Fuxin which is reflected in the production data and grid curtailments were not considered in some feasibility studies. We prefer to use production data as an indicator of future performance where sufficient data is available (one year normal operation). The details of energy yield for each wind farm can be referred to follow sections.

3.1.1.7 Conclusion

Having reviewed feasibility studies for a selection of seven wind farms within the portfolio, we can conclude that a consistent approach has been adopted towards the wind resources assessment. On the whole, the adopted methodology has been broadly in-line with standard international practice, with some slight deviations in a small number of areas. The Chinese standards have been derived from well-established international publications. However, differences of approach exist where the market in China has differing requirements. For example, the approach taken under the Chinese standards places less emphasis on the analysis of uncertainty in the energy yield prediction when compared against wider international practice, and sometimes the methodology of air density correction of the power curves is not best practice in our opinion. As a result more credence should be given to the actual production figures of each wind farm rather than the energy yield estimates of each feasibility study, which make an assumption on grid curtailments.

There is clear evidence of conservatism in the approach and assumptions made within the feasibility studies we have reviewed in general. In particular, the losses applied to calculate the net energy yields are generous compared to the losses we typically see from our experience of wind farms in other areas of the world. However, where possible future production forecasts should based on actual production since commissioning.

3.1.2 Grid Connection Assessment

Our grid connection assessment focuses on the factors which may affect power export to the grid from the wind farms and to identify risks which may affect normal operation of the wind farms. There are usually three key aspects to be considered:

- Power transferring capacity limitation of wind farm including all equipment, i.e. substation main transformer's nominal capacity, and export cable/overhead line nominal capacity etc. Analyse and assess if these have been rated appropriately to export full generation from the wind farm;

- Grid Codes and essential requirements for wind farms, including whether there are sufficient reactive power compensation capability available from the wind farm, so that the wind farm is capable of maintaining the required power factor at the grid connection point for the given voltage ranges and real power output, voltage control capacity, Low Voltage Ride Through (herein and after LVRT) and power quality indices of the wind farms connected to SGCC; and

- Capability of the local power network in view of voltage/frequency regulation, system overloading and potential operational issues which may be caused by the grid connection of the wind farm.

Our assessment on the grid connection was for the seven representative wind farms and has been undertaken based upon:

- documents provided by Huadian Fuxin;

- meetings and discussions with relevant staffs of Huadian Fuxin;

- sites visit to the seven representative wind farms; and

- relevant data and information from the public domain, together with our general knowledge in this field and specifically of the Chinese power sector.

We have used the following data as part of our assessment:

- feasibility study reports;

- grid connection system reports;

- main primary electrical single line diagrams of wind farms;

- single line diagrams of inter array collection lines of wind farms;

- grid connection agreement;

- grid codes and essential requirements for wind farms connect to grid;

- renewable energy policy of the Chinese Government;

- feedback to our questionnaire from Huadian Fuxin; and

- site visit records.

It is assumed that all data collected from sites visit are the latest available. During our assessment process, no independent simulation or calculation have been carried out to validate the inputs and results in the studies conducted by different Chinese design institutes which are independent third parties to Huadian Fuxin.

3.1.2.1 Key Issues Addressed in Grid Connection

Through our data review and analysis, we noted that the seven representative wind farms are properly connected to 330 kV, 220 kV, and 110 kV etc. transmission and distribution grid.

We summarised several key issues addressed in grid connection as following:

3.1.2.2 Equipment Capacity of the Wind Farm Step-up Substation

- Capacity of main transformer

Selection of a step-up main transformer's capacity in the substation at the wind farm site should ensure the transformer has sufficient capacity to transfer the power generated to the local grid as well as providing flexibility in voltage regulation.

The capacity of main transformers in the substation at the wind farms sites, except Kulun wind farm, are consistent with feasibility study report. Transformers are equipped with on-load tap changers which are able to provide flexible voltage adjustment and maintain stable voltage level of bus bar at the wind farm substation.

- Nominal capacity of the wind farm export overhead lines

Once the grid connection point is chosen, conductor type and size of the transmission circuit should be identified. Conductors of a circuit between the wind farm substation and the grid connection point should be designed to have a thermal rating adequate to meet the requirement to export the maximum apparent power output from the wind farm.

It appears that all single lines connecting the visited wind farms to the grid connection points have sufficient capacity to export the maximum power under normal operation scenarios. Although most wind farms are connected by single circuits, it is not compliant with the 'N-1' security contingency like western wind farms, it is noted that in western wind farms, the connection lines belonged to the wind farms, who applied 'N-1' principle based on its own choice, also there is no compelling regulation requirements. While, in China, the connection lines are owned by the grid company, and almost every wind farm connects to the grid by single circuits. Also, in the updated version of Chinese Grid Code (Revision) of wind farm grid connection published in December 2009, there is no requirement for the wind farm to meet the 'N-1' security criteria for the transmission network between the wind farm substation and the grid connection point.

'N-1' security contingency is a typical expected fault analysis of steady-state security test and it means that the power system can operate either within emergency loading and voltage limits immediately after loss of any transmission line or transformer or generator separately, or with normal limits after system adjustments.

- Other Equipment Capacity

Fault level analysis and calculation has been used to choose appropriate switchgear ratings such as breaker so that the switchgear is capable of withstanding potential fault currents at the wind farm substation.

3.1.2.3 Reactive Power Compensation and Voltage Control of Wind Farms

Wind farm reactive power compliance is an important technical requirement for the wind farm to be connected to the power grid. Maintaining the required power factor needs sufficient reactive power compensation of each wind farm. The purpose of the reactive power compliance analysis is to examine whether there are sufficient reactive power compensation capability available from the wind farm, so that the wind farm is capable of maintaining the required power factor at the grid connection point for the given voltage ranges and real power output. If results reveal any insufficiency, reactive power compensation schemes should be considered when designing the grid connection scheme. Even though detailed reactive power studies are not performed for most Chinese wind farms as they are elsewhere in the world, Chinese grid connection system design usually provide requirements of reactive compensation schemes under typical operating modes.

Connection of numerous WTGs in a wind farm may cause voltage deviation, voltage fluctuation, flicker, and harmonics issues which have impact on the power supply quality of local power grid. The Chinese Grid Code of 'Wind farm grid connection technologies requirements (reversion)' in 2009 required technical indicators of the power quality and LVRT capability. State Electricity Regulatory Commission (SERC) issued a notice in October 2011, which required wind farms to conduct grid connection safety assessment by following "Safety conditions and assessment regulations for wind farms grid connection." This notice contained detail requirements and processing advices for WTGs LVRT. We are aware that part of Huadian Fuxin wind farms required to be technically upgraded so that they can perform LVRT to meet relevant requirement in the latest Chinese Grid Code issued by National Grid. Huadian Fuxin promised that these wind farms will implement the upgrade accordingly.

3.1.2.4 Local Power Grid Operation

The feasibility study reports have shown that the power system security analysis software package including the 'N-1' security criteria has been carried out for the local transmission grid in each wind farm in order to analyze the steady and dynamic performance of the local power gird.

Connection of wind farms to power grid has a local effect on voltage levels and reactive power flows. However, the primary purpose of the power system operation is to deliver the active power economically and reliably from generation resources to the customers. Clearly, the introduction of distributed and variable wind farms will impact on the scheduling of conventional power system operation and on the accommodation of the local power grid.

As per our sites visit, most local power grids except Xiaocaohu wind farm and Lianyungang Guanyun wind farm grid are not sufficient to accommodate the wind farms to be connected so that they are able to operate in normal conditions and to export the generated power to the grid as expected. It is noted that it is very common for several wind farms in Inner Mongolia and Xinjiang, Heilongjiang, and Gansu to be subjected to grid curtailments. We understand that the generation supply and demand balance in winter and voltage stability of power system may be major reasons for the curtailments.

In winter, especially during the night, the combined heat & power plants to provide heat to the local district heating systems, the power generation from wind farms may have to be curtailed to some extent due to insufficient capability to adjust active power. On the other hand, the voltage stability of power system has become the major issue in grid of wind power concentrated regions for a large scaled expansion of wind power. We understand that the local grid should have sufficient capability to accommodate Huadian Fuxin's wind farms and we would expect that this problem could be solved by future reinforcement of the power grid. It is reported that one option is strengthening the construction of interconnection lines between Inner Mongolia Grid and North China Grid, i.e. the proposed joint venture to establish two high voltage grid lines between Inner Mongolia grid and north China grid. We believe that the loss of power generation results from grid curtailments will gradually ease in two to three years.

3.1.3 Operation & Maintenance Execution of Wind Farms

For the operation and maintenance (herein and after O&M) of its wind farms, Huadian Fuxin has a general strategy to rely on WTGs manufacturers during the warranty period, while Huadian Fuxin O&M staffs also involve in daily work, hand it over to their O&M team on sites (Kulun wind farm, Xiaocaohu wind farm, and Burqin wind farm), or consider to extend warranty period with WTG manufactures after expiry (Yilan Jiguanshang wind farm), or sign sub-contract with professional O&M company (Guazhou wind farm, Muling wind farm, and Lianyungang Guanyun wind farm) under the premise of economic rationality.

The warranty period for seven wind farms visited, provided by the WTGs manufacturers, is two years. This is in line with our experience of other wind farms and current industry standards. We hold the opinion that two years warranty period is acceptable for proven WTG technologies.

Before starting O&M work, technicians are trained by the manufacturer in their training centre or other operating wind farms, daily training is continuous and based on the regulations issued by Huadian Fuxin headquarters. In our view, the safety and performance targets of operation should be achieved based upon adequate experience of technicians and compliance with proper procedures laid out by WTG manufacturers.

Each wind farm is responsible for the road access maintenance with an appropriated amount of expense by itself. It is normally sub-contracts to professional road maintenance team.

As required by the industry regulations, the export lines connected to the grid are maintained by the local grid company.

3.1.3.1 Operation & Maintenance Organization

We believe the staffing levels are adequate for each site. The number of employees at each wind farm site is set by Huadian Fuxin's Headquarter based on internal principles (refer to table 3.1) which also included human resource for further development and construction. Staff are recruited and trained by the Huadian Fuxin's headquarters, which ensures control of the qualification and competency of the employees on site. Wind farm project companies propose an organizational structure which is then to be approved by Huadian Fuxin's Headquarters. They assign the general manager and other senior managers, other O&M employees are hired by each project company.

Table 3.1: Human Resources Configuration for Wind Farms

Wind Farms Types		Small-scale (<50 MW)	Medium-scale (40*1.5 MW)	Large-scale (100*1.5 MW)	Note
1.	Production Personnel	22	24	31	Included 10% staff on standby
1.1	Units Operation	11	11	11	
1.2	Units Maintenance	10	12	19	
1.3	Others	1	1	1	
1.3.1	Warehouse	1	1	1	
1.3.2	Required Personnel				Approved by Group
2.	Management Personnel	10	12	15	Included management staff for Admin, Production, Operation, Party, and Logistics

Source: Provided by Huadian Fuxin

Three divisions are usually set for production, maintenance and execution. The O&M team usually has two or three shifts. Daily requirements are therefore satisfied, i.e. replacement of consumable parts. This organization set-up minimises reaction time for small maintenance tasks on the WTGs and manufacturer support is given during major overhauls. It also improves the availability of the turbines and power generation, which is good for the revenues. Most wind farms including Kulun, Xiaocaohu, Burqin, Guazhou, Yilan Jiguanshan, and Lianyungang Guanyun we visited are still covered by the warranty, which means all O&M services provided by WTGs manufacturers are covered by warranty fee.

3.1.3.2 *Operation & Maintenance Arrangement*

High availability is critical for a wind farm. A number of factors can affect this availability, operations & maintenance (O&M) arrangements are likely to have a highest influence. Liquidated damages provisions are the key protection approach against poor availability by WTG manufacturers. Care is needed for the definition of 'availability' during the WTG supply contract negotiation. The contracted availability calculation will typically exclude a number of events, allowing the Supplier to limit its responsibilities over events outside their control (e.g. grid outages). During site visits we raised these points and requested evidence of the relevant documentation. Most of Chinese wind farms applied this kind of definitions in the WTGs supply contracts, even though they does not comply with western practice.

Huadian Fuxin has established its first regional control centre in Hohhot, which integrates wind farms' background control system of WTGs control platform and remote control system of substation to management company headquarters through information copy to control platform. This strategy achieved the objectives of central control for each wind farm WTGs and supervision for substation. By using remote control software, Huadian Fuxin headquarters can achieve the target that one host computer operates multiple computers within different regions, which means the control centre can be easily implement remote control by network. When the host computer operates multiple computers, the remote control software like a LAN administrator and the remote control terminal is an extension of wind farms' control platform. This special network approach made the network more secure and reliable to access, and the network manager can easily manage various online equipment. Control centre platform is the same as each wind farm's control platform, and video & voice communication system are also applied into this control strategy. Huadian Fuxin will establish similar regional control centre in other areas.

Training programs arranged by the manufacturers included in all O&M arrangement documents were reviewed. These are comprehensive, and include two to four weeks training in factories and on site, covering most topics and problems that may occur on site. The training covers using the maintenance manual, keeping records of faults, operation and control of WTGs, erection method for replacement parts, maintenance procedures, failure diagnosis, and spare part management. We understand that Huadian Fuxin staff also assists the manufacturer's team during scheduled and unscheduled maintenance and learns their experience and skill. We are satisfied that experience can be gained by the team through this arrangement.

Huadian Fuxin headquarters issue and publish the O&M regulations applied to each wind farm, and were ranked according to maintenance requirements. Maintenance method is divided into regular maintenance, condition-based maintenance, improvement maintenance, and troubleshooting maintenance. Maintenance Grade principle is base on power generation equipment maintenance and downtime, which was divided into Grade A, B, C, and D, major overhaul, and temporary maintenance. Grade A to D mean five years periodic inspection, three years periodic inspection, one year periodic inspection, and half year periodic inspection of wind turbines respectively. The downtime (days) of each grade maintenance were presented on table 3.2. The key sections of these regulations are written on boards and hung on the wall of relevant facilities at each site, which we were happy to find since this makes it easier for O&M staffs to find and follow them. All the main operational aspects are covered, e.g. the WTGs, public systems, production buildings, and accommodation facilities etc, which are drafted based on relevant national and industry standards, Huadian Fuxin wind power management experiences, and WTGs manufacturers O&M requirements. O&M regulations are important foundation of site daily O&M, we are satisfied with the regulations applied by Huadian Fuxin to the projects sites.

Table 3.2: Downtime for Different Wind Turbines Maintenance

	Maintenance Grade			
Wind Turbines Generator Types	**Grade D**	**Grade C**	**Grade B**	**Grade A**
1.5 MW Double-fed induction wind turbine	1	1.5	2	2
1.5 MW Direct-drive synchronous wind turbine	0.75	1	1.5	1.5
850 kW Double-fed induction wind turbine	0.5	0.5	1.5	1.5
750 kW Fixed Pitch Wind Turbine	0.5	0.5	1.5	1.5

Note: Maintenance downtime (days) includes the time of loading test.

Source: Provided by Huadian Fuxin

As previously discussed, most of the wind farms we visited continue to be maintained by the manufacturers, having started commercial operation during the past two years, they are still in their warranty period. According to the maintenance records we saw on sites, and interviews with the manufacturers' on-site staffs, the scheduled maintenance has been carried out in accordance with clauses in the agreements. We note that the WTGs Maintenance form elaborates on inspection and items which are to be checked by the manufacturer maintenance staffs regularly. The form is comprehensive and includes all the main items. After expiry of the warranty period, site staffs from Huadian Fuxin, WTGs manufacturer or specialised company will undertake the regular maintenance of WTGs. Most of the WTG suppliers have a regional service centre nearby the wind farms, so manufacturer servicing will still be accessible. We expect the manufacturer to respond rapidly to service requests as Huadian Fuxin is one of the major wind power producers in China. Huadian Fuxin plans to establish regional specialised O&M teams responsible for large-scale and difficult or requiring a large number of human resources and materials maintenance works of wind farms within the region.

In our view, plant maintenance by an external specialised company allows for more confidence in the quality of the service and is in line with industry practice at Western wind farms. If Huadian Fuxin could consider and compare the quality, cost and efficiency of maintenance to be provided by the sub-contractor and themselves in the future when the qualified sub-contractor are available, it will be more adaptable to international practice.

In order to make it cost-effective, Huadian Fuxin is considering managing maintenance service in some wind farms, extending warranty period with WTGs manufacturers, and sub-contracting maintenance service to specialised companies at other wind farms. This may contribute to its ambitious plans for future growth and could help consolidate the rapid expansion of its wind portfolio that has taken place in recent years. However, careful thought should be put into this balance. Currently, the O&M procedure and tasks of Huadian Fuxin wind farms are following industrial O&M standards such as 'DL/T 838-2003 Code on Maintenance of Power Plant' and 'DL/T 19001-2008 Code on Quality Management System' which were issued by the national authority.

At visited wind farms, the storage of spare parts is well-registered, well-managed and well-recorded. The consumable parts like sensors, tools, brake pieces, and sealing are purchased by the site company regularly. According to Huadian Fuxin headquarters' plan, spare parts procurement is a key part of its annual budget for O&M. The normal spare parts procurement, according to the regulation called 'Huadian Fuxin WTGs O&M Management Regulation (Version A)', each wind farm submits next annual O&M plan (include spare part procurement) bases on its 'Maintenance Grade Combined Plan', 'Five Year Regular Rotation Maintenance Plan' and actual conditions to Huadian Fuxin headquarters. Huadian Fuxin reviews each wind farm's maintenance plan, confirms procurement method of spare parts, and purchases materials in accordance with 'Materials Biding Management Regulation' by headquarters or by wind farms.

We considered Huadian Fuxin quality control to be adequate. We also gained confidence in this matter from the high energy yield and availability of the representative wind farms. The procurement, construction, recruitment and training are controlled by Huadian Fuxin headquarters and demonstrate good management capabilities. The Health, Safety and Environmental (HSE) system is well-established and well-implemented among the wind farms. The personal protection equipment (PPE) is sufficient on site and the employees are required to follow procedures when they start or finish working on site.

During our sites visit, we noted that no major impact has been recorded on the environment after construction period or during operation. For Quality, Health & Safety and Environmental (QHSE) manuals and relevant system files, 'China Huadian Group Renewable Energy Development Limited – Safety Power Generation' and 'China Huadian Group Renewable Energy Development Limited – WTGs Maintenance Management Regulation (Trial)' illustrated the requirements of safety, health, and quality.

3.1.3.3 Conclusion

We consider the O&M arrangements to be suitable for Huadian Fuxin operations as they are based on currently recognised best practise models whilst being specifically developed for the Huadian Fuxin sites. O&M arrangements for its wind farms are in line with our expectations of Chinese wind farms, even though the Chinese O&M common practice is different with international standards in some points.

The control centre in Hohhot is the first regional supervision centre for Huadian Fuxin, which centralized wind farms' background control system of WTGs control platform and remote control system of substation to management headquarters to achieve the objectives of central control for each wind farm WTGs and supervision for substation. In future Huadian Fuxin will establish similar regional control centre in other areas.

Huadian Fuxin has specific internal rules and regulations, which specified O&M arrangement and spare parts procurement. All in all, the structural organization and arrangement of O&M, the procurement and storage of spare parts and the QHSE requirements of Huadian Fuxin wind farms are generally excellent, however, its environmental pollution control regulations needs to be improve.

It is a good mature strategy for wind farms WTGs manufacturers to provide maintenance services after warranty period expire. Since these manufacturers are most familiar with their WTGs, which can increase the reliability of WTG and cost-effective.

3.2 Kulun Wind Farm Phase I

Kulun Wind Farm Phase I is located in Wulanchabu in Inner Mongolia. It consists of one hundred and thirty-four Sinovel SL1500/70 1.5 MW WTGs, with a total capacity of 201 MW, and start commissioning in August 2009.

Under our scope of work, we have reviewed Kulun Wind Farm Phase I.

3.2.1 WTGs

In 2010, Sinovel's new installed capacity was 4,386 MW and was mainly based on the wind turbines of the SL1500 WTG series and SL3000 WTG series in China. Sinovel introduced 1.5 MW WTG technology from the established German manufacturer Fuhrländer, and developed the 3 MW and 5 MW WTG technology with proprietary intellectual property rights. The SL1500 is a three blades, horizontal shaft WTGs with a double-fed generator, active pitch, and active yaw system with variable speed operation. The WTGs is available in a normal and a low temperature version.

Overall, we consider the design of Sinovel SL1500 to be in line with the industry standards. The main technical parameters are summarized in Table 3.3.

Table 3.3: Technical Summary of Sinovel SL1500

	SL1500
Hub Height	70 m
Rotor Diameter	77 m
Nominal Power	1,500 kW
IEC Classification	IEC III
Certification	Lloyd's Register
Cut-in Wind Speed	3 m/s
Nominal Wind Speed	11 m/s
Cut-out Wind Speed	20 m/s
Generator	Double-fed asynchronous generator
Gearbox	Two stage planetary gear + one stage spur gear
Gearbox Ratio	1:104
Power Compensation and Control	Pitching Blade Control
Operation Ambient Temperature	-30°C~+45°C
Standby Ambient Temperature	-45°C~+45°C

Source: Provided by Huadian Fuxin

3.2.2 Grid Connection Assessment

3.2.2.1 Equipment Capacity

Kulun Wind Farm Phase I has one hundred thirty-four Sinovel SL1500 – 1.5 MW WTGs installed with a total capacity of 201 MW. Each turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines transformers are connected to their own sixteen 35 kV overhead inter array collection lines, through bus bar linked to two main transformers in 220 kV switch station and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with 2 x 100 MVA – 220/35 kV transformers with an on-load tap changer. The actual capacity of main transformer is different with feasibility study's result but almost meet the requirements of main transformer's capacity in industrial standard 'Wind Farms Design Technical Regulation DL/T 2383-2007'.

Kulun Wind Farm Phase I is connected to the 220 kV Hanhaidian substation via one 84 km 220 kV overhead line with appropriately rated thermal rating. We consider that the circuit is sufficient Inner Mongolia Power Grid requirements to export all power generated by the wind farm to the grid.

The fault withstanding capability for switchgear installed in the wind farm is appropriately rated. Hence the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.2.2.2 *Reactive Power Compensation and Voltage Control*

The total capacity of the Static Var Capacitor (herein and after SVC) installed at the site is 35 MVar inductive + 25 MVar capacitive, which is better than feasibility study's design. In addition, the step-up transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. We would consider the wind farm has sufficient reactive capacity and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

For LVRT reconstruction, North China Electricity Regulation Bureau of State Electricity Regulatory Commission has issued a notice 'Wind Farms LVRT reconstruction schedule to access Western Inner Mongolia Grid', which required Huadian Fuxin Kulun Wind Farm should complete LVRT reconstruction by the end of December of 2012, and finish testing and certification in six months after completion. We were informed by Huadian Fuxin that Sinovel has provided a reconstruction proposal for LVRT reconstruction, and promised implementation reconstruction schedule appropriately.

3.2.2.3 *Local Power Grid Operation*

Kulun Wind Farm Phase I is located in Wulanchabu and is connected to local power grid via 220 kV transmission line, and hence it is dispatched by Inner Mongolia Power Company.

Like most windfarms in Inner Mongolia, where it connects to the western Inner Mongolia grid, curtailment during winter is inevitable as many combined heat and power plants have to be kept in operation in order to supply both electricity and heating. As a result, the power output from Kulun Wind Farm Phase I may have to be curtailed to some extent due to local power grid's insufficient capability to adjust active power. On the other hand, the voltage stability of power system has become the major issue in local power grid for a large scaled expansion of wind power. We understand that the local grid should have sufficient capability to accommodate from Huadian Fuxin wind farm and would expect that this problem could be eliminated in the medium term by future reinforcement.

It would be interesting to note that Huadian Fuxin Kulun wind farm is experimenting with a pilot project to overcome this curtailment by constructing a factory to provide heating to a town via electrical boilers in winter. Arrangement was made with Inner Mongolia Power Company to provide electricity to this factory to keep the boilers running and reduce the curtailment in this windfarm. It was reported that this project will reduce grid curtailments to some extent.

3.2.3 Performance of Wind Farm

3.2.3.1 *Site Environment*

Kulun Wind Farm Phase I is located on very flat and simple terrain and scrub/desert land with the site varying in altitude 1,430 m above sea level (herein and after ASL). From our appreciation of the terrain during our site visit, we do not have any concerns regarding shading, channeling or excessive gradient which could lead to adverse wind conditions such as severe wind shear, inflow angles or turbulence.

The site is subjected to very low temperature in winter. The operating ambient temperature of Sinovel SL1500 WTG is from -30°C to +45°C and the standby ambient temperature is from -45°C to +45°C which are similar to other wind turbine models as low temperature version.

3.2.3.2 Site Facilities and Maintenance

There is a compound area at the site which contains the substation, control room, spare parts warehouse, offices and other site facilities. The wind farm company which is the subsidiary of Huadian Fuxin employs one wind farm manager and has 5 operators and 22 maintenance engineers/technicians on two rotating shifts. The wind farm compound has very good facilities which are suitable for housing the stuffs and are well maintained.

Although proper graded roads do not continue beyond the entrance to the compound, during our visit we were able to visit a number of turbines and the substation building without any issue. We have confirmed with Huadian Fuxin that there are no problems for a crane to access in the wind farm and conduct a lift.

Sinovel is a leading Chinese wind turbine manufacturers with a good track record and a significant number of units installed in China. We were informed during the site visit that they do experienced problems on the power generators to some WTG units before they took over and they were replaced without costs to Huadian Fuxin as it was still under warranty. The repairs were carried out by the manufacturers and according to Huadian Fuxin, it resulted in short downtime in each case as spare parts were readily available at the manufacturers' central warehouse nearby.

We would normally expect to review monthly production reports either from the WTG manufacturer or compiled by the wind farm company itself, which include details of any significant downtime or component failures and any remedial work carried out that month. Huadian Fuxin has supplied us some of their monthly production reports.

During our site visit, we had checked on the power curve and find the WTGs performance is properly and in accordance with manufacturer's promised requirement of power curve. Huadian Fuxin informed us that they will claim against the manufacturer if any of their WTG unit is under performing.

During our site visit, we noticed there were foundation apron slab constructed around the WTG foundation for water drainage.

Considering WTG foundation settlement inspection, we did not see any foundation settlement inspection regime and records being instituted, although we were informed that the windfarm does random WTG foundation settlement inspections. Huadian Fuxin has provided us with 'Quality and Safety Inspection reports' issued by third party, which show that the wind farms has been certified. Although currently there is no problem with WTGs foundations, for WTGs structure safety and long term operation of the wind farm, we suggested to check these foundations (unstable stratum with settlement risk) settlement on a regular basis.

There were three met masts in the wind farm collecting weather data for their operations and also in preparations for providing weather to the Load Data forecast transfer to the regional despatch centres.

At the time of our visit, the WTGs of Kulun Wind Farm Phase I were covered by a manufacturer's warranty with a two year period. We understand that scheduled maintenance and grid downtime are excluded from this figure. They only reflect the turbine availability for the whole wind farm and only as per the definition of availability in the turbine supply contract. During our site visit, Huadian Fuxin provided us the power curves from their SCADA (supervisory control and data acquisition) system and they appeared to be broadly consistent with the standard power curves from the manufacturer.

3.2.3.3 *Performance of Power Generation*

Wind speed data was collected by anemometer at the rear of nacelle, thus the measured data always lower than actual speed. In 2010, the average annual wind speed at the hub height of the WTGs has been calculated to be 6.81 m/s, which is lower than feasibility study result, and the net capacity factor is 0.25, which is typical for an onshore wind farm. The wind speed, availability and production data provided by Huadian Fuxin shows that the average turbine availability in 2010 was 97.29% (as shown in Table 3.4 below), higher than the warranted availability 95%.

Table 3.4: Kulun Wind Farm Phase I Operation Data

Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2010-12	98.06	44,079.38	43,130.35	215	0.29	10.2
2010-11	96.95	48,259.93	47,221.07	235	0.33	7.5
2010-10	98.34	40,633.98	39,759.25	198	0.27	5.8
2010-09	97.82	20,590.01	20,146.79	100	0.14	5.0
2010-08	95.69	21,210.03	20,753.48	103	0.14	5.3
2010-07	96.21	21,128.52	20,673.58	103	0.14	4.6
2010-06	97.23	19,731.25	19,306.59	96	0.13	4.5
2010-05	98.07	56,158.17	54,954.26	273	0.37	7.7
2010-04	97.28	60,837.60	59,554.84	296	0.41	7.3
2010-03	98.43	47,851.90	46,913.64	233	0.31	8.5
2010-02	98.26	17,738.85	17,390.69	87	0.13	6.8
2010-01	95.17	46,235.35	45,240.07	225	0.30	8.5
Total/Average	97.29	444,454.97	435,044.61	2,164	0.25	6.81

Source: Provided by Huadian Fuxin

We were informed by Huadian Fuxin that it is very common for wind farms in Inner Mongolia to be subjected to grid curtailments. The curtailments usually occur at night in the winter months when demand for heat generation in the region is at a peak, and the electrical generation from wind farms is sacrificed for combined heat & power plants which guarantee the heating supply. We have been provided with documents which outlines the details of curtailments imposed by the grid company in Inner Mongolia Grid Company issued on October 20, 2009 and March 15, 2010 separately. According to them, grid curtailment time was from 11 pm to 7 am of the next day. Grid curtailments depend on current power demand.

The most significant impact of the grid curtailments imposed by the grid company occur in the winter months, when part of the estimated potential output of the wind farm was lost. Its grid curtailments were lower than 8.6% in 2009 and 2010. The biggest loss happened in February 2010 when there was Chinese New Year and power load was lower than normal because most factories were closed for the holiday.

Wind farm estimated annual power generation in feasibility study is 496,530 MWh, while the actual annual power generation of 2010 was 444,454.97 MWh, which is lower than feasibility study's result. If there is no significant grid curtailments in winter, we believed the power generation of wind farm should be better.

It would be interesting to note that Huadian Fuxin Kulun wind farm is experimenting with a pilot project to overcome this curtailment by investing in a station to provide winter heating to a town via electrical boilers. Arrangement was made to provide electricity to this station to keep the boiler running and reduce the curtailment in this windfarm. It was reported that this project will reduce grid curtailments to some extent.

3.2.4 Conclusion

Wind turbines in Kulu Wind Farm Phase I were supplied by a well-recognised Chinese wind turbine manufacturer that employs proven technologies. The O&M arrangements are well-managed with very good facilities at the site. For safety and long-term usage of the wind farm, we still suggest to check these wind turbines foundations settlement on a regular basis.

We are of the opinion that the wind farm was built to a good standard. The wind farm capacity factor in 2010 has been about 0.25 which is typical for an onshore wind farm, the average WTGs availability has been 97.29% which was higher than warranty availability 95%, and the average wind speed at hub height has been 6.81 m/s which is lower than feasibility study estimated value, but still showed a better wind resources here. Although the most significant impact of the grid curtailments imposed by the grid company occurred in the winter months which is very common in Inner Mongolia, we would expect that this problem could be resolved by future reinforcements of the grid and the success of their pilot project promotion. We believed the power generation of wind farm should be better if there is no grid curtailment.

The capacity of main transformer differs with feasibility study estimated value, and almost meets the requirements in industrial regulation 'Wind Farm Design Technical Regulation DL/T 2383-2007', which should be sufficient to export all power generated by the wind farm to the grid in a certain period.

By reconstruction, the capacity of SVC is 35 MVar inductive + 25 MVar capacitive, better than feasibility study's result. We would consider the wind farm has sufficient reactive capacity to meet the reactive power demand and voltage regulation as required in the grid code.

Sinovel has developed wind farm LVRT reconstruction plan and promised to implement according to plan and schedule. Huadian Fuxin headquarters had approved the reconstruction plan.

The application of regional heating by electrical boiler will help wind farm to reduce their grid curtailments to some extent.

3.3 Xiaocaohu Wind Farm 1 Phase I

Xiaocaohu Wind Farm Phase I is located in Xiaocaohu in Xinjiang. It consists of Fifty-four Goldwind S48/750 750 kW WTGs, totalling 40.5 MW, and Six Sinovel FL1500/70 1.5 MW WTGs, totalling 9 MW. It was started operation from December 2007.

Under our scope of work, we have reviewed Xiaocaohu Wind Farm 1 Phase I.

3.3.1 WTGs

It first licensed Repower Electric 48 kW to 750 kW turbine technology issued to Goldwind in 2002. Goldwind 750 kW wind turbine is a horizontal shaft, and three blades WTG with fixed pitch stall regulation, and asynchronous generators. It is one of mature technologies in the world, with simple structure and reliable design, and all performance indicators were designed in accordance with IEC I and certified by Lloyd's Register.

Sinovel FL1500 is three blades WTG with an active pitch, active yaw system, and active variable speed operation. Its nominal power output is 1.5 MW. Through variable speed operation, it ensures low load, efficiency optimization, output side peak load adjustment, and achieve effective operation and long working life.

In conclusion, we believe that the design of Goldwind S48 WTG and Sinovel FL1500/70 met industrial standards. Main technical indicators were represented in Table 3.5.

Table 3.5: Technical Summary of Goldwind S48 & Sinovel FL1500/70

	S48/750	FL1500/70
Hub Height	50 m	65 m
Rotor Diameter	49 m	77.4 m
Nominal Power	750 kW	1,500 kW
IEC Classification	IEC I	IEC IIIc
Certification	Lloyd’s Register	Lloyd’s Register
Cut-in Wind Speed	4 m/s	3 m/s
Nominal Wind Speed	14-15 m/s	12 m/s
Cut-out Wind Speed	25 m/s	25 m/s
Generator	Double-winding asynchronous generator	Doubly-fed induction generator
Gearbox	Three spiral planetary spur	One horizontal shaft + two helical gear stages
Gearbox Ratio	1:67.4	1:90
Power Regulation and Control	fixed pitch stall regulation	Pitching Control
Operation Ambient Temperature	-30°C~+55°C	-30°C~+50°C
Standby Ambient Temperature	-45°C~+55°C	-45°C~+60°C

Source: Provided by Huadian Fuxin

3.3.2 Grid Connection Assessment

3.3.2.1 Equipment Capacity

Xiaocaohu Wind Farm Phase I has fifty-four Goldwind S48/750 750 kW WTGs and six Sinovel FL1500/70 1.5 MW WTGs installed with a total capacity of 49.5 MW. Each turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines are connected to their own 10 kV substation main transformer low-voltage side through eight 10 kV inter array collection lines which consist of underground line and are rated appropriately to carry the maximum output from the wind turbines.

A substation has been constructed with one 50 MVA – 110/10 kV transformer with an on-load tap changer. The capacity of main transformer is corresponding to feasibility study, and met the requirements of main transformer’s capacity in industry standard ‘Wind Farms Design Technical Regulation DL/T 2383-2007’.

Xiaocaohu Wind Farm Phase I is connected to the 110 kV Xiaocaohu substation via an 18 km 110 kV overhead line and the thermal rating is appropriately rated. We consider that these lines are sufficient to export all power generated by the wind farm to the grid.

The fault withstanding capability for switchgear installed in the wind farm is appropriately rated. Hence, the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.3.2.2 *Reactive Power Compensation and Voltage Control*

The reactive power compensation device in this wind farm is capacitors. Its installed capacity is 8 MVar. In addition, the main transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. Therefore, we would consider the wind farm has partly sufficient reactive capacity and voltage control capacity but cannot meet the reactive power demand as required in the grid code. Wind farm has submitted a reconstruction plan to Huadian Fuxin headquarters and is pending approval.

Considering LVRT reconstruction, we were informed that wind farm had submitted their reconstruction plan to Huadian Fuxin headquarters. Huadian Fuxin informed us that Xiaocaohu wind farm will employ wind farm integrated LVRT technology for the reconstruction of 54 Goldwind WTGs. and 6 Sinovel WTGs' LVRT reconstruction has been completed in December 2011.

3.3.2.3 *Local Power Grid Operation*

Xiaocaohu Wind Farm 1 Phase I is located at south of Wulumuqi and it is connected to Tulufan power grid via 110 kV transmission line, and hence it is dispatched by XinJiang Power Company.

Xiaocaohu has abundant wind resources and electricity from the wind farm is exported to the transmission grid via Tuokexun Substation. We do not expect curtailments from local grid company to happen on Xiaocaohu Wind Farm 1 Phase I under normal circumstances.

3.3.3 Performance of Wind Farm

3.3.3.1 *Site Environment*

Xiaocaohu Wind Farm 1 Phase I is located on very flat and simple terrain and scrub/desert land with little vegetation. The site varies in altitude of about 400 m ASL. From our appreciation of the terrain during our site visit, we do not have any concerns regarding shading, channeling or excessive gradient which could lead to adverse wind conditions such as severe wind shear, inflow angles or turbulence.

The site is subjected to very low temperature in winter. All WTGs are of low temperature version. Indicated by Huadian Fuxin, there was no downtime from extreme low temperature up to date.

3.3.3.2 Site Facilities and Maintenance

There is a compound area at the site which contains the substation, control room, spare parts warehouse, offices and other site facilities. The wind farm company which is the subsidiary of Huadian Fuxin employs 38 staffs on site, 3 for safety production, 3 for O&M management, and 32 for O&M. 12 of O&M staffs are new employees and 10 of them have more than one year experience. O&M team works on two rotating shifts with 10 days per shift. The wind farm compound has very good facilities which are suitable for housing the staffs and is well maintained.

Although proper graded roads do not continue beyond the entrance to the compound, during our visit we were able to visit a number of turbines and the substation building without any issue. We have confirmed with Huadian Fuxin that there are no problems for a crane to access in the wind farm and conduct a lift.

Sinovel and Goldwind are leading Chinese wind turbine manufacturers with a good track record and a significant number of units in China. We were informed that they do experienced problems to some WTG units before they took over and they were replaced without costs to Huadian Fuxin as it was still under warranty. The repairs was carried out by the manufacturers and according to Huadian Fuxin, it resulted to some downtime in each case but not significant, as parts were readily available at the manufacturers' central warehouses nearby.

We would normally expect to review monthly reports either from the WTGs manufacturers or compiled by the wind farm company itself, which include details of any significant downtime or component failures and any remedial work carried out that month. Huadian Fuxin has supplied us with some of their monthly production reports.

During our site visit, we noticed some clear signs of oil/lubrication spill on some of the towers of the WTGs. Upon raising this with Huadian Fuxin, we were told that the spill was due to maintenance engineers accidentally spilled a bucket of oil in the nacelle and they had already requested the manufacturer to clean as soon as possible. As the high temperature differences between winter and summer is rampant here, there is a higher requirement for wind turbine's oil system components to fail. During the site visit we found that a number of wind farms in this region show this phenomenon. We suggested wind farm to enhance oil system's monitoring, maintenance and repairing, and coordinate with WTGs manufacturers for rectification if necessary to ensure safe operation of WTGs.

We also noticed there were signs of rust outside the WTG towers. This were all facing windward and was below 4 m height. Huadian Fuxin informed us that this was caused by sand carried by the wind and is blasting at the steel towers causing the protective coating to be blasted. It may affect the structural strength of WTGs towers in long-term without any treatment. We suggested to them that it should be re-coated as soon as possible during their regular maintenance.

Met mast used for considering the wind resources analysis of the site was removed after the feasibility study had been completed. Weather data were now collected from the WTG sensors and is used for wind farm operations.

At the time of our visit, the WTGs were covered by manufacturers' two year warranty guaranteeing a 95% availability level, although we understand that scheduled maintenance and grid downtime are excluded from this figure. Huadian Fuxin provided us with a selected power curve for one of the WTGs from the SCADA system and it appeared to be broadly consistent with the standard power curves from the manufacturer.

3.3.3.3 *Performance of Power Generation*

From March 2010 to February 2011, average annual wind speed at the hub height of the WTGs has been calculated to be 9.87 m/s and the net capacity factor to be 0.23, which is very good for an onshore wind farm. The wind speed, availability and production data provided by Huadian Fuxin shows that the average WTG availability since operational was 98.51% (as shown in Table 3.6 below), higher than the warranted availability 95%.

Table 3.6: Xiaocaohu Wind Farm 1 Phase I Operation Data

Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2011-02	98.83	5,584.89	5,381.586	109	0.16	8.8
2011-01	97.96	2,713.75	2,649.9	54	0.07	3.79
2010-12	97.88	822.777	782.1	16	0.02	3.03
2010-11	97.97	2,268.003	2,182.29	44	0.06	4.23
2010-10	98.79	4,798.457	4,815.03	97	0.13	7.48
2010-09	99.14	10,198.62	9,875.91	200	0.28	11.33
2010-08	99.03	13,944.16	13,529.67	273	0.37	14.07
2010-07	99.22	15,748.36	15,246	308	0.41	14.75
2010-06	98.64	14,308.43	13,883.1	280	0.39	15.47
2010-05	99.54	14,026.67	13,533.3	273	0.37	13.42
2010-04	98.2	10,930.56	10,645.8	215	0.30	10.95
2010-03	96.88	7,064.711	6,860.7	139	0.19	11.11
Total/Average	98.51	102,409.39	99,385.39	2,008	0.23	9.87

Source: Provided by Huadian Fuxin

In response to our request for information on grid curtailments, we were informed by Huadian Fuxin other than regular service and maintenance of the power transmission line and substations, there were less grid curtailment and the average grid curtailments from 2009 is lower than 4%.

Wind farm estimated annual power generation in feasibility study was 116,225 MWh, while the actual annual power generation from March of 2010 to February of 2011 was 102,409.39 MWh, which is lower than feasibility study's result. Consider to its lower capacity factor, we believe it is the normal power generation of wind farm.

3.3.4 Conclusion

The WTG installed in Xiaocaohu Wind Farm Phase I were supplied by well recognised Chinese wind turbine manufacturer Goldwind and Sinovel that employs proven technologies. Our opinion is that the WTG technology is in accordance with international standards and the site facilities and O&M setup are of a high standard. Assessment of the production data supplied to us by Huadian Fuxin suggests that the performance of the wind farm to date has been normal.

We are of the opinion that the wind farm was built to a good standard. From March 2010 to February 2011 the wind farm capacity factor has been 0.23, the average availability has been 98.51% which was higher than warranty availability 96% and the average wind speed at hub height has been 9.87 m/s, lower than feasibility study estimation. Since its similar capacity factor with feasibility study value, we hold the opinion that the wind farm power generation has been normal.

During our site visit, we noticed some clear signs of oil/lubrication leakage on some of the WTG nacelles, which result to potential risk for WTGs safe operation, and we recommend immediate cleaning up and enhance monitoring, maintenance, and repairing of WTGs oil system. We noticed other wind farms in this region also have this issue due to local strict climatic conditions and huge environmental temperature difference, which lead to higher components failure of WTGs oil system. We found rusts on the steel towers and suggested to have this rectified immediately to avoid decrease of tower structural strength.

Wind farm reactive power compensation capacity cannot meet the reactive power demand as required in the grid code. Huadian Fuxin informed us that Xiaocaohu wind farm will employ wind farm integrated LVRT technology for the reconstruction of 54 Goldwind WTGs. and 6 Sinovel WTGs' LVRT reconstruction has been completed in December 2011.

Consider to wind farm had submitted their LVRT reconstruction plan to Huadian Fuxin headquarters and was approved. Xiaocaohu wind farm phase I will upgrade WTG separately.

3.4 Burqin Wind Farm Phase I

Burqin Wind Farm Phase I was located at Altay in Xinjiang. It consists of thirty-three Goldwind GW82/1500 1.5 MW, with totalling 49.5 MW, and started commissioning from March of 2010.

Under our scope of work, we assessed the performance of Burqin Wind Farm Phase I.

3.4.1 WTGs

Goldwind GW82 1,500 kW wind turbine is a horizontal shaft, and three blades WTG with variable speed pitching control, direct drive, external rotor permanent magnet synchronous generator. Its generator operating at low speed, full power converter, power flexible control and multiple strategies to suppress harmonics, and owns LVRT capacity.

In conclusion, we believe that the design of Goldwind GW82-1500 WTG meets industrial standards. Main technical indicators were represented in Table 3.7.

Table 3.7: Technical Summary of Goldwind GW82-1500

	GW82-1500
Hub Height	70 m
Rotor Diameter	82 m
Nominal Power	1,500 kW
IEC Classification	ICE III A
Certification	Lloyd's Register
Cut-in Wind Speed	3 m/s
Nominal Wind Speed	10.3 m/s
Cut-out Wind Speed	22 m/s
Generator	Direct-drive permanent magnet synchronous generator
Power Regulation and Control	Variable speed and pitching
Operation Ambient Temperature	-30°C~+40°C
Standby Ambient Temperature	-40°C~+50°C

Source: Provided by Huadian Fuxin

3.4.2 Grid Connection Assessment

3.4.2.1 Equipment Capacity

With thirty-three Goldwind GW82/1500 1.5 MW WTGs installed, Burqin Wind Farm Phase I have a total installed capacity of 49.5 MW. Each wind turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines are connected to their own three 35 kV overhead inter array collection lines through bus bar linked to 110 kV substation main transformer low voltage side 35 kV bus bar, and are rated appropriately to carry the maximum output from the wind turbines.

One step-up substation has been constructed at the site with a 50 MVA – 110/35 kV transformers equipped with one on-load tap changer. The capacity of the main transformer is correspond with feasibility study estimated value, and meet the requirements of main transformer's capacity in industrial standard 'Wind Farms Design Technical Regulation DL/T 2383-2007', and appropriately to export the full power from the wind farm to the grid.

The step-up substation is connected to two 110 kV substation at Burqin substation and Irtysh substation via 7 km and 85 km 110 kV overhead line respectively and the thermal rating is appropriately rated to export the full power from the wind farm to the grid.

The fault withstanding capability for switchgear installed in the wind farm is appropriately rated. Hence the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.4.2.2 *Reactive Power Compensation and Voltage Control*

The reactive power compensation device in wind farm is capacitors with 10 MVar. In addition, the transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. Therefore, we would consider the wind farm has certain reactive capacity and voltage control capacity and cannot meet the reactive power demand and voltage regulation as required in the grid code. Wind farm has submitted a reconstruction plan to Huadian Fuxin headquarters and is pending approval.

Considering to LVRT reconstruction, There is a clear request for LVRT in WTG procurement contract. We believe wind farm have LVRT capability and manufacturer also confirmed if the wind turbines cannot be approved by inspection and certification, Goldwind will provide upgrade services.

3.4.2.3 *Local Power Grid Operation*

Burqin Wind Farm Phase I is located in Burqin, the north of Xinjiang. It is connected to Altay power grid via 110 kV transmission line, and hence it is dispatched by Xinjiang Power Company.

Burqin has abundant wind resources. At present electricity from the wind farm is exported to the main transmission grid for provincial or national use via Burqin and Irtysh substation.We think there are expecting more curtailments from local grid company to happen on Burqin Wind Farm Phase I as more wind farms are expected to connect to grid in this region and congest the main transmission grid. As a result, the power output from Burqin Wind Farm may be further curtailed to some extent due to local power grid's insufficient capability to adjust active power. On the other hand, the voltage stability of power system has become the major issue in local power grid for a large scaled expansion of wind power.

3.4.3 Performance of Wind Farm

3.4.3.1 *Site Environment*

Burqin Wind Farm Phase I was built on the desertification steppe with an altitude of approximately 580 m ASL. The terrain does not present any concerns regarding shading, channelling or excessive gradient which could cause adverse wind conditions, such as severe wind shear, inflow angles, or turbulence.

Due to the cold high pressure in Xinjiang, the climate is very cold, resulting in long periods of below zero temperatures. We were told by Huadian Fuxin that all WTGs are low temperature versions and there was no outage due to extreme cold weather to date.

3.4.3.2 Site Facilities and Maintenance

A control building is located near the step-up substation of the wind farm. This building includes the control centre, offices, spare parts store, switchgear housing, and other site facilities. Burqin wind farm employs 26 staff on this site, they are responsible for operation and maintenance and work on two rotating shifts (7 persons per shift) and all staff has 10 days break for 30 days worked. The building and facilities are of a high standard and appeared to be well-maintained.

Site roads are in good condition. We were also informed that diggers have to be used to clear the access and site roads of snowing period. When we visited the site at September of 2011, we were able to visit the control building, site facilities and wind turbines.

There is a met mast operating in the wind farm and is collecting weather data for their operations and Load Data Forecast transfer to the regional grid company.

We would normally expect to review monthly reports either from the WTGs manufacturers or compiled by the wind farm company itself, which include details of any significant downtime or component failures and any remedial work carried out that month. Huadian Fuxin has supplied us with some of their monthly production reports.

3.4.3.3 Performance of Power Generation

In response for information on grid curtailments, we were informed by Huadian Fuxin that curtailment in this wind farm is expected to increase about 6% to 7% this year as three wind farms are connected to local grid and the grid cannot accept increased power output from new wind farms. It is imperative that the local grid increases the power transmission line capacity so that this wind farm can optimise its operations.

Currently the WTGs are covered by the manufacturer's warranty which guarantees the WTG availability at 95%. The warranty period is two years. From June 2010 to August 2011, the average wind speed at hub height has been calculated to be 7.22 m/s, and the net capacity factor is calculated to be 0.34, which is excellent for an onshore wind farm. According to the power generation, wind speed, and availability data provided by Huadian Fuxin from their SCADA system and listed in Table 3.8, Burqin Wind Farm Phase I has shown an average availability of 97.63%. All monthly availabilities are above the 95% guaranteed value.

Table 3.8: Burqin Wind Farm Phase I Operation Data

Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2011-08	/	11,040	10,860	219	0.29	/
2011-07	98.1	13,140.9	12,940.62	261	0.35	7.66
2011-06	97	10,945.013	10,765.03	217	0.30	6.5
2011-05	97.5	14,364	14,156	286	0.38	6.85
2011-04	97.1	7,422.819	7,291.34	147	0.20	5.79
2011-03	97.8	13,725.4	13,559	274	0.37	7.8
2011-02	91.4	7,639.1	7,535.9	152	0.23	5.78
2011-01	96.8	13,785.8	13,588.7	275	0.37	6.98
2010-12	99.2	14,251.1	14,062.6	284	0.38	7.53
2010-11	98.8	12,499.6	12,346.9	249	0.35	7.42
2010-10	98.4	11,912.3	11,789.2	238	0.32	7.01
2010-09	98.5	12,192.5	12,021.2	243	0.34	8.19
2010-08	98.8	15,264.9	15,036.4	304	0.41	8.31
2010-07	98.4	12,828.7	12,632.1	255	0.34	7.12
2010-06	97.8	17,271.2	17,051.7	344	0.48	8.98
Total/Average	97.63	188,283.33	185,636.69	3,750	0.34	7.22

Source: Provided by Huadian Fuxin

As a typical onshore wind farm, Burqin Wind Farm last year annual power generation was 161,836.07 MWh, which is higher than feasibility study estimation of 120,469 MWh, which means excellent power generation capacity. Its average grid curtailments between January and September in 2011 were 3%.

3.4.4 Conclusion

Equipment at Burqin Wind Farm Phase I was supplied by manufacturers well-known by the industry; WTGs design and manufacture are mature technologies that have credible track records within the market. We are of the view that the wind turbine technologies are in accordance with current industry standards, and the sites were built to a high standard. O&M arrangement is well-managed. It should be noted that the grid capacity will limit the wind farm normal operation.

We are of the opinion that the wind farm was built to a good standard. From June 2010 to August 2011, the wind farm capacity factor has been 0.34, which is exceptional for an onshore wind farm, and the average availability has been 97.63% which was higher than warranty availability 95% and the average wind speed at hub height has been 7.22 m/s, which shows a good wind condition. As a onshore wind farm, its power generation has been excellent.

Wind farm reactive power compensation has insufficient reactive capacity to meet the reactive power demand as required in the grid code. Wind farm had submitted their reconstruction plan to Huadian Fuxin headquarters is pending approval.

According to WTGs procurement contract, Goldwind promised their WTGs have the capability of LVRT, and manufacturer will be responsible for upgrade if their WTGs cannot be approved by inspection and certification.

3.5 Guazhou Wind Farm Phase I

Guazhou Wind Farm is located in Guazhou, Gansu. It consists of one hundred and thirty-four Sinovel SL1500/82 1.5 MW WTGs, with totalling 201 MW and start operation from December 2010.

Under our scope of work, we have reviewed Guazhou Wind Farm Phase I.

3.5.1 WTGs

Sinovel SL1500 is a three blades, horizontal shaft WTG with a double-fed generator, active pitching, and yaw system. The WTG is available in a normal and a low temperature version.

Overall, we consider the design of the SL1500 to be in line with the industry standards. The main technical parameters are summarized in Table 3.9.

Table 3.9: Technical Summary of Sinovel SL1500/82

	SL1500/82
Hub Height	70 m
Rotor Diameter	82.9 m
Nominal Power	1,500 kW
IEC Classification	IEC III
Certification	Lloyd's Register
Cut-in Wind Speed	3 m/s
Nominal Wind Speed	10.5 m/s
Cut-out Wind Speed	20 m/s
Generator	Double-fed asynchronous generator
Gearbox	Two stages planetary gear + one stage spur gear
Gearbox Ratio	1:104
Power Regulation and Control	Pitching control
Operation Ambient Temperature	-30°C~+45°C
Standby Ambient Temperature	-45°C~+45°C

Source: Provided by Huadian Fuxin

3.5.2 Grid Connection Assessment

3.5.2.1 Equipment Capacity

Guazhou Wind Farm Phase I has one hundred and thirty-four Sinovel SL1500/82 1.5 MW WTGs installed with a total capacity of 201 MW. Each turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines are connected to their own twelve 35 kV inter array collection lines links to 35 kV bus bar of 330 kV substation, and are rated appropriately to carry the maximum output from the wind turbines.

All WTGs via inter array collection lines link to a 240 MVA – 330/35 kV transformer with an on-load tap changer, which is located in the Ganhekouxi 330 kV substation with other two wind farms' four similar transformers where outside the wind farm. Jiayuguan Jiuquan Power Grid Company Maintenance Center is responsible for daily O&M tasks. The substation transmission is via 330 kV circuit to 750 kV Anxi Substation and connected to northwestern grid. The capacity of main transformer is corresponding with feasibility study estimated value, and meets the requirements of main transformer's capacity in industry standard 'Wind Farms Design Technical Regulation DL/T 2383-2007'.

Wind farm monitor center was constructed near the 330 kV Ganhekouxi Substation. Monitor center power supplying comes from 35 kV bus bar of substation.

Power meter was installed at high voltage side of main transformer in substation, therefore no power loss of cable transmission would be considered.

The fault withstanding capability for switchgear installed in the wind farm is rated appropriately. Hence the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.5.2.2 Reactive Power Compensation and Voltage Control

The total capacity of the reactive power compensation device installed at the site is 35 MVar. In addition, the transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. Therefore, we would consider the wind farm has sufficient reactive capacity and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

Considering LVRT capability, Sinovel WTGs installed at Guazhou wind farm have completed LVRT reconstruction by WTG manufacture in November 2011.

3.5.2.3 Local Power Grid Operation

Guazhou Wind Farm Phase I is located in Guazhou city in Gansu Province. It is connected to Jiuquan Power Grid via 330 kV transmission line, and hence it is dispatched by Gangsu Power Company.

Guazhou has abundant wind resources. The electricity from the wind farm is exported to the main transmission grid for regional use via a 330 kV overhead transmission line linked to Ganhekouxi substation. Curtailments still exist, as in 2011 there were three large-scale WTGs off-grid incidents at Gansu Qiaoxi No.1 Wind Farm, Gansu Qiaodong No.2 Wind Farm, and Gansu Ganxi No.2 Wind Farm. These incidents all resulted from wind farm cable connectors failures, WTGs without LVRT capability to stabilize grid voltage, and reactive power compensation devices cannot auto-adjust reactive power as required. Therefore Grid Company requires local wind farms must have LVRT capability in order to avoid similar grid incidents and stabilize the voltage of local grid.

3.5.3 Performance of Wind Farm

3.5.3.1 Site Environment

Guazhou Wind Farm Phase I was constructed on flat desert grassland with an altitude of approximately 1,200 m ASL. The terrain does not present any concerns regarding shading, channelling or excessing gradient which could cause adverse wind conditions, such as severe wind shear, inflow angles or turbulence.

The site is subjected to low temperature in winter and we were informed by Huadian Fuxin that all WTG's are of low temperature versions. According to Huadian Fuxin, there was no outage caused by extreme cold weather up to date.

3.5.3.2 Site Facilities and Maintenance

There is a compound area at the site which contains the control room, spare parts warehouses, dormitory, offices and other site facilities are well maintained with good living facilities. The wind farm company which is the subsidiary of Huadian Fuxin employs 27 staffs on site for wind farm O&M, 10 for operations and others for maintenance. The Operation team adopt two rotating shifts, 5 persons a shift, and 6 WTGs maintenance teams of 2-3 persons per team. Lanzhou regional office manages their operation staffs, while their maintenance staffs are managed by Jiayuguan Maintenance Company.

It was noted that this windfarm 330 kV transformer and export units operations is being contracted to outside operators who centrally manage other two 330 kV main transformers for other two wind farms. We could envisage this be the direction that most wind farm operators would take in future to reduce their costs and overheads.

The access roads into the wind farm are well maintained and we were able to visit WTGs, substation, and all the areas we required during our site visit. We have confirmed with Huadian Fuxin that there are no problems for a crane to access in the wind farm and conduct a lift.

Sinovel is a leading Chinese wind turbine manufacturer with a good track record and a significant number of WTGs installed. In response to our enquiries during the site visit, Huadian Fuxin informed that they had replaced a WTG's generator during their warranty period.

We would normally expect to review monthly reports either from the WTG manufacturer or compiled by the wind farm company itself, which include details of any significant downtime or component failures and any remedial work carried out that month. Huadian Fuxin has supplied us with all their monthly production reports.

Guazhou Wind Farm has one operating met mast in the wind farm belonging to the Meteorological Bureau and data is being collected and used in this wind farm.

During our visit, the WTGs of Guazhou Wind Farm Phase I were covered by manufacturer's two years warranty period. Sinovel guarantees a 95% average availability, although we understand that scheduled maintenance and grid downtime are excluded from this figure. We had reviewed the power curve from the wind farm SCADA system and it appeared to be broadly consistent with the standard power curves from the manufacturer.

3.5.3.3 Performance of Power Generation

Wind speed data was collected by anemometer at the rear of nacelle, thus the measured speed always lower than actual speed. Between January and August 2011, the average wind speed at the hub height of the WTGs has been 5.57 m/s, the net capacity factor is 0.22, which was normal for an onshore wind farm. The wind speed, availability and production data provided by Huadian Fuxin shows that the average availability since operational was 97.11% (as shown in Table 3.10 below). Guazhou Wind Farm started operations in January 2011 we do not have sufficient data to review the full year operations since it only started operations this year.

Since the actual constructed model and numbers and layout of WTG units are the same compared with the feasibility study, the production forecast in the feasibility study report can be compared with the actual production. From January to August 2011, the actual on-grid power production was 252,262.56 MWh.

Table 3.10: Guazhou Wind Farm Phase I Operation Data

Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2011-08	97.41	40,566.008	40,001.28	199	0.27	6.7
2011-07	99.2	20,374.367	20,151.12	100	0.13	4.98
2011-06	98.56	20,341.915	20,111.52	100	0.14	4.9
2011-05	99.2	22,692.724	22,302.72	111	0.15	5.09
2011-04	98.87	57,150.768	56,403.6	281	0.39	6.65
2011-03	98.96	38,887.665	37,942.08	189	0.25	5.01
2011-02	92.53	37,535.237	36,611.52	182	0.27	6.2
2011-01	92.13	19,228.86	18,738.72	93	0.13	5
Total/Average	97.11	256,777.54	252,262.56	1,255	0.22	5.57

Source: Provided by Huadian Fuxin

For information on grid curtailments, we were informed by Huadian Fuxin that curtailment still exists, up to date they had been curtailed about 7% of their power generation especially when there were 3 large-scale WTGs off-grid incidents in 2011, which caused by insufficient power capacity of system load shifting and voltage instability.

3.5.4 Conclusion

The wind turbines installed for Guazhou Wind Farm Phase I were supplied by a well-known Chinese WTG manufacturer with a proven track record and significant installed capacity. Our opinion is that the WTG technology installed for phase I is in accordance with international standards and the site facilities and O&M setup are of a high standard.

We are of the opinion that the wind farm was built to a good standard. Since operations started in January 2011, the wind farm capacity factor has been 0.22 which was typical for an onshore wind farm. The average availability has been 97.11% which was higher than the warranty availability of 95%. The average wind speed at hub height has been 5.57 m/s, less than feasibility study results. We do not have sufficient data to review the full year operations since it only started operations this year. Although the most significant impact of the grid curtailments imposed by the grid company occurred due to the 3 large-scale off-grid incidents in 2011. We would expect that this problem could be solved by future reinforcement of the network and with the strict imposing of LVRT on all wind farm WTGs.

The capacity of wind farm reactive power compensation is higher than feasibility study estimated value, and there is sufficient reactive capacity to meet the reactive power demand as required in the grid code.

Sinovel WTGs installed at Guazhou wind farm have completed LVRT reconstruction by WTG manufacture in November 2011.

3.6 Muling Wind Farm Phase I

Muling Wind Farm Phase I is located in Mudanjiang in Heilongjiang province. It comprises of 24 Nordex 1.3 MW WTGs, totalling 31.2 MW, and started full commercial operation in January 2006.

Under our scope of work, we have reviewed Muling Wind Farm Phase I.

3.6.1 WTGs

Nordex N60/1300 wind turbine is a three blades, and main shaft transmission (double main shafts) WTG with three phase asynchronous generator, active yaw system, fixed pitch stall regulation system, air brakes and ABS mechanical brakes.

Table 3.11: Technical Summary of Nordex N60/1300

	N60/1300
Hub Height	60 m
Rotor Diameter	60 m
Nominal Power	1,300 kW
IEC Classification	IEC I
Certification	Lloyd's Register
Cut-in Wind Speed	2.5 m/s
Nominal Wind Speed	13.5 m/s
Cut-out Wind Speed	25 m/s
Generator	Three phases asynchronous generator
Gearbox	One stage planetary gear/two stages helical
Gearbox Ratio	1:78.896
Power Regulation and Control	Fixed Pitch Stall regulation
Operation Ambient Temperature	-35°C~+40°C
Standby Ambient Temperature	-45°C~+50°C

Source: Provided by Huadian Fuxin

3.6.2 Grid Connection Assessment

3.6.2.1 Equipment Capacity

Muling Wind Farm has twenty-four Nordex 1.3 MW WTGs installed with a total capacity of 31.2 MW. Each turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines are connected to their own five 10 kV collection inter array lines, which consist of underground line connection and are rated appropriately to carry the maximum output from the wind turbines. The 10 kV collection lines are connected to 10 kV bus bar at the substation and then stepped up to 66 kV via the main transformers.

A 66 kV step-up substation has been constructed with one 31.5 MVA – 66/10 kV transformers with an on-load tap changer. Transformer's capacity is corresponding to feasibility study estimation to carry the maximum output from wind farm.

Muling Wind Farm is connected to the 220 kV Lishu substation via one 51.36 km 66 kV overhead line and the thermal rating is rated appropriately. We consider that the circuit is sufficient to export all power generated by the wind farm to the grid.

The fault withstanding capability for switchgear installed in the wind farm is rated appropriately and the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.6.2.2 *Reactive Power Compensation and Voltage Control*

Wind farm reactive power compensation device is capacitor type, with 6 MVar. In addition, the transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. Therefore, we would consider the wind farm has certain reactive capacity and voltage control capacity but cannot meet the reactive power demand and voltage regulation as required in the grid code. Wind farm has submitted their SVC reconstruction plan to Huadian Fuxin headquarters and was pending approval.

We understand that SGCC required WTGs in their respective wind farms should have LVRT capability. Since Muling wind farm has long operation time and less installation capacity, at present wind farm is coordinating with local power gird company for necessity of LVRT reconstruction, and WTG manufacturer has done technical research for providing reconstruction service.

3.6.2.3 *Local Grid Operation*

Muling has abundant wind resources. At present, the electricity production exceeds local demand and surplus electricity from the wind farm will be exported to the main transmission grid for provincial or national use. We do not expect curtailments from local grid company to happen on Muling Wind Farm under normal circumstances. However, during winter months when the electrical generation from wind farms is sacrificed for CHP plants operation, providing heating. As a result, the power output from Muling wind farm may have to be curtailed to some extent due to local power grid's insufficient capability to adjust active power. On the other hand, the voltage stability of power system has become the major issue in local power grid for a large scaled expansion of wind power. We understand that the local grid should have sufficient capability to accommodate Huadian Fuxin wind farm power generation and would expect that this problem could be eliminated in the near future by reinforcement of the network.

3.6.3 *Performance of Wind Farm*

3.6.3.1 *Site Environment*

Muling Wind Farm is located on hilly and heavy forested area with the altitude about 1,050 m ASL. From our appreciation of the terrain during our site visit, we do have concerns with potential forest fire hazards especially during the dry autumn & winter period. However, it is comforting to see that there are fire wardens stations at various look-outs and check points to report any potential forest fire.

The site is subjected to very low temperature in winter. The operating ambient temperature of Nordex WTGs is from -35°c to +40°c and the standby ambient temperature is from -45°c to +50°c which is similar to other wind turbines. According to Huadian Fuxin, there was no downtime because of the extreme cold weather up to date.

3.6.3.2 Site Facilities and Maintenance

There is a compound area at the site which contains the substation, control room, spare parts warehouse, offices and other site facilities. The wind farm company which is the subsidiary of Huadian Fuxin employs 20 O&M staffs on 10 days rotating shift. The wind farm compound has very good facilities which are suitable for housing the teams and is well maintained.

Although proper graded roads do not continue beyond the entrance to the compound area, the access roads to the wind turbines appear to be in reasonably good condition. During our visit we were able to visit turbines and the substation building without any issue.

Nordex is a leading wind turbine manufacturer with a good track record and a significant number of installed units in the world. In response to our enquiries during the site visit, Huadian Fuxin informed us that they had changed a gear box of one WTG and is operating normally now. We would normally expect to review monthly reports either from the WTG manufacturer or compiled by the wind farm company itself, which include details of any significant downtime or component failures and any remedial work carried out that month. Huadian Fuxin had provided us their monthly production figures to us.

Two met masts were considered for the wind resources analysis of the site and had been decommissioned. Currently, they had installed another 2 new met masts to meet Heilongjiang power company requirements of load data forecast transfer and also to keep track of the wind farm weather data.

During our visit, the WTGs warranty had expired. Nordex had guaranteed a 95% availability level. Huadian Fuxin provided us the power curve for Nordex 1300 from SCADA system and it appeared to be broadly consistent with the standard power curves from the manufacturer.

3.6.3.3 Performance of Power Generation

The wind speed, availability and production data provided by Huadian Fuxin show that the average availability for 2011 first 9 months is 96.59% (as shown in Table 3.12 below). Average wind speed at the hub height of the WTGs has been calculated to be 5.3 m/s. Wind speed data was collected by anemometer at the rear of nacelle, thus the measured speed always lower than actual speed, in addition the missing operation data for strong wind period (from October to December) also affect speed result. The net capacity factor is 0.14 for months starting from January to September 2011 which was a lower value for an onshore wind farm. After reviewing the historical records, the average capacity factor for 2009 and 2010 was 0.19 and 0.18 respectively, which is acceptable for an onshore windfarm.

Table 3.12: Muling Wind Farm Phase I Operation Data

Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2011-09	96.32	2,862.1	2,740	88	0.12	4.8
2011-08	98.4	1,957.3	1,851.4	59	0.08	4.7
2011-07	97	1,532.9	1,480	47	0.06	3.8
2011-06	93.21	2487	2,440	78	0.11	4.6
2011-05	96.57	2,950.56	2,801.1	90	0.12	4.7
2011-04	96.44	4,152.9	4,034.6	129	0.18	6.1
2011-03	94.81	4,390	4,210	135	0.18	6.2
2011-02	97.27	3,880	3,580	115	0.17	5.9
2011-01	99.29	5,690	5,320	171	0.23	7.2
Total/Average	96.59	29,902.76	28,457.1	912	0.14	5.3

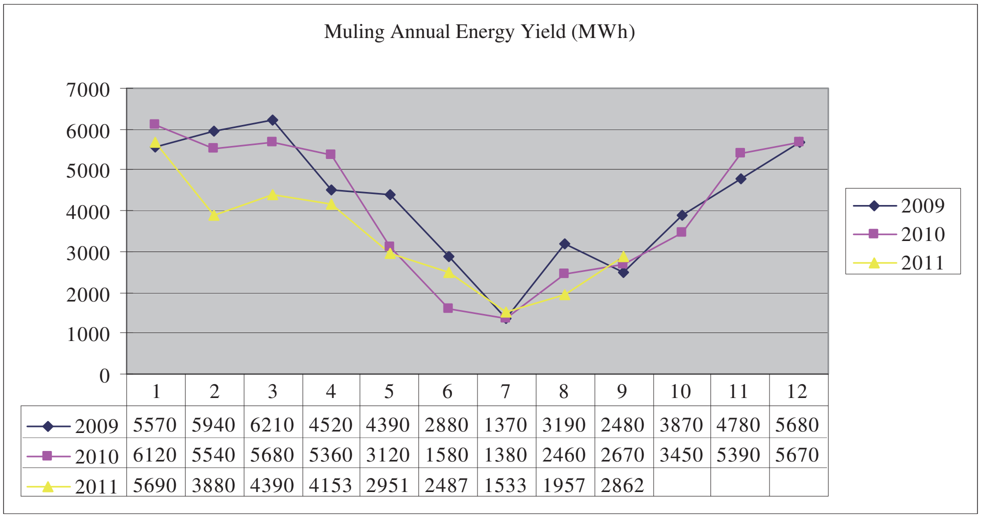
Source: Provided by Huadian Fuxin

In response to our request for information on grid curtailments, we were informed by Huadian Fuxin that it is very common for their wind farm to be subjected to grid curtailments. We understand that the curtailments usually occur during winter months when demand for heat generation in the region is at a peak, the electrical generation from wind farms is sacrificed for CHP plants operation providing heating to the local districts.

The actual constructed model and numbers and layout of WTG units are corresponding with the feasibility study, however since the feasibility study did not account for any losses due to grid curtailments, we suggest that the future production forecast is based on actual production figures.

In their monthly operational report compiled by Huadian Fuxin, figures have been provided to represent the lost production due to grid curtailments occurring that month. This is shown in Table 3.12. We enquired as to the methodology applied by Huadian Fuxin in calculating the lost production and broadly used. Fig 3.1 shows Muling Wind Farm actual power generation between January 2009 and September 2011. Actual annual power generation in 2009 and 2010 were 50,880 MWh and 48,420 MWh respectively, they were lower than feasibility study estimated value (55,767 MWh).

Figure 3.1: Muling Wind Farm Annual Power Generation



	1	2	3	4	5	6	7	8	9	10	11	12
2009	5570	5940	6210	4520	4390	2880	1370	3190	2480	3870	4780	5680
2010	6120	5540	5680	5360	3120	1580	1380	2460	2670	3450	5390	5670
2011	5690	3880	4390	4153	2951	2487	1533	1957	2862			

Source: Provided by Huadian Fuxin

3.6.4 Conclusion

The wind turbines installed for Muling Wind Farm were supplied by a well recognised wind turbine manufacturer that employs proven technologies. The O&M arrangements are well managed with very good facilities at the site. We had concerns with potential forest fire hazards especially during the dry autumn and winter period. It is comforting to see that there are fire wardens stations at various look-outs and check points to report any potential forest fire. Apart from this issue, we are of the opinion that the wind farm was built to a good standard.

Assessment of the production data supplied to us by Huadian Fuxin suggests that the performance of the wind farm to date has been normal, affected mainly due to grid curtailments which is very common in this part area of Heilongjiang in winter and we would expect that this problem could be solved by future reinforcement of the network.

We are of the opinion that the wind farm was built to a good standard. According to 2011 annual operation data, the average availability is 96.59%, average annual wind speed at the hub height of the WTGs has been calculated to be 5.3 m/s, lower than feasibility study estimated value, and capacity factor has been 0.14 for first nine months which was lower for an onshore wind farm. However from 2009 and 2010 historical records the capacity factor was 0.19 and 0.18 respectively, which is acceptable for an onshore wind farm. With grid curtailments in parts of Heilongjiang province, and lower summer wind speed in this region, Muling Wind Farm actual power generation is slightly less than feasibility study estimated value.

Wind farm reactive power compensation device cannot meet the reactive power demand and voltage regulation as required in the grid code. Wind farm has submitted their reconstruction plan to Huadian Fuxin headquarters is pending approval.

Considering LVRT capability, Since Muling wind farm has long operation time and less installation capacity, at present wind farm is coordinating with local power gird company for necessity of LVRT reconstruction.

3.7 Yilan Jiguanshan Wind Farm Phase I

Yilan Jiguanshan Wind Farm Phase I is located at Jiamusi in Heilongjiang province. It comprises 33 DEC FD70 1.5 MW WTGs totalling 49.5 MW, and started operation in September 2009.

Under our scope of work, we have reviewed Yilan Jiguanshan Wind Farm Phase I.

3.7.1 WTGs

DEC FD70 WTG was imported from Repower MD70 1.5 MW WTG. Its design principle based on 600-750 kW WTG successful experience and the special requirements of megawatt WTGs. FD70 WTG established the new standard of second-generation megawatt WTGs, whose economy and reliability is typical of this Grade.

Overall, we consider the design of the DEC FD70 WTG to be in line with the industry standards. The main technical parameters are summarized in Table 3.13.

Table 3.13: Technical Summary of DEC FD70-1500

	FD-70
Hub Height	65 m
Rotor Diameter	70 m
Nominal Power	1,500 kW
IEC Classification	IEC IA
Certification	Lloyd’s Register
Cut-in Wind Speed	3.5 m/s
Nominal Wind Speed	13.0 m/s
Cut-out Wind Speed	25.0 m/s
Generator	Double-fed asynchronous generator
Gearbox	One stage planetary/two stages spur gear
Gearbox Ratio	1:95
Power Regulation and Control	Pitching control
Operation Ambient Temperature	-35°C~+40°C
Standby Ambient Temperature	-45°C~+55°C

Source: Provided by Huadian Fuxin

3.7.2 Grid Connection Assessment

3.7.2.1 Equipment Capacity

Yilan Jiguanshan Wind Farm deployed thirty-three DEC FD70 1500 WTGs with a total capacity of 49.5 MW. Each wind turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines are connected to their own four 35 kV inter array collection lines, which consist of underground cables connection, link to their 110 kV substation and are rated appropriately to carry the maximum output from the wind turbines.

A 110 kV step-up substation has been constructed with one 63 MVA – 110/35 kV transformer with an on-load tap changer for Phase I. The capacity of the main transformer is corresponding with feasibility study. Therefore, we consider that the transformer is sufficiently rated to export the full power from the wind farm to the grid.

Wind farm is connected to 220 kV Dalianhe Substation via one 35.6 km 110 kV line and the thermal rating is appropriately rated. We consider that the circuit is sufficient to export all power generated by the wind farm to the grid. According to the current version of Chinese Grid Code, the transmission network between the wind farm substation and the grid connection point is not required to meet the 'N-1' security criteria.

The fault withstanding capability for switchgear installed in the wind farm is rated appropriately. Hence the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment has been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.7.2.2 Reactive Power Compensation and Voltage Control

The reactive power compensation device installed at the site is capacitor with totalling 5 MVar. Wind farm is installing Static Var Generator (herein and after SVG) with totalling ±8 MVar and will complete by the end of 2011 for wind farm phase I and phase II. In addition, the transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. Therefore, we would consider the wind farm has certain reactive capacity, in future after construction will have sufficient reactive capacity and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

We understand that under Chinese Grid Code all the WTG's must have LVRT capability. We were informed from wind farm site staff that Yilan Jiguanshan wind farm had submitted their reconstruction plan to Huadian Fuxin headquarters and is approved. They would complete their LVRT reconstruction by end 2012 to meet the relevant requirements.

3.7.2.3 *Local Grid Operation*

Yilan Jiguanshan Wind Farm is located near Jiamusi, north-east of Heilongjiang province. It is connected to Heilongjiang power grid via 110 kV overhead line, and hence it is dispatched by Heilongjiang Power Company.

At present, the electricity production exceeds the consumption and surplus electricity from the wind farm is exported to the main transmission grid of Heilongjiang power grid for other area. We do not expect curtailments from local power company despatcher to happen on Yilan Jiguanshan Wind Farm under normal circumstances. However, during winter months when demand for heating generation in the region is at a peak demand, the electrical generation from wind farms is sacrificed for CHP plants operation. As a result, the power output from Yilan Jiguanshan wind farm may have to be curtailed to some extent due to local power grid's insufficient capability to adjust active power and the requirement of supplying heat by thermal power plants. On the other hand, the voltage stability of power system has become the major issue in local power grid for a large scaled expansion of wind power. We understand that the local grid should have sufficient capability to accommodate Huadian Fuxin wind farm and would expect that this problem could be eliminated in near future by reinforcement of the network.

3.7.3 *Performance of Wind Farm*

3.7.3.1 *Site Environment*

Yilan Jiquangshan Wind Farm is built on hilly areas with neighbouring farm land at an altitude of approximately 300 m ASL. From our appreciation of the terrain, it does not present any concerns regarding shading, channelling or excessive gradient which could cause adverse wind conditions, such as severe wind shear, inflow angles, or turbulence.

Yilan Jiguanshan Wind Farm is located at Heilongjiang and there are abundant wind resources in this area. The site is subjected to very low temperature in winter. We were informed from Huadian Fuxin that all WTGs are low temperature version and there was no downtime because of the extremely cold weather to date.

3.7.3.2 *Site Facilities and Maintenance*

The compound building includes the control centre, offices, spare parts warehouse, switchgear housing, and other site facilities. Huadian Fuxin employs 15 operational and maintenance staffs, deployed in 2 teams of 4 people on a 7 days rotating shift. There are another 12 staffs for administrative support. The building and facilities are of high standard and appear to be well-maintained.

The access roads on site are rough and may need remedial work in places to ensure access, especially in winter months when visibility of the site road parameters may be obscured by snow and diggers have to be used to clear the access and site roads. However, when we visited the site in October 2011, we were able to visit the control building, site facilities and wind turbines without any problems.

Wind resources data at the sites were recorded from one met masts installed on site and these weather data were used for their operations and also to meet the Load Data Forecast Transfer to the provincial grid company.

For information on grid curtailments, we were informed by Huadian Fuxin that it is very common for their wind farm to be subjected to grid curtailments. We understand that the curtailments usually occur during winter months when demand for heat generation in the region is at a peak. At these times of peak demand, the electrical generation from wind farms is sacrificed for CHP plants operation and providing heating. We further understand the curtailment is also caused by local grid not being able to sent out electricity. The grid curtailments in 2010 and 2011 are 6.58% and 7.53% respectively.

Huadian Fuxin had provided us with power curves from the SCADA system. It appeared to be broadly consistent with the standard power curves from the manufacturer. Currently the TWGs are covered by warranty which is two years, and WTG manufacturer guaranteed availability is 95%.

3.7.3.3 *Performance of Power Generation*

Wind speed data was collected by anemometer at the rear of nacelle, thus the measured data always lower than actual speed, in addition the missing operation data for strong wind period (from October to December) also affect speed result. Since 2011, the average wind speed at hub height has been calculated to be 6.9 m/s and the net capacity factor is calculated to be 0.25, which is reasonable for an onshore wind farm. According to the power generation, wind speed and availability provided by Huadian Fuxin from their SCADA system (shows in Table 3.14), Yilan Jiquangshan Wind Farm has shown an average availability of 91.28% due to low availability in January and February 2011. Most monthly availabilities are above the 95% guaranteed value.

Table 3.14: Yilan Jiguanshan Wind Farm Phase I Operation Data

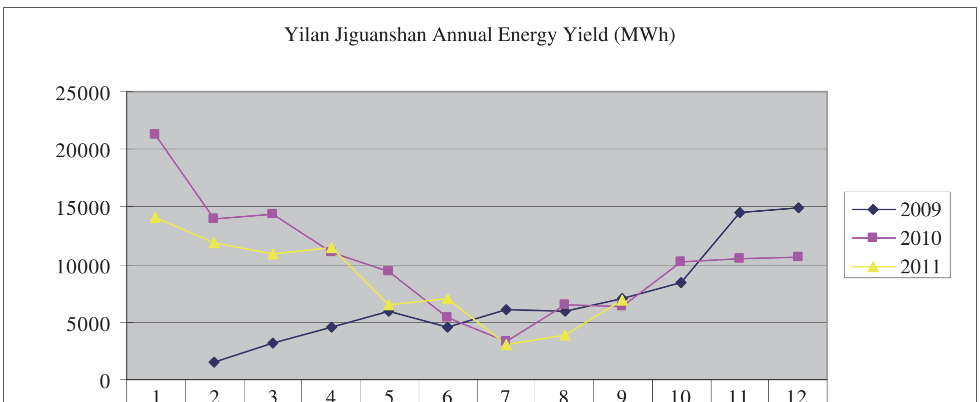
Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2011-09	94	6,841.2	6,817.4	138	0.19	5.9
2011-08	98	3,904.9	3,884.8	78	0.11	4.8
2011-07	93	3,061.8	3,037.6	61	0.08	4.7
2011-06	93.5	7,007	6,997	141	0.20	5.9
2011-05	98	11,500	11,450	231	0.31	5.8
2011-04	98	11,500	11,450	231	0.32	7.7
2011-03	97	10,890	10,830	219	0.29	7.7
2011-02	75	11,803	11,750	237	0.35	9.2
2011-01	75	14,160	14,070	284	0.38	10.2
Total/Average	91.28	80,667.9	80,286.8	1,622	0.25	6.9

Source: Provided by Huadian Fuxin

The actual constructed model and numbers and layout of WTG units are the same compared with the feasibility study, however since the feasibility study did not account for any losses due to grid curtailments, we suggest that the future production forecast is based on actual production figures.

Comparing the feasibility study estimated annual power generation 111,870 MWh with actual annual power generation, the actual power generation data between February 2009 and September 2011 illustrated in Fig 3.2 below. It was 129,680 MWh between October 2009 and September 2010, higher than estimated value; and 107,010 MWh between October 2010 and September 2011, lower than estimated value. It meets the forecast of feasibility study.

Figure 3.2: Yilan Jiguanshan Wind Farm Phase I Annual Power Generation



	1	2	3	4	5	6	7	8	9	10	11	12
2009		1510	3120	4510	5920	4570	6090	5970	7090	8480	14540	14890
2010	21300	13960	14430	11083	9420	5360	3270	6550	6400	10280	10430	10640
2011	14150	11820	10890	11490	6500	7010	3060	3900	6840			

Source: Provided by Huadian Fuxin

3.7.4 Conclusion

Wind turbines installed at Yilan Jiguanshan Wind Farm Phase I was supplied by manufacturers with proven technologies or has credible track records within the market. We are of the view that the turbine technologies are in accordance with current industrial standards, and the sites were built to a high standard. O&M arrangement are well-managed with good facilities on site. We are concern with potential fire especially when neighbouring farmers burn their straws during the dry season, which Huadian Fuxin site staffs need to pay special attention. Apart from this, we are of the opinion that the wind farm was built to a good standard.

It can be found from 2011 operation data that the average WTGs availability is 91.28%, the average wind speed at hub height is 6.9 m/s, lower than feasibility study forecast, and the net capacity factor is 0.25, which is reasonable for an onshore wind farm. Due to recent wind speed is lower than forecast long-term average wind speed and regional grid curtailments in Heilongjiang, Yilan Jiguanshan wind farm last year actual power generation is lower than the estimated annual value in feasibility study. Wind farm annual power generation meets the forecast of feasibility study.

Assessment of the operation data supplied to us by Huadian Fuxin suggests that the performance of the wind farm to date has been normal and reasonable, affected mainly due to grid curtailments about 7% of the potential output of the wind farm. It is very common in this part of Heilongjiang in winter and we would expect that this problem could be solved by future reinforcement of the network.

Wind farm plans to upgrade their reactive power compensation devices to SVG with totalling ±8 MVar. Reconstruction plan has been submitted to Huadian Fuxin headquarters and is approved. Reconstruction will be completed by the end of 2011.

For LVRT reconstruction, wind farm has submitted their reconstruction plan to Huadian Fuxin headquarters and is approved. It will be completed by the end of 2012.

It was noted that there is a pilot solar PV facilities that generate power for substation usage and a possibility of complementing WTG power generation into the local grid.

3.8 Lianyungang Guanyun Wind Farm Phase I

Lianyungang Guanyun Wind Farm is located along the coast line of Lianyungang, north of Jiangsu province and consist of fifty Haizhuang 2 MW WTGs totalling 100 MW, which was fully commissioned in December 2010.

3.8.1 WTGs

Haizhuang 2.0 MW double-fed WTG was jointly developed by Haizhuang and German Aerodyn Company based on Chinese market demand and support capacity. It is a three blades, horizontal shaft, electrical pitching, and variable-speed constant-frequency WTG with active facing wind, and two-points supporting transmission chain. H93-2000 WTG was design and manufactured in accordance with standardization, serialization, and universal. It has power control & prediction, LVRT Capability, and grid friendly requirements, and could adapt to snowing, freezing, dust, and low concentrations salt fog and other harsh environment.

Overall, we consider the design of the Haizhuang H93-2000 WTG to be in line with the industry standards. The main technical parameters are summarized in Table 3.15.

Table 3.15: Technical Summary of Haizhuang H93-2000

	H93-2000
Heb Height	80 m
Rotor Diameter	93 m
Nominal Power	2 MW
IEC Classification	IEC IIIc
Certification	Lloyd's Register
Cut-in Wind Speed	3 m/s
Nominal Wind Speed	10.8 m/s
Cut-out Wind Speed	25 m/s
Generator	Asynchronous Double-fed Generation
Gearbox	One stage planetary gear/ two stages spur gear system
Gearbox Ratio	1:118
Power Regulation and Control	Pitching Control
Operation Ambient Temperature	-10°C~+40°C
Standby Ambient Temperature	-20°C~+50°C

Source: Provided by Huadian Fuxin

3.8.2 Grid Connection Assessment

3.8.2.1 *Equipment Capacity*

Wind farm has fifty Haizhuang WTGs installed with a total capacity of 100 MW. Each wind turbine is connected to a WTG step-up transformer via underground cables. These cables are rated appropriately in order to carry maximum output from each individual turbine. Then these turbines are connected to their own four 35 kV inter array collection lines linked to 110 kV substation of wind farm. These lines are rated appropriately to carry the maximum output from the wind turbines.

The 110 kV step-up substation has been constructed with two 50 MVA – 110/35 kV transformers with an on-load tap changer. Unlike the other representative wind farms we visited, wind farm circuit breakers are indoors GIS system.

Wind farm is connected to 110 kV Guanhe substation via one 18 km 110 kV overhead line belonging to the local grid and the thermal rating is appropriately rated. We consider that the circuit is sufficient to export all power generated by the wind farm to the grid.

The fault withstanding capability for switchgear installed in the wind farm is appropriately rated. Hence the circuit breakers should be able to withstand the fault currents. Appropriate multiple relay protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipment have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

3.8.2.2 *Reactive Power Compensation and Voltage Control*

The total capacity of SVG installed at the site is 17.4 MVar and they are doing fine tuning when we visited the site. In addition, the transformer is equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the HV winding. Therefore, we would consider the wind farm has sufficient reactive capacity and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

We understand that under Chinese grid code all WTGs must have capability for LVRT. We were informed that all WTGs in Lianyungang Guanyun wind farm have LVRT capability and certificated by professional inspection.

3.8.2.3 *Local Grid Operation*

Wind farm is located along the coastline on the north of Jiangsu province. It is connected to Jiangsu power grid via 110 kV overhead line, and hence it is dispatched by Jiangsu Power Company.

Wind farm is located at an area which has abundant wind resources and the absorptive capability for wind power of local grid is quite strong. There was no grid curtailment from regional or local power company dispatcher on wind farm under normal circumstances.

3.8.3 *Performance of Wind Farm*

3.8.3.1 *Site Environment*

WTGs were deployed on flat terrain along the coastline. From our appreciation of the terrain during our site visit, we do not have any concerns regarding shading, channeling or excessive gradient which could lead to adverse wind conditions such as severe wind shear, inflow angles or turbulence. As this wind farm is close to the coast, we queried about the typhoon possibility and was advised by their site stuff that under the feasibility study, it had a very low occurrence, besides, this wind farm construction did take typhoon landing there into consideration.

Unlike other sites we visited, they were not subjected to very low temperature in winter and so would not be required low temperature versions of the WTGs. However, since the wind farm located at coastline, there may occur salt fog corrosion. Wind farm should improve anti-corrosion measures during daily O&M.

3.8.3.2 *Site Facilities and Maintenance*

There is a compound area at the site which contains the substation, control room, spare parts warehouse, offices and other site facilities. The wind farm company, which is the subsidiary of Huadian Fuxin, employs 30 staffs for their O&M tasks. Operations team is 2 rotating shifts of 7-8 staffs, 7 days a shift rotation and the maintenance team includes 15 staffs. The wind farm compound has very good facilities which are suitable for housing the teams and are well maintained.

During our visit we were able to visit WTGs without any issue. However, we did notice that earth settlement is quite rampant in areas around the compound buildings foundations. Huadian Fuxin had responded that the water level of this land is quite high and soil is very soft, whilst we did notice some rectifications works going on at the affected areas, we suggested that the wind farm should take measures to control earth settlement immediately, and since this wind farm is located at the coastal area, it is recommended that the long-term earth settlement observations should be implemented strictly to wind turbines foundations and inner-site transmission cables foundations in order to ensure safe operation of wind farm.

Haizhuang is a Chinese wind turbine manufacturer with a good track record and a significant number of installed units in China. According to the operational report for wind farm, the annual average WTG availability for the first 9 months of 2011 was 95.4%. We were informed that the WTGs had 3 generators and 2 shafts changed in 2011 and all costs were under the manufacturer as it was not handled over to them yet. To date there were no further problems with the generators or shafts. We also noted that this windfarm had slightly reduced the rotor rpm to give the blades pitch control more reactive time. We were informed that they did this as blades pitch control system is not so sensitive, thus had taken this safety measures.

There are three 80 m met masts in operation as we visited the site, and weather data were used for their operations and also for Load Data Forecast Transfer as required by Jiangsu power company.

At the time of our visit, WTGs of wind farm has not started their warranty period, thus all service and maintenance of WTGs are still under the manufacturer's care and wind farm operations team does keep a close tap on all WTGs event during this period. Huadian Fuxin provided us a power curve for Haizhuang 2 MW from their records and appeared to be broadly consistent with the standard power curves from the manufacturer.

3.8.3.3 Performance of Power Generation

Haizhuang guarantee a 95% availability level and they are achieving the average of about 95.4% (shows in Table 3.16). We understand that scheduled maintenance and grid outage are excluded from this figure. Between November 2010 and September 2011, the average annual wind speed at the hub height of the WTGs has been calculated to be 5.80 m/s, lower than feasibility study estimated value, and the capacity factor is 0.19, which is a typical value of onshore wind farm.

Table 3.16: Lianyungang Guanyun Wind Farm Phase I Operation Data

Date	Average WTGs Availability	Total Power Generation	On-Grid Power Generation	Equivalent Full-Load Hours	Capacity Factor	Average Wind Speed
	(%)	(MWh)	(MWh)	(h)		(m/s)
2011-09	95.09	15,150.8	14,837.5	148	0.21	6.0
2011-08	94.82	9,056	9,340	93	0.13	5.05
2011-07	94.56	7,320	7,150	72	0.10	4.63
2011-06	92.70	11,880	11,630	116	0.16	5.67
2011-05	97.23	16,430	16,100	161	0.22	6.4
2011-04	95.73	19,317	18,915.8	189	0.26	6.33
2011-03	95.23	18,549.5	18,162.6	182	0.24	6.23
2011-02	94.35	16,610	16,250	163	0.24	5.33
2011-01	97.36	13,160	13,000	130	0.17	4.78
2010-12	97.36	17,786.5	17,662	177	0.24	4.78
2010-11	96.17	6,188.7	6,140.6	61	0.09	7.01
Total/Average	95.40	151,448.5	149,188.5	1,492	0.19	5.80

Source: Provided by Huadian Fuxin

Since the power transmission line belongs to the local grid and its billing meter is within the substation, thus apart from wind farm electrical power losses, there were no need to account for further losses in the power transmission line to the grid. From November 2010 to September 2011, the net capacity factor based on on-grid power generation is about 0.19, which maybe caused by missing three high wind speed months operation data (October, November, and December). Since the wind farm start commissioning within this year, we cannot compare actual power generation with feasibility study estimation.

For information on grid curtailments, we were informed by Huadian Fuxin that there are no active curtailments being imposed on this wind farm.

3.8.4 Conclusion

The wind turbines installed for Lianyungang Guanyun wind farm were supplied by a well recognised Chinese wind turbine manufacturer that employs proven technologies. The O&M arrangements are well managed with very good facilities at the site. The power meter is based in wind farm substation, thus power losses to grid transmission lines were covered by local grid and there is no active curtailment.

The substation is sitting on soft ground along the coastline and earth settlement is a major issue. However, it is comforting to note that Huadian Fuxin had also identified the affected areas and is taking corrective measures. Assessment of the production data supplied to use by Huadian Fuxin suggests that the performance of the windfarm to date has been reasonable.

According to wind farm operation data from November 2011 to September 2011, it can be found that the average availability is 95.4%, the average annual wind speed at the hub height of the WTGs is 5.8 m/s, less than feasibility study forecast, and the capacity factor is 0.19, which is a typical value of onshore wind farm. Since the wind farm start commissioning within this year, we cannot collect enough operation data and compare actual power generation with feasibility study estimation.

Wind farm are doing fine tuning of SVG when we visited the site. To compare with SVC, SVG has better technical performance, and sufficient reactive power compensation technical requirements.

All WTGs installed in Lianyungang Guanyun wind farm have LVRT capability and certificated by professional inspection.

3.9 Conclusion of Wind Farms Technical Assessment

Of the seven representative wind farms we reviewed, Guazhou wind farm and Lianyungang Guanyun wind farm power generation data is less than a year, as they are relatively new and so did not have enough operational data (at lease 12 months normal operational data), thus we could not assess whether their power generation of these two wind farms was in line with the forecasted value in the feasibility studies. For the rest of the five wind farms, the actual annual power generation of Kulun, Xiaocaohu and Muling are less than their feasibility studies forecasted value; Yilan Jiguanshan's annual power generation is in line with feasibility study's expectation; and Burqin has better annual power generation than feasibility study.

The seven representative wind farms are located in areas with excellent wind regimes of which six wind farms performance could be better if there were no grid curtailments for one reason or another. We would expect this curtailments problem to be mitigated by future upgrading of gird and load demand continuous increasing, and the strict imposition of LVRT and voltage control requirements on the wind farms by the grid operators.

For reactive power compensation devices in seven representative wind farms, Kulun wind farm has higher capacity than feasibility study after upgrading, which satisfies the requirements of reactive power compensation capacity. Xiaocaohu wind farm, Burqin wind farm, and Muling wind farm do not have sufficient reactive capacity to meet the reactive power demand required in the grid code and had submitted their reactive power compensation reconstruction plan to Huadian Fuxin headquarters and is pending approval. Yilan Jiguanshan wind farm will complete the upgrading of Static Var Generator (SVG) by the end of 2011. Comparing with feasibility study forecasted value, Guazhou wind farm has higher reactive power compensation capacity, which means the wind farm has sufficient reactive capacity to meet the reactive power demand required in the grid code. Lianyungang Guanyun wind farm is currently doing fine tuning of Static Var Generator (SVG), which capacity is sufficient for the technical requirements in grid code.

We were informed that both SGCC and Inner Mongolia grid company required all WTGs must have LVRT capability. Kulun, Xiaocaohu wind farm, Muling, and Yilan Jiguanshan wind farm do not have LVRT capability. They have submitted their LVRT reconstruction plan to

Huadian Fuxin headquarters and were approved. As WTGs manufacturer of Kulun wind farm, Sinovel has developed LVRT reconstruction plan and promise implementing appropriately. Xiaocaohu wind farm will employ wind farm integrated LVRT technology for 54 Goldwind WTGs' reconstruction, and 6 WTGs from Sinovel LVRT reconstruction has been completed in December 2011. Since Muling has long operation time and less installation capacity, currently the wind farm is coordinating with local gird for necessity of LVRT reconstruction. Yilan Jiguanshan will complete LVRT reconstruction by the end of 2012. Goldwind promises that their WTGs installed at Muling wind farm have LVRT capability, and will be responsible for reconstruction if WTGs cannot be approved by inspection and certification. Sinovel WTGs installed at Guazhou wind farm have completed LVRT reconstruction by WTG manufacture in November 2011. The WTGs installed in Lianyungang Guanyun wind farm were inspected and certificated with LVRT capability.

There is a common problem for seven representative wind farms that if the torque wrenches used to test the tower connecting bolts torque meets manufacturer's requirements, did not have regular testing and calibration. It is a potential risk for WTGs safe operation. Huadian Fuxin should ensure that all torque wrenches are to be test and calibrated regularly.

Monitor method and progress of earth settlement should improve immediately to meet earth settlement monitoring requirements in industrial regulation 'WTGs foundations design regulation FD003-2007'.

Kulun wind farm is running well. We hold the opinion that the actual power generation would be better if there is no grid curtailment. This wind farm is developing a pilot project to overcome grid curtailments by investing in electric boiler factor to provide regional winter heating. It is really important to reduce grid curtailments.

The actual power generation of Xiaocaohu Wind Farm 1 Phase I is slightly lower than feasibility study forecasted value and is running in a good condition. Comparing lower capacity factor with feasibility study, we believed its annual power generation data is at a normal level.

The actual annual power generation of Burqin Wind Farm Phase I is higher than feasibility study forecasted value, which resulted from higher annual average wind speed and better capacity factor.

There were three large-scale off-grid incidents in Gansu area in 2011, thus Guazhou Wind Farm Phase I was affected by grid curtailments to date 7% of wind farm output.

Muling and Yilan Jiguanshan wind farm have long operation history. Comparing actual annual power generation data from 2009 to 2010 with feasibility study forecast, we concluded that the lower power generation of Muling Wind Farm Phase I in 2011 results from lower capacity factor. Base on historical data, we believed Muling Wind Farm Phase I is running well. Referring to Yilan Jiguanshan Wind Farm Phase I, its actual annual power generation fluctuated with feasibility study forecasted value in 2009-2010, and in 2010-2011. We understand Yilan Jiguanshan Wind Farm Phase I is running well.

Muling and Yilan Jiguanshan wind farms were built on areas with heavy vegetation and could be a potential fire hazard during the dry autumn and winter months. Special care and attention need to be taken into consideration during this period and Huadian Fuxin staffs need to stay vigilant during this season.

There is an experimental Solar PV equipment at Yilan Jiguanshan Wind Farm to tap full resources into their wind farm.

Lianyungang Guanyun Wind Farm Phase I showed lower performance than expected. We understand from the available information that missing operation data in 3 high wind speed months was the main reason for the low production. There is no internal control breakdown in the Group with regard to missing operation data in the three high wind speed months. As Lianyungang Guanyun wind farm was in commissioning during the three months, the generation data can not be recorded exactly by control system. Earth settlement has to be monitored regularly at the major equipment components and rectifications works need to be done immediately where possible.

It is worthy to note that the Lianyungang Guanyun wind farm located at Lianyungang in Jiangsu province does not have any such grid curtailment concerns.

Overall, the equipment and facilities of our visited representative seven wind farms are well-maintained and of good standard. The design, construction and installation are in line with our expectations.

4. TECHNICAL ASSESSMENT OF HYDROPOWER STATION

4.1 Introduction

4.1.1 General

The following is a technical review of 7 hydropower schemes owned by China Huadian Fuxin Energy Corporation Limited, and located in Fujian province, China. The purpose of this study is to review the available documentation as well as the knowledge gained from the site visit and to identifying potential risks and issues for the purchaser.

The documentation for the following plants has been reviewed and the sites were inspected during the visit:

- Baisha (Installed Capacity of 70.0 MW)
- Mianhuatan (Installed Capacity of 600.0 MW)
- Ansha (Installed Capacity of 115.0 MW)
- Fenghai (Installed Capacity of 30.0 MW)
- Qinshan (Installed Capacity of 70.0 MW)
- Gutianxi Second Cascade (Installed Capacity of 130.0 MW)
- Chitan (Installed Capacity of 100.0 MW)

Documentation reviewed includes monthly operation records, equipment specifications, condition of the plant, dam and intake structure as well construction drawings and reports.

4.1.2 Regular Dam Safety Inspection

In order to ensure safe and reliable operation of hydropower dams, the Large Dam Safety Supervision Center under State Electricity Regulatory Commission will organize regular dam safety inspection according to 'Regulations on Safety Operation for Dams of Hydropower Station' and 'Methods on Regular Safety Inspection of Dams for Hydropower'. The main tasks include:

- Review on engineering design and construction quality;
- Safety evaluation of flood control;
- On-site inspection;
- Summarize the operation performance since the latest regular inspection (or safety assessment);
- Evaluate the repairment or reinforcement works completed since latest regular inspection (or safety assessment);
- Inspect and evaluate the dam safety monitoring systems;
- Analyze the dam safety monitoring;
- Dam risk assessment;
- Dam aging test and assessment;
- Define the safety level and identify the defects and risks and issues should be focused during operation.

Generally, dams are differentiated into normal dam, defective dam and dangerous dam in China according to the results of safety assessment.

- Normal dams-refers to the dams that operated well and satisfied with the current regulatory requirements;
- Defective dams-with certain defects that reinforcement and treatment are needed;
- Dangerous dams-shall be reinforced or change the operation modes to ensure their safety.

Inspections are required for dams of hydropower plants every five years.

4.1.3 M&E Maintenance Schedule

The China Huadian Fuxin Group operates their plants in accordance with the Chinese Standard DL/T838-2003 (Guide of maintenance for power plant equipments) which provides details about the maintenance works and intervals for turbines.

According to maintenance scale and outage time, four types of maintenance works are differentiated in this guide, namely:

- Class A maintenance understood to be a complete strip-down of the whole power generation unit to maintain, recover or improve performance;

- Class B maintenance understood to be partial strip-down of unit and overhaul of parts to fix certain problems;

- Class C maintenance understood to involve corresponding check, evaluation, repairs and cleaning works according to the aging and tearing law;

- Class D maintenance understood to eliminate defects for auxiliary system and equipments of major equipments.

A full description of the different units maintenance procedures was not available at the time of this review, but the classification of maintenance into four categories is a standard approach to unit maintenance works.

The maintenance intervals according to DL/T 838-2003 are given in Table 4.1 for reference.

Table 4.1: Turbine generation units maintenance intervals

Type/Equipment	Class A	Class B	Class C
Sediment-laden turbine	4-6 years	1 between 2 A class maintenances	1 per year
Non sediment-laden turbine	8-10 years	Same as for sediment laden	Same as for sediment laden
Step-up transformers	10 years (depends on operation and testing results)		1 per year

Source: Guide of maintenance for power plant equipments (DL/T 838-2003)

The Guideline also advises outage times for the different maintenance classes depending on the size of the runner as shown in Table 4.2.

Table 4.2: Estimated outage times for maintenance works for Francis-type turbines

Runner Size (m)	Class A (days)	Class B (days)	Class C (days)
<1.2	30-40	20-25	3-5
1.2-2.5	35-45	25-30	3-5
2.5-3.3	40-50	30-35	5-7
3.3-4.1	45-55	35-40	7-9
4.1-5.5	50-60	40-45	7-9
5.5-6.0	55-65	45-50	8-10
6.0-8.0	60-70	50-55	10-12
8.0-10.0	65-75	55-60	10-12
>10.0	75-85	60-65	12-14

Source: Guide of maintenance for power plant equipments (DL/T 838-2003)

4.2 Baisha Hydropower Plant

4.2.1 General

Baisha hydropower plant, the second hydro power plant of the cascade development for Wan'an River, is located in Longyan County, Fujian province and is approximately 45 kilometres from Longyan down town. Baisha dam is located approximately 2 km upstream of the powerhouse location, upstream of a river bend.

The hydropower plant began commercial operation in November 2006 and is designed as a peaking power station with a installed capacity of 70 MW based on a design discharge of 142.2 m^3/s at a rated head of 55 m.

The annual design energy production is given as 186.5 GWh, based on a plant load factor of 30.4% (or 2,664 hours per year).

4.2.2 Project Technical Program Review

4.2.2.1 Hydrology

Wan'an River First cascade hydropower plant has been developed in the upstream of Baisha dam in August 1994 with drainage area of 667 km^2, accounting for 51% of drainage area of Baisha Hydropower Plant.

The main hydrological characteristics of Baisha hydropower plant are shown in the table below. Although the raw hydrological data has not been reviewed, in general the assumptions and methodology employed appear reasonable.

Table 4.3: Basic Hydrological characteristic − Baisha

No.	Item	Unit	Features	Remarks
1	catchment			
	whole catchment	km^2	1,470	
	catchment in the upstream of the dam		1,307	
2	Hydrological data series		41 years	1957-1997
3	Average annual runoff	10^8 km^3	13.72	
4	Average annual flow	m^3/s	43.8	
	Dam design flood and flow	m^3/s	3,470	P=1%
	Dam check flood and flow	m^3/s	4,550	P=0.1%
	Power house check flood and standard flow	m^3/s	4,260	P=0.2%
5	Flood volume			
	Dam design flood volume	10^8 m^3	1.569	P=1%
	Dam check flood volume	10^8 m^3	2.223	P=0.1%
	Power house check flood volume	10^8 m^3	2.026	P=0.2%
6	Sediments			
	Multi-year average amount of suspended sediment discharge	’0000 tons	9.95	
	Multi-year average sediment concentration	kg/m^3	0.142	
	Multi-year average bedload sediment discharge	’0000 tons	2.74	

4.2.2.2 *Geology*

No in-depth study has been undertaken on the geology of the project area and it is not considered to be seismically active according to feasibility study and a visual review of the structures do not indicate that they have suffered from any adverse movements. The size and nature of the structures involved in hydroelectric projects tend to mean that any adverse ground movements result in cracking of the windows and brickwork of the structures none of this was evident during the site visit.

Due to the size of the reservoir, it was not possible to inspect the reservoir slopes for landslides; however, the areas visible from the dam and powerhouse showed no signs of being subjected to sliding.

4.2.2.3 Design Standards

According to GB50201-94 "Flood Control Standards" and DL5180-2003 − "Hydropower Project Classification and Safety Design Standards," the project is classified as Grade II based on the reservoir capacity and installed capacity. The design flood frequency for the dam is 100 year return (P=1%) and the check flood frequency is 1,000 year return (P=0.1%); the design flood frequency for power house is 100 year return (P=1%) and check flood frequency is 200 year return (P=0.5%).

According to DL5073-2000 – "Specifications for Seismic Design of Hydraulic Structures", the scheme was designed in line with VI degree of seismic fortification intensity of VI degree.

It can be confirmed that the original design is in line with standards and current relevant specifications.

4.2.2.4 Scheme Layout and Main Structures

Baisha consists of a roller concreted dam, spillway, intake arrangement, powerhouse and step-up switchyard. The intake system is on the right abutment of the dam and water is taken via an infall, pressure tunnel and penstock to the powerhouse. The step-up switchyard is arranged at the downstream of the powerhouse.

Baisha dam is used to enable peaking generation at Baisha hydropower plant as well as flood protection and the salient features of the dam are summarised in Table 4.4.

Table 4.4: Baisha Dam Salient Features

	Reservoir
Dam Type	Rolling Compacted Concrete Dam
Dam Height (m)	75
Crest Length (m)	171.8
Crest Width (m)	6
Live Volume (m^3)	100
Total Volume (m^3)	199.26
Total Volume (km^2)	1,307
Impounds	Wan'an River

Source: Feasibility Study of Baisha Hydro Power Plant

4.2.2.5 M&E System

The powerhouse contains the generating units, step-up transformer, air-insulated switchgear (SF_6) and all balance of plant components.

The station consists of two vertical Francis-type turbines with a rated capacity of 36 MW each; however, generating output is limited to 35 MW due to the generator capacity. Hence, the total installed capacity is 70 MW. The unit centreline is at 200.8 m, and according to the design layout drawings and neither of the two units is fully submerged as the tailwater level is 200.8 m under rated operating conditions.

The salient features of the turbines are given in Table 4.5.

Table 4.5: Baisha Turbines Salient Features

	Turbine 1	Turbine 2
Type	Vertical Francis	Vertical Francis
Manufacturer	HLX75E-LJ-285	HLX75E-LJ-285
Rated Output (MW)	36	36
Rated Head (m)	55	55
Rated Discharge (m^3/s)	71.1	71.1
Rated Speed (rpm)	214.3	214.3
min. operating head (m)	47.99	47.99
max. operating head (m)	65.58	65.58
Runner Setting (m)	0	0
Turbine Centreline (m asl)	200.8	200.8
Installation Date	Dec 2006	Dec 2006

Source: Baisha Site Visit − Turbine Rating Plate

Each vertical Francis-type is coupled to a synchronous vertical axis salient-pole generator, located on the generator floor level. The generating voltage at Baisha is set to 10.5 kV and the salient features are provided in Table 4.6.

Table 4.6: Baisha Generators Salient Features

	Generator 1 & 2
Manufacturer	Dongfang Electric SF35-28/5500
Rated Capacity (MVA)	40
Rated Voltage (kV)	10.5
Rated Current (A)	2,199.4
Power Factor (-)	0.875
Rated Power (MW)	35.0
Rated Speed (rpm)	214.3
Frequency (Hz)	50
No. of Pole Pairs	14
Manufacturing Date	Aug 2006

Source: Baisha Site Visit − Generator Rating Plate

Each generator is then connected to a 10.5 kV generator bus bar and each generator step-up transformer steps up the voltage to the transmission grid voltage of 110 kV. Transformers and high voltage air-insulated switchgear are located in an annexure building to the powerhouse. The salient features of the transformers are provided in Table 4.7.

Table 4.7: Baisha Step-Up Transformers – Salient Features

	Step-up Transformer 1&2
Model	Shan Dong Luneng Electric Equipment SF10-40000/110
Rated Capacity (MVA)	40.0
Rated Voltage (kV)	121 ± 2 x 2.5%/10.5
Cooling	ONAF/ONAN
Connection	YNd11
Manufacturing Date	March 2006

Source: Baisha Site Visit – Transformer Rating Plate

4.2.2.6 *Other Facilities*

A separate staff building is located within the compound of the hydropower plant.

4.2.3 *Plant Maintenance and Operation*

4.2.3.1 *O&M of Main Hydraulic Structures*

Baisha dam has registered in Dam Safety Center in 2009 and ranked its safety level as Grade A by the Large Dam Safety Supervision Center.

From "Construction Acceptance Inspection Report for Baisha Hydropower Plant," Baisha plant experienced a five years return flood in June 15, 2010 with a maximum inflow of 1,380 m^3/s and maximum flood drainage of 670 m^3/s and the highest water level reached 265.04 m, the tail water level reached 204.04 m. The observations show that the dam displacement, leakage, osmotic pressure and stress-strain were within the normal range. The slopes near the dam seem stable from the records and the the dam is under safe operation.

4.2.3.2 *Operation and Maintenance of M&E System*

From the site visit and local inspection of the generation unit and balance of plant, it can be confirmed that that the general condition of the generating equipment is good.

The scheme is operated from a control room located on the ground floor of the powerhouse adjacent to the relay room. The ground floor also houses modern leak-free batteries and associated chargers for the DC supply of the power plant instead of outdated and hazardous lead-acid batteries.

Several additional administration buildings are located in the actual powerhouse compound, but no workshop is located on site and any necessary repair work needs to be carried out off-site in the nearby towns.

The operating floor of the powerhouse is spacious and clean and the loading/assembly bay includes a rotor poling pit for shaft machining and general rotor repair works. The operating floor also houses the oil storage tank and pump for the unit HPU (high-pressure unit).

The two step-up transformers are located on the ground floor in an adjacent building to the powerhouse, with the air-insulated switchgear located on the first floor of the same building.

It should be noted that there was no automatic fire fighting system, such as a water spray system, installed for the main step-up transformers, and in the unlikely event of transformer fire/explosion, manual fire fighting with fire extinguishers would be required. Furthermore, there were no means provided for removal of the transformers, such as a roller shutter gate, and replacement of the transformer would require removing at least one of the concrete walls enclosing the transformer.

Similarly, the air-insulated switchyard was fully enclosed, even though there was no obvious reason to do so.

While there is a risk of transformer explosion/fire and subsequent damage the adjacent building or switchgear, the design is not fatally flawed and is also used in other power stations in China.

The power station has only been in operation for a short time, and it was confirmed during the site visit that the hydraulic structures and major mechanical and electrical equipment were generally in good condition.

Complete records of maintenance were provided for both units from 2006 onwards. During the site inspection both units were operational, however, only one unit was generating due to low demand.

Maintenance at Baisha follows the guidelines for unit overhaul stated in Table 4.8 with A class maintenance every 4 to 6 years. The overall condition of the inspected machines and plant seems to indicate that both machines are overhauled and maintained in regular intervals.

Table 4.8: Scheduled and unscheduled Maintenance Record for Baisha

Year	Unit 1	Unit 2
2006		
2007		A (62 days)
2008	A (46 days)	
2009	B (55 days, stator)	
2010		B (40 days, rotor)
2011	B (45 days, electric braking)	
2012 (scheduled)	A (50 days)	
2013 (scheduled)		A

Additional smaller maintenance (C and D class maintenance) was also carried in each year to remedy small defects. The intervals and outage time of such small maintenance are as expected for stations of this size.

According to the maintenance schedule provided Unit 1 will come up for class A maintenance in 2012, with the next A class maintenance for Unit 2 scheduled for 2013.

Overall the maintenance records provided are satisfactory and there have been no major problems since operation.

4.2.3.3 *Power Output*

Generation records are shown in Table 4.9 for the period from January 2007 to September 2011 as the plant commissioning was completed in December 2006.

Table 4.9: Summary of Annual Energy Generation − Baisha

Year	Annual Generation	Load Factor	Proportion of Design Generation
	(GWh)		
2007	186.6	30%	100%
2008	155.4	25%	83%
2009	109.4	18%	59%
2010	223.9	37%	120%
2011(1)	87.6	n/a	n/a
Average (2007 – 2010)	168.8	28%	88%

Note 1: Generation data for January to September 2011 available only and hence no load factor or proportion of design has been calculated.

It can be seen from the table above that the load factor (proportion of design generation) for the scheme has been generally in the region of 20% to 40%, which is expected for this kind of peaking plant. The records also show that apart from 2009 the plant has mostly met its design generation.

Energy generation in 2009 was considerably lower compared to the other three full years of operation, and this is most likely linked to the low available water in the river and Fujian province in general as low generation outputs for those years has also been noticed for other plants in the province.

Table 4.10: Monthly Average Energy Generation at Baisha

Month	Average Generation (GWh)	Load Factor	Remarks
January	8.9	17%	Low generation
February	13.8	29%	
March	10.8	21%	
April	18.3	36%	
May	13.7	26%	
June	25.5	51%	Peak generation period
July	25.4	49%	Peak generation period
August	16.1	31%	
September	15.8	31%	
October	6.4	12%	Low generation
November	7.1	14%	Low generation
December	7.0	13%	Low generation
Total	168.8	28%	Low generation

For its short period of operation, the plant has managed to generate on average 88% of its design generation, which is a satisfactory generation value for this kind of plant.

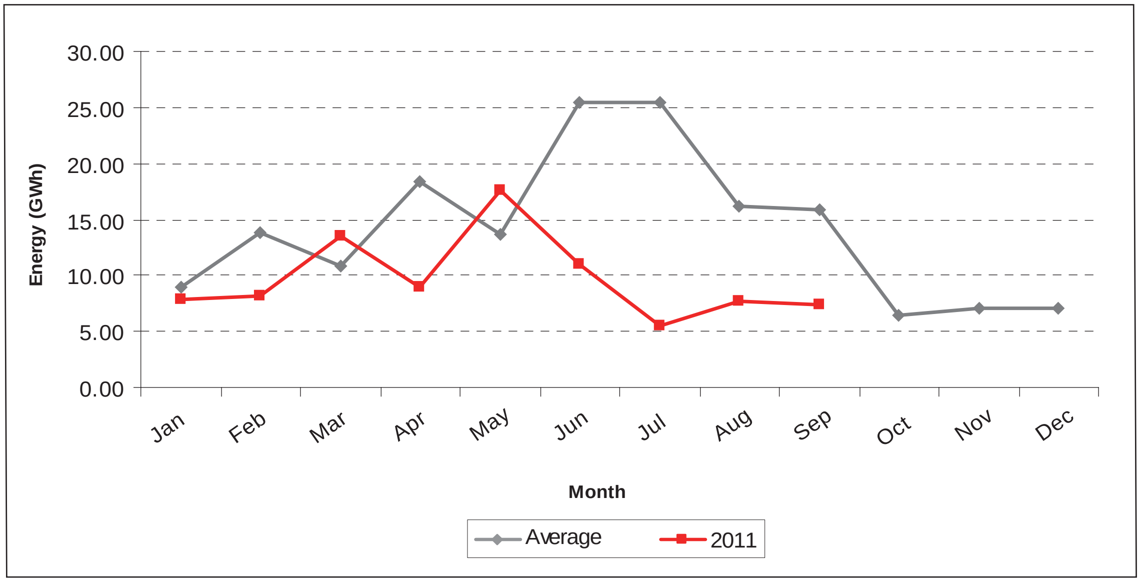
Table 4.10 shows the monthly average energy generation, indicating that peaking generation for the Baisha power plant is generally in June and July, with October to January being the low demand periods.

Based on the monthly average energy generation it is possible to estimate the total energy output of 2011 for Baisha Hydropower Plant. For this purpose, Table 4.11 shows the monthly output from January to September and this is then compared with the average monthly energy in Figure 4.1 below.

Table 4.11: Summary of Generation in 2011 (January to September)

Month	Average Generation (GWh)	Load Factor	Remarks
January	7.8	15%	
February	8.1	17%	
March	13.5	26%	
April	9.0	18%	
May	17.6	34%	
June	11.0	22%	
July	5.5	10%	
August	7.7	15%	
September	7.4	15%	
Total (Jan-Sep)	95		

Figure 4.1: Average Monthly Energy Generation and 2011



Source: Baisha Site Visit – Generating Output

From this figure, it can be seen that for the first five months of the year, Baisha was generating on average the same amount of energy as the previous years, albeit seemingly delayed by one month. However, for the high generation periods of June and July, Baisha was generating significantly less than the monthly averages for those two months and if generating output does not increase for the remainder of the year, it is likely that Baisha will not meet its design generation and an overall annual energy generation similar to 2009.

During our site visit, it was confirmed that the current period of low generation output is probably partly due to less inflow and low power demand in 2011.

4.2.4 Organization and Staff

According to the staffing program provided by China Huadian Fuxin, 31 staffs are permanently employed, 6 are management, 12 maintenance and 10 operational staffs. 3 staffs are assigned for health and safety inspection as well as logistics. Operational staff duties are organized in 2 shifts per day, which is a normal practise. No information was provided if temporary staff was employed during unit overhaul or maintenance periods.

4.2.5 Quality and Condition

The vegetation around the dam and powerhouse is well covered. No special issues are identified during site inspection. The plant shall ensure minimum drainage flow of 16.3 m^3/s to meet the demand for the downstream environmental and human use as required by the environmental administration.

4.2.6 Consent

The process water demand of power plant has been approved by the local authority. Baisha HEP obtained the approval of water abstraction permit as required (Number: Shui (Min) [2007] No. 000002), valid until December 31, 2012.

4.2.7 Grid Connection Agreement

We reviewed the grid connection agreement signed between Fujian Power Limited Company, Fujian Longyan Power Bureau and Fujian Mianhuatan Hydropower Development Limited Company in November 2006 (validity period: 2006/11/10-2008/12/31). All of the three parties agreed no further amendment three months before the expiration of the agreement so this agreement automatically extended for another three years, i.e. expired on December 31, 2011.

4.2.8 Conclusion

Baisha hydropower station is a peaking power station and has been in operation for approximately four and half years. The technology employed in the scheme (unit type, switchgear, batteries etc) is well established and appropriate to current design and considered to be low risk.

We have also reviewed general layout drawings and arrangement drawings of power house in addition to our site visit and no concerns have been found.

There is no seismic activity at the powerhouse location and no major flood events or landslides have occurred that could have affected the dam and powerhouse. Both the powerhouse and the dam are well maintained and in good condition.

Analysis of operational records has shown that the plant has generated on average up to 88% of its design generation, with only 2009 significantly lower than the design generation and it can be confirmed that so far the plant is operating and providing energy as anticipated. However, it is likely that in 2011 the power plant may miss its design generation partly due to a low inflow and power demand during the usual high generation period. But generally this scheme is well designed and operating according to expectations. Additionally, operating and maintenance staff appears well trained and competent.

It is recommended that these factors are taken into consideration in any commercial analysis of the scheme.

4.3 Mianhuatan Hydropower Plant

4.3.1 General

Mianhuatan hydropower plant is located in Yongding County, Fujian province and is approximately 25 km from Yongding county town. Mianhuatan hydropower plant also can play multi functions, including generation and flood control.

The hydropower plant began commercial operation in April 2001 and is designed as a peaking power station with a total installed capacity of 600 MW (4 units) based on a design discharge of 774.7 m^3/s (196.3 m^3/s for each turbine) at a rated head of 87.6 m.

The annual design energy production of the plant is 1,532 GWh, based on a plant load factor of 29.1% (or 2,533 operational hours per year).

4.3.2 Project Technical Program Review

4.3.2.1 Geology

"Expert Opinion on Seismic Intensity for Mianhuatan Hydropower Plant in Yongding County" (issued by Fujian Provincial Seismological Bureau, Minzhengyezi [035] (97)) stated that it is unlikely to have earthquake greater than 6 degree in this region within 100 years . As reference to the "China seismic intensity zoning map (1990)," (issued by State Seismological Bureau and the Ministry of Construction and approved by State Council of PRC in 1992), Mianhuatan is located in the 6 degree zone.

No in-depth study has been undertaken on the geology of the project area during site visit. A visual review of the structures does not indicate that they have suffered from any adverse movements. The size and nature of the structures involved in hydroelectric projects tend to mean that any adverse ground movements result in cracking of the windows and brickwork of the structures. None of this was evident during the site visit.

Due to the size of the reservoir, it was not possible to inspect the reservoir slopes for landslides; however, the areas visible from the dam and powerhouse showed no signs of being subjected to sliding.

4.3.2.2 Hydrology

The drainage area of the dam is 7,907 km^2. Reliable hydrological data series from 1951 are available. References to the design documents, the main hydrological characteristics are show in Table 4.12.

Table 4.12: Basic Hydrological Characteristics − Mianhuatan

No.	Item	Unit	Features	Remarks
1	Catchments area			
	The whole catchments	km^2	11,802	
	Drainage area	km^2	7,907	
2	Data series		1951-1978	28 years
3	Average annual runoff	10^8 m^3	73.2	
4	Average annual rainfall	mm	1,657.1	
5	Representative flood flow			
	20 years return	m^3/s	6,950	P=5%
	100 years return	m^3/s	9,440	P=1%
	Design flood flow	m^3/s	12,000	P=0.2%
	Check flood flow	m^3/s	15,500	P=0.02%
6	Flood volume			
	Design flood volume (3 days, P=0.2%)	m^3/s	19.8	
	Check flood volume (3 days, P=0.02%)	m^3/s	26	

Source: Mianhuatan Hydropower Plant Feasibility Study

4.3.2.3 *Design Standards*

The total storage capacity of Mianhuatan reservoir is 2.035 billion m^3. Mianhuatan HEP is designed as a Grade 1 multi-purpose project. The dam is Class 1 structures, based on 500 years return flood and checked with 5,000 years return flood.

Water conveyance structures are defined as Class 2 structures, based on 50 years return flood and checked with 500 years return flood. The water retaining structure of the intake is designed at the same standard with the dam.

The basic seismic intensity of the site is 6 degree and the design seismic intensity is also 6 degree. But for safety consideration, the dam is checked with 7 degree and the seismic fortification intensity of main water conveyance structures is degree 7.

4.3.2.4 *Scheme Layout and Main Structures*

Mianhuatan main structures are comprised of a 111 m high roller compacted concrete (RCC) dam, underground powerhouse, intake arrangement, spillway gates, flushing gate and hoisting equipment. The intake arrangement is located on the left side of the abutment. The normal water level is at 173 m ASL and the bottom water level is given as 146 m ASL, allowing for a total drawdown of 27 m and providing a useable live storage of 1,122 million m^3.

Apart from generation peaking energy dam is also used for flood control purpose, i.e. the dam is also used to regulate the downstream water supply and the salient features of the dam are provided in Table 4.13.

Table 4.13: Mianhuatan Dam – Salient Features

	Dam & Reservoir
Dam Type	Roller compacted concrete dam
Dam Height (m)	111
Crest Length (m)	308.5
Crest Width (m)	7
Live Volume (million m^3)	1,122
Total Volume (million m^3)	1,698
Catchments Area (km^2)	7,907
Impounds	Tingjiang River

Source: Mianhuatan Hydropower Plant Feasibility Study

The intake arrangement is located on the left side of the abutment.

The underground plant system is located in the left bank, including intake, diversion tunnel, penstock, underground power house, main transformer room, tail water regulation chamber, bus bar tunnel, access tunnel, ventilation hole, GIS distribution room and other underground structures.

4.3.2.5 *M&E System*

The underground powerhouse contains the generating units, step-up transformer, gas (SF_6) insulated switchgear and all balance of plant components.

Energy is generated by four vertical Francis-type turbines, each with a rated capacity of 150 MW, resulting in a station output capacity of 600 MW. To avoid unit cavitations and low pressures during load rejection, each unit is submerged by 6.5 m compared to the rated tail water level of approximately 85 m ASL. The salient features of each turbine are also summarised in Table 4.14.

Table 4.14: Mianhuatan Turbines – Salient Features

	1-4# Turbines
Model	Voith – HLD41-LJ-440
Rated Output (MW)	153
Rated Head (m)	87.6
Rated Discharge (m^3/s)	193.6
Rated Speed (rpm)	166.7
min. operating head (m)	68.0
max. operating head (m)	104.0
max. power output (MW)	175.0
Runner Setting (m)	-6.5
Inlet Diameter (m)	4.4
Year of Installation	2001

Source: Mianhuatan Site Visit – Turbine Rating Plate

Each Francis-type is coupled to a synchronous vertical axis salient-pole generator, located above the turbines on the generator floor, with a generating voltage of 15.75 kV. The salient features for each generator are provided in Table 4.15.

Table 4.15: Mianhuatan Generators – Salient Features

	Unit 1-4 Generators
Model	Dongfang Generator
Rated Capacity (MVA)	171.43
Rated Voltage (kV)	15.75
Rated Current (A)	6,248
Rated Power (MW)	150
Rated Speed (rpm)	166.7
Frequency (Hz)	50
No. of Pole Pairs	18
Moment of Inertia (tm^2)	1,600

Source: Mianhuatan Site Visit − Generator Rating Plate

For voltage step-up and power evacuation two generators are connected onto a common generator bus and generator step-up transformer, which is located on the operating floor of the powerhouse. Power is stepped up to the transmission grid voltage of 220 kV and the transformer is connected to a 220 kV gas (SF_6) insulated switchgear. Salient features of transformer and gas (SF_6) insulated switchgear are provided in Table 4.16 and Table 4.17.

Table 4.16: Mianhuatan Step-Up Transformers – Salient Features

	Transformer 1 to 2
Model	Baoding Tianwei Electrics – SSP-360000/220
Rated Capacity (MVA)	360
Rated Voltage (kV)	242 ± 2x2.5%/15.75
Cooling	ODAF
Connection	YNd11

Source: Mianhuatan Site Visit – Step-up Transformer Rating Plate

Table 4.17: Mianhuatan Gas (SF_6) Insulated Switchgear – Salient Features

	220 kV GIS
GIS Type	ZF9-252
Insulating Gas	SF_6
Rated Voltage (kV)	252
Rated Frequency (Hz)	50
Rated Current (A)	2,000

Source: Mianhuatan Site Visit – GIS Rating Plate

Power can be evacuated via a total of four 220 kV transmission lines which are connected to the GIS via SF_6 gas to air bushings outside of the powerhouse.

The powerhouse also houses the cast-resin dry type transformers for step-down to 400 V for station AC supplies, unit motor control centre and auxiliary services as well as all required balance of plant, i.e. cooling water systems, drainage systems, hydraulic pressure units for turbine control, etc.

4.3.2.6 *Other Facilities*

Facilities above ground include an administration building housing the control room, vent-regulated lead-acid batteries and chargers for station d.c. supplies as well as control and metering equipment. The hydropower station also includes site colony for resident staff.

4.3.3 Plant Operation and Maintenance

4.3.3.1 *Operation and Maintenance of Hydraulic Structures*

Mianhuatan dam has registered in the Dam Safety Centre as Grade A and passed the regular safety inspection organized by Large Dam Safety Supervision Center under State Electricity Regulatory Commission in 2009 identified as "normal" dam and it can be confirmed the operation of the dam is in line with the current specifications.

4.3.3.2 *Operation and Maintenance of M&E System*

From the site visit and local inspection of the generating unit and balance of plant, it can be confirmed that that the general condition of the generating equipment is good and only minimal signs of wear and tear were visible.

The complete operational records and schedules of Mianhuatan hydropower plant were available for review. The power station has been in operation for 10 years, and the site inspection showed that the major mechanical and electrical equipment are generally in good condition.

According to the provided maintenance plan each unit is scheduled to undergo A class maintenance every 4-5 years, actual maintenance carried out since 2011 is given in table 4.18 below.

Table 4.18: Maintenance Samples for Unit 1 to 4

Year	Unit 1	Unit 2	Unit 3	Unit 4
2001	–	–	–	C (5)
2002	B (27)	B (30)	B (23)	–
2003	B (21)	B (14)	–	B (13)
2004	B (15)	A (60)	B (21)	B (11)
2005	A (82)	B (15)	B (19)	B (14)
2006	B (18)	B (16)	B (21)	A (79)

Year	Unit 1	Unit 2	Unit 3	Unit 4
2007	B (19)	A (94)	B (18)	B (19)
2008	B (14)	B (17)	A (96)	B (20)
2009	A (83)	B (23)	B (15)	B (20)
2010	B (25)	B (19)	B (25)	B (30)
2011	B (20)	B (20)	B (20)	A (120)

Source: Maintenance records of Mianhuatan HEP

According to the provided maintenance records, apart from scheduled A Class maintenance, B class maintenance was carried each year after flood season to check if there is any damage to the units.

The given maintenance records show that Mianhuatan station is kept in good order and the site visit confirmed that all plant was in very good working condition.

As far as it was possible to tell, health and safety precautions were taken by the owners and operator and observed by operating and maintenance personnel (hard hats, ear protection, footwear, warning and hazard signs as well as garbage separation and recycling).

At the time of the site visit Unit 4 was currently out of service for class A maintenance. The general work and assembly areas were clean and well lit and working conditions were appropriate.

All other 3 generation units also appeared to be in very good operating condition and the operator confirmed that Mianhuatan did not have any major problems.

Machine hall, generator and turbine floor as well as all other underground floor level (access ways and transformer hall) as well as the above ground GIS arrangement were clean and in good working condition.

A water spray system for automatic fire fighting for the transformers was visible on inspection and is deemed sufficient for this purpose.

The scheme is operated from a control room located in an above ground administration building, overlooking dam and transmission lines.

Access to the SF_6 cable to air bushing and other related 220 kV gas-insulated switchgear equipment (CCVT, CT) was restricted by fencing and warning signs.

4.3.3.3 Power Output

Generation records are shown in Table 4.19 for the period of January 2002 to September 2011.

Table 4.19: Summary of Annual Energy Generation Mianhuatan

Year	Annual Generation	Load Factor	Proportion of Design Generation
	(GWh)		
2002	1,124.4	21%	73%
2003	1,314.7	25%	86%
2004	654.0	12%	43%
2005	1,651.0	31%	108%
2006	1,897.4	36%	124%
2007	1,581.5	30%	103%
2008	1,601.1	30%	105%
2009	1,027.3	20%	67%
2010	1,933.8	37%	126%
2011[1]	499.4	n/a	n/a
Average (2002-2010)	1,420.6	27%	93%

Note 1: Generation data for January to September 2011 available only and hence no load factor or proportion of design has been calculated.

It can be seen from the table above that the load factor for the scheme (percentage of actual generation out of maximum possible generation) has generally been in the region of 20% to 40%, which is expected for this kind of high capacity peaking plant. The records also show that for the period from 2005 onwards the plant has exceeded its design generation every year apart from 2009.

In 2004 and 2009 energy generation was considerably lower compared to the other 8 years available, and this may be linked to the low available water in the Tingjiang River and in Fujian province in general, as low generation outputs for those years have also been noticed for other plants in the region.

On average, the plant has managed to meet its design generation, generating 93% (2002-2010) of its design energy, indicating that the plant is operating as planned.

Table 4.20 shows the average monthly energy generation and Table 4.21 provides the monthly energy figures for a dry and wet year. These tables clearly show that the peak generation period for Mianhuatan HEP is between April and August, with the plant reaching load factors in excess of 30%, i.e. at least 2 out of 4 units operating.

Table 4.20: Average Monthly Energy Generation (2002-2010)

Year	Monthly Generation	Load Factor	Remarks
	(GWh)		
January	57.1	13%	
February	74.8	18%	
March	96.5	22%	
April	157.3	36%	High Generation Period
May	162.3	36%	High Generation Period
June	247.6	57%	High Generation Period
July	172.4	39%	High Generation Period
August	136.3	31%	High Generation Period
September	104.4	24%	
October	60.3	14%	
November	60.4	14%	
December	85.8	19%	
Total	1,415.2	27%	

Table 4.21: Monthly Energy for low generation (2004) and high generation (2006) year Mianhuatan

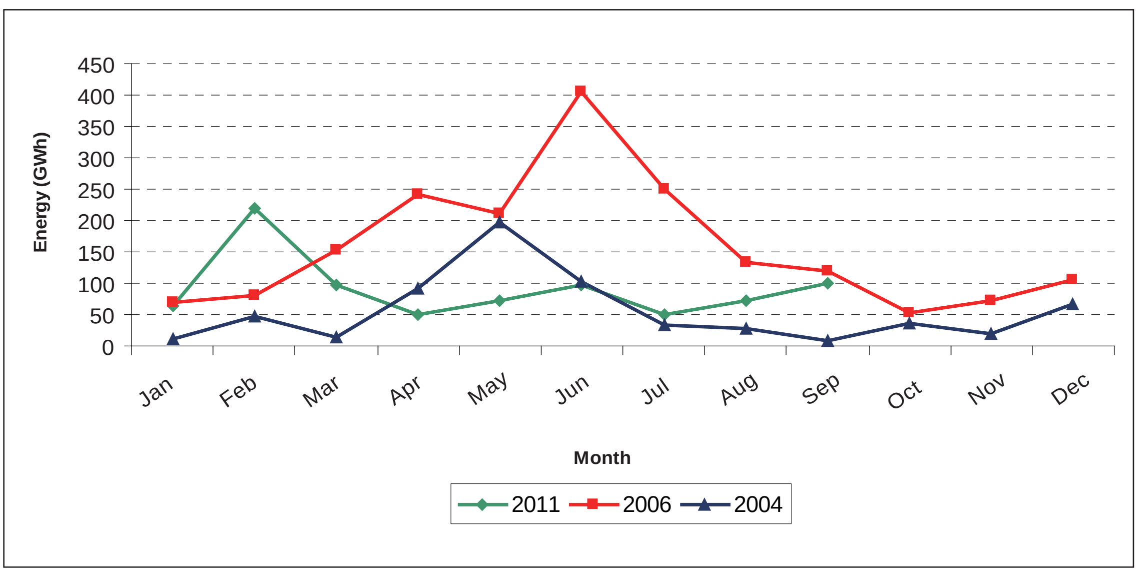
	2004		2006	
Month	Actual Generation	Load Factor	Actual Generation	Load Factor
	(GWh)		(GWh)	
January	9.91	2%	70.6	16%
February	46.8	12%	81.2	20%
March	13.4	3%	152.0	34%
April	91.7	21%	241.7	56%
May	196.3	44%	211.9	47%
June	103.9	24%	406.5	94%
July	34.5	8%	249.7	56%
August	28.7	6%	134.5	30%
September	7.2	2%	120.4	28%
October	34.9	8%	53.2	12%
November	20.5	5%	70.9	16%
December	66.2	15%	104.8	23%
Total	654.0	12%	1,897.4	36%

Table 4.20 and Table 4.21 can also be used to estimate the overall generating output of 2011 based on the given energy generation between January and September 2011. The average output for the first nine months of the year is shown in Table 4.22 and is then also compared graphically with the average, dry and wet year in Figure 4.2 below.

Table 4.22: Summary of Generation in 2011 (January to September) – Mianhuatan

Month	Actual Generation (GWh)	Load Factor	Remarks
January	62.8	14%	
February	219.5	54%	
March	96.6	22%	
April	48.7	11%	
May	71.9	16%	
June	96.6	22%	
July	48.67	11%	
August	71.89	16%	
September	99.87	23%	
Total (from Jan to Sep)	816.53	21%	

Figure 4.2 Monthly Energy Generation (Dry, Average & Wet Year) and 2011



Source: Mianhuatan Site Visit-Energy Generation

From this figure it can be seen that for January to March 2011 Mianhuatan was generating as or above an average year, however, since April generating output has been lower than the energy output of the previously driest year, i.e. 2004. As generating output did not increase during the high generation period, it is likely that Mianhuatan will not meet its design generation.

During our site visit it was confirmed that the current period of low generation output is partly due to a reduced available water and low power demand.

4.3.4 Organization and Staff

According to the staffing program provided by China Huadian Fuxin, a total 49 permanent staffs are employed; this includes 5 management staffs, 19 maintenance staffs and 21 operations staffs and working schedules are arranged in 2 shifts per day for operational staff. No information was provided if temporary staff was employed during unit overhaul or maintenance periods.

4.3.5 Environment

According to the reply on "Fujian Mianhuatan hydropower plant environmental impact report (revised) approval" issued by National Environmental Protection Agency (Huanjian [1995] No. 436), Mianhuatan hydropower project is the fourth cascade hydropower plant in Tingjiang River (five cascade hydropower plants along Tingjiang River basin in total). There is no major environmental constraint for Mianhuatan project and the potential adverse impacts can be mitigated with appropriate measures.

4.3.6 Consents

We reviewed the Power Business Licence issued by State Electricity Regulatory Commission issued to Mianhuatan Hydropower Development Limited Company (1341907-00203) effective from 2007/02/06-2027/02/05.

Mianhuatan Hydropower Plant has obtained hold the approval of water abstraction permit (Number: Shui (Min) [2007] No. 000027)as required, valid until December 31, 2012.

4.3.7 Grid Connection Agreement

MM reviewed the grid connection agreement signed between Fujian Power Limited Company and Fujian Mianhuatan Hydropower Development Limited Company in 2009 (validity period: 2009/06/01-2015/12/31).

4.3.8 Conclusions

Mianhuatan hydropower station is a large-scale peaking power station and has been in operation for approximately ten years. The technology employed in the scheme (unit type, switchgear, batteries etc) is well established and appropriate to current design and considered to be low risk.

We have reviewed general layout drawings and arrangement drawings of powerhouse in addition to our site visit and no concerns have been found.

The project area is not in a seismically active area and it appears no major flood events or landslides have occurred that could have affected the dam and powerhouse. Overall the plant is well maintained and in very good condition.

Analysis of operational records have shown that the plant has missed its annual design generation only once since 2005 and has on average generated 93% of its design generation, which shows that the plant is operating and providing energy as anticipated. It is likely that in 2011 the power plant will miss its design generation partly due to less water available and low power demand.

Generally this scheme is well designed and operating according to expectations and staff appear well trained and competent.

It is recommended that these factors are taken into consideration in any commercial analysis of the scheme.

4.4 Ansha Hydropower Plant

4.4.1 General

The Ansha hydropower plant is located in Sanming, Fujian province and is approximately 50 km from Yong'An town.

Ansha began construction in December 1970 and the reservoir started to store water in September 1975. The first unit came into commercial operation since October in 1975 and the plant was designed to provide continuous power output for the local and regional grid. The plant has a rated output capacity of 115 MW based on a design discharge of 221.2 m^3/s and a rated head of 60 m and has been designed to provide an annual energy of 546.8 GWh based on a 51.3% plant load factor (or 4,500 hours per year).

4.4.2 Project Technical Program Review

4.4.2.1 Geology

According to the preliminarily design of Ansha scheme, the basic rock for hydraulic structures are quartzes conglomerate and sandstone. The seismic intensity is designed as degree 6.

No in-depth study has been undertaken on the geology of the project area. This area is not considered to be seismically active and visual reviews of the structures do not indicate that they have suffered from any adverse movements. The size and nature of the structures involved in hydroelectric projects tend to mean that any adverse ground movements result in cracking of the windows and brickwork of the structures none of this was evident during the site visit. As this station has been in operation since 1975, any ground movements would be noticeable well before now.

Due to the size of the reservoir it was not possible to inspect the reservoir slopes for landslides, however the areas visible from the dam and powerhouse showed no signed of being subjected to sliding.

4.4.2.2 Hydrology

The catchments area for Ansha reservoir is 5,184 km^2, with multi-year average flow of 160 m^3/s and annual runoff of 5.04 billion m^3. The minimum observed flow is 20.7 m^3/s and the largest flood in history is 7,300 m^3/s. The average annual sediment delivery is 0.655 million tons.

4.4.2.3 Design Standards

The RCC dam is defined as Class 2 structure and the design is based on 100 year return flood and checked with 1,000 years return flood.

4.4.2.4 Scheme Layout and Main Structures

The scheme is composed by the dam and sluice way, penstock, surge shaft, powerhouse, switchgear, log transportation facilities, irrigation drawing canal and other permanent structures. Water is provided to the generating units from Ansha Reservoir, which is impounded by a RCC dam. There are 3 spillway gates (clear width 56.0 m for each) and controlled by 4 radial steel gates (13.5 m*14.0 m). The outlet entrance and irrigation flow release gate are arranged in the dam section. There is a small hydropower plant at the bottom of the dam. However, this plant was not part of this review.

The intake arrangement is located on the left abutment with a total length of 300 m. The above ground powerhouse is arranged at the left side of the dam downstream, around 130 m away from the dam. In addition to energy generation, the dam also serves as a flood control mechanism and does regulate the downstream water supply; its salient features are provided in Table 4.23.

Table 4.23: Ansha Dam – Salient Features

	Dam & Reservoir
Dam Type	RCC
Dam Height (m)	92
Crest Length (m)	170
Live Volume (million m^3)	527
Total Volume (million m^3)	740
Catchments Area (km^2)	5,184
Impounds	Sha River

The normal operating water level is at 265 m asl and the bottom water level is given as 244 m asl, allowing for a total drawdown of 21 m.

4.4.2.5 M&E System

The powerhouse contains the generating units, all balance of plant components, lead acid batteries for DC supply, dry-type transformers for step-down for AC station supply as well as relay room, and control and metering equipment.

Power is generated by 3 differently rated vertical Francis-type turbines. All three units have a different rated capacity, with Unit 2 being the smallest with a rated capacity of 20.8 MW. Unit 1 has a rated capacity of 23.0 MW and Unit 3 is the largest unit with a rated capacity of 77.3 MW, resulting in a total rated capacity of 121.5 MW. The centreline of all three units is set to at least 2 m below rated tail water level to avoid unit cavitations and low pressures during load rejection. The salient features of each turbine are summarised in Table 4.24.

Due to its age Unit 1 has been replaced and upgraded in 2007 and we understand that Unit 3 is lined up for replacement in 2012. No fixed date was given for the replacement of Unit 2.

Table 4.24: Ansha Turbines – Salient Features

	1# Turbine	2# Turbine	3# Turbine
Model	HLA835a-LJ-203.4	HL220-LJ-200	HL702-LJ-410
Rated Output (MW)	23.4	20.8	77.3
Rated Head (m)	68.0	64.5	60
Rated Discharge (m^3/s)	38.2	37.0	146
Rated Speed (rpm)	300	300	136.4
Min. operating head (m)	49.3	49.3	49.3
Max. operating head (m)	73.3	73.3	73.3
Runner Setting (m)	-2.4	-2.0	-2.2
Turbine Centreline (m)	188.8	188.8	189
Year of Installation	2007	1975	1975

Source: Ansha site visit − turbine rating plate

Each Francis-type turbine is coupled to a synchronous vertical axis salient-pole generator, located on the generator floor above the turbine. Unit 1 and Unit 2 are generating at the same voltage of 10.5 kV and are connected to common medium voltage busbar. Due to the higher output capacity of unit 3, the generator rated voltage is 13.8 kV and the generator is connected to a separate medium voltage busbar. The salient features of Unit 1 to 3 are given in Table 4.25.

Table 4.25: Ansha Generators – Salient Features

	1# Generator	2# Generator	3# Generator
Model	SF23.3-20/4250	SF425/120-20TH	TS-854/190-44
Rated Capacity (MVA)	26.94	23.13	88.24
Rated Voltage (kV)	10.5	10.5	13.8
Rated Current (A)	1,482	1,270	3,690
Power Factor (-)	0.865	0.865	0.85
Rated Power (MW)	23.3	20.0	75.0
Rated Speed (rpm)	300	300	136.4
Frequency (Hz)	50	50	50
No. of Pole Pairs	10	10	22
Manufacturing Date	Jan 2006	Mar 1978	Dec 1972

Source: Ansha Site Visit – Generator Rating Plate

Voltage step up to the transmission grid voltage of 110 kV is achieved by two separate oil-filled transformers, located above ground level in an outside location next to the powerhouse. The 10.5 kV generator busbar is connected to a 63 MVA transformer while the 13.8 kV busbar is connected to a 120 MVA transformer. The salient features of both transformers are provided in Table 4.26.

Table 4.26: Ansha Step-Up Transformers – Salient Features

	1# Transformer	2# Transformer
Model	SFPS10-J-63000/110	SFPQ10-120000/110
Rated Capacity (MVA)	63	120
Rated Voltage (kV)	121 ± 2x2.5%/10.5	121 ± 2x2.5%/10.5
Cooling	ODAF	ODAF
Connection	YNd11	YNd11

Source: Ansha site Visit-Transformer Rating Plate

4.4.2.6 *Other Facilities*

The two step-up transformers as well as the 110 kV ring busbar for power evacuation are located above ground, separate to the powerhouse. A total of 3 circuits of transmission lines are available for power export from Ansha hydropower station.

An oil storage shed and workshop are also located above ground in near vicinity of the transformers.

The hydropower station includes a site colony for resident staff as well as number of workshop facilities.

4.4.3 Plant Operation and Maintenance

4.4.3.1 *Operation and Maintenance of Main Hydraulic Structures*

It is found from the third regular safety inspection report that there was certain water erosion at the apron for tail water of Unit 3. The site staff reported that it has been repaired in December 2009 and closely joint with the bed rock. Ansha dam was developed in 1975, although with certain defects, generally such defects are not likely to threaten the safety of the dam. Ansha dam is ranked as "normal dam" at the third round inspection and satisfied with the current specification.

4.4.3.2 Operation and Maintenance of M&E System

The operational records since beginning of operation in 1975 of Ansha hydropower plant were available for review, however, maintenance records were only provided for the last 4 years of operation and these are given in Table 4.27.

Table 4.27: Scheduled and unscheduled Maintenance Record for Ansha

Year	Unit 1	Unit 2	Unit 3	Unscheduled
2008	–	A	–	
2009	–	–	A	Outage
2010	B	–	–	
2011	–	B	–	

As Unit 1 has been completely replaced in 2007 only one class B maintenance was carried out for this unit. Unit 2 and 3 have both undergone at least one class A maintenance in accordance with Table 4.1 and considering that Unit 3 is planned to be replaced in 2012, it is most likely that the next class A maintenance will not occur before 2013; most likely for Unit 1 (in its 6th year since installation) unless approval is being given to replace Unit 2.

During the undertaken site visit Unit 2 was out of service for class B maintenance. The general work and assembly areas were clean and well lit and working conditions were appropriate. As Unit 2 was over 35 years in service, signs of wear and tear were visible on shaft, turbine cover and other unit parts; this, however, was to be expected. There were no signs of severe damage to runner or guide vane apparatus due to heavy sedimentation, oil spillage from HPU or oil mist on exposed generator parts.

Machine hall, generator and turbine floor were clean and in good working condition considering the age of the station and the fact that maintenance was underway.

Due to the age of the station, lead-acid batteries are used for DC services supply and these are located in a separate ventilated room in the powerhouse. Due to the nature of the batteries, the chargers had to be located in a neighbouring room, but are on the same floor level.

Both oil-filled step-up transformers are located above ground between powerhouse and air-insulated switchyard and are separated by concrete blast walls. A water spray system for automatic fire fighting was visible.

Three decommissioned transformers (two of transformers that were originally commissioned in 1975, as well as one transformer, which had been replaced in 2001 due to underperformance) are stored on the pathway towards the switchyard. It is not clear, why these transformers have not been transported off-site or if they have been drained, however, no visible oil spillage was noted around the decommissioned transformers.

An oil storage room and warehouse are located at the back of the 2nd transformer, but were not inspected.

Access to 110 kV air-insulated switchgear (CCVT, CT) is not restricted by fencing and no warning signs were visible indicating a high-voltage area, but equipment seemed to be in good working out (visual inspection).

Apart from the decommissioned transformers as well as the missing access restrictions to the switchyard, necessary health and safety precautions have been taken by the owner and were observed by operating personnel (hard hats, ear protection, footwear, warning and hazard signs as well as garbage separation and recycling).

4.4.3.3 *Power Output*

Generation records are shown in Table 4.28 for the period of October 1975 to August 2011. Commercial operation started in October 1975, however, ongoing commissioning for other units may have affected the energy generation during last the 3 months.

Table 4.28: Summary of Annual Energy Generation – Ansha

Year	Annual Generation (GWh)	Load Factor	Proportion of Design Generation	Year	Annual Generation (GWh)	Load Factor	Proportion of Design Generation
1975[(1)]	15.23	n/a	n/a	1993	551.8	52%	101%
1976	412.6	39%	75%	1994	599.7	56%	110%
1977	466.7	44%	85%	1995	715.0	67%	131%
1978	516.7	49%	94%	1996	562.4	53%	103%
1979	522.5	49%	96%	1997	778.5	73%	142%
1980	525.9	49%	96%	1998	681.8	64%	125%
1981	555.8	52%	102%	1999	586.6	55%	107%
1982	626.8	59%	115%	2000	563.3	53%	103%
1983	609.8	57%	112%	2001	618.6	58%	113%
1984	540.6	51%	99%	2002	560.4	53%	102%
1985	669.5	63%	122%	2003	422.4	40%	77%
1986	549.8	52%	101%	2004	243.5	23%	45%
1987	540.8	51%	99%	2005	505.7	48%	92%
1988	608.3	57%	111%	2006	565.7	53%	103%
1989	467.2	44%	85%	2007	534.0	50%	98%
1990	656.1	62%	120%	2008	486.4	46%	89%
1991	402.9	38%	74%	2009	357.3	34%	65%
1992	693.1	65%	127%	2010	640.2	60%	117%
				2011[(2)]	21.2	n/a	n/a
Average (1976-2010)	552.5	51.9%	101%				

Note 1: Commissioning works in 1975 may have affected generation.

Note 2: Generation data for January to September 2011 available only and hence no load factor or proportion of design energy has been calculated.

It can be seen from the Table 4.28 that the load factor for the scheme has been generally in the region of 40% to 60%, which is expected for this kind of power plant. The records show that since 2000 the plant failed only three times (2003, 2004 and 2009) to provide at least 90% of its design generation.

Especially in year 2004 and 2009 energy generation was considerably lower than for the other 8 years of the decade, and this most likely is linked to the low available water in Shaxi River Basin and Fujian province in general, as low generation outputs for those years have also been noticed for other plants in the region.

On average the plant has managed to exceed its design generation by 1% for the 35 year period from 1976 to 2010, with an average annual energy of 552.5 GWh compared to the design energy of 546.8 GWh. This indicates that the plant is operating as planned.

Table 4.29 shows the average monthly energy generation and Table 4.30 provide the monthly energy figures for a dry and wet year, which shows that the peak generation period for the Ansha power plant is between April and August, with load factors in excess of 50%, i.e. the plants output capacity during those periods is in excess of 60 MW. As the total capacity of unit 1 and 2 is only 43 MW, it is obvious that an outage/overhaul of Unit 3 will have a negative impact on the generation output and revenue at Ansha plant. If Unit 3 is being replaced in dry season of 2012 as scheduled the impact will not be significant.

Table 4.29: Average Monthly Energy Generation (1976-2010)-Ansha

Month	Average Generation (GWh)	Load Factor	Remark
January	23.4	26%	
February	27.9	34%	
March	44.7	49%	
April	66.3	76%	High generation period
May	73.4	81%	High generation period
June	74.5	85%	High generation period
July	66.9	74%	High generation period
August	52.7	58%	High generation period
September	41.5	47%	
October	30.1	33%	
November	27.1	31%	
December	24.1	27%	
Total	552.5	52%	

Table 4.30: Monthly Energy in low Generation (2004) and high Generation (2006) year Ansha

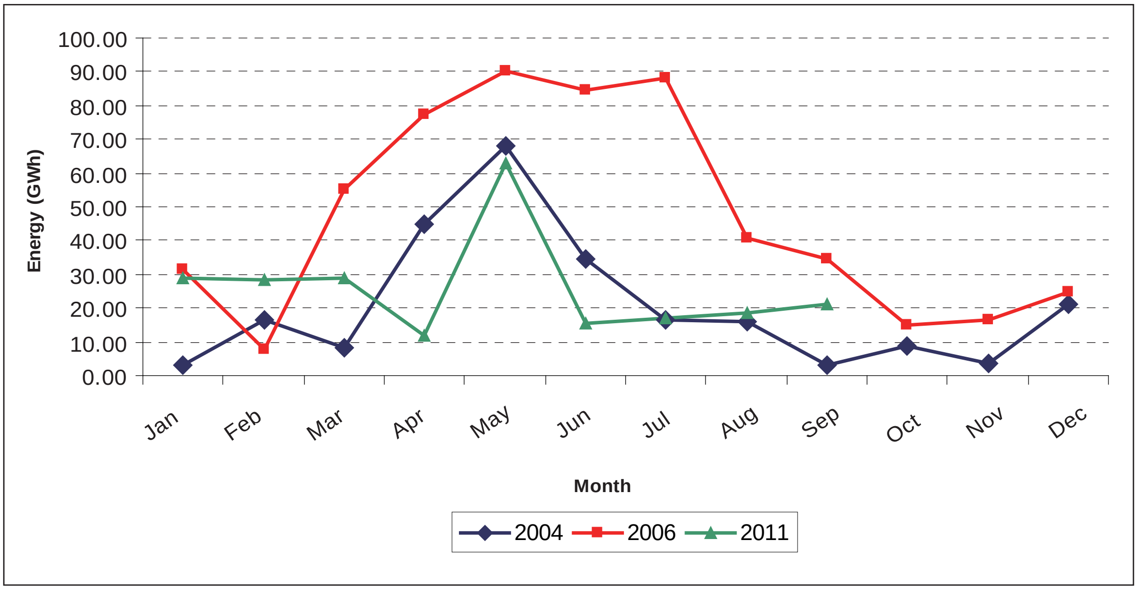
	2004		2006	
Month	Actual Generation (GWh)	Load Factor	Actual Generation (GWh)	Load Factor
January	3.1	3%	31.2	35%
February	16.4	20%	7.9	10%
March	8.1	9%	55.2	61%
April	44.7	51%	77.2	88%
May	68.0	75%	90.2	100%
June	34.3	39%	84.6	97%
July	16.4	18%	88.1	97%
August	15.9	18%	40.6	45%
September	3.3	4%	34.5	39%
October	8.9	10%	14.9	16%
November	3.4	4%	16.3	19%
December	21.1	23%	25.0	28%

The monthly generating output of Ansha in Table 4.29 and Table 4.30 can be used to estimate the annual generating output for 2011. The monthly output for the first nine months (January to September) is given in Figure 4.3 and is also compared graphically in Table 4.31 below with the monthly output of a dry, wet and average year.

Table 4.31: Summary of Monthly Generation in 2011 (January to September)

Month	Actual Generation (GWh)	Load Factor	Remarks
January	28.8	32%	
February	28.6	35%	
March	28.9	32%	
April	11.7	13%	
May	63.0	70%	
June	15.4	18%	
July	17.2	19%	
August	18.4	20%	
September	21.03	23%	
October	233.03	29%	
November			
December			

Figure 4.3 Monthly Energy Generation (Dry, Average & Wet Year) and 2011



Source: Ansha Site Visit – Generating Output

This figure shows that the generation output of Ansha hydropower plant is in line with the lowest generation on record in 2004 and as such it is expected that 2011 will be another low generation year on a similar level as 2004. Hence, it is most likely that Ansha hydropower plant will not meet its design generation in 2011 due to significantly less inflow than annual average level.

4.4.3.4 *Future Works*

At Ansha hydropower plant the following works are planned to be carried out over the next years:

- Replacement of Unit 3 – planned for 2012 with an increase in capacity to 85 MW;
- Replacement of Unit 2 – the station has applied for replacement of this unit, but as of the site visit, the approval for this maintenance work was still outstanding;
- Raising of Dam – a feasibility study is currently carried out to investigate the benefits of raising Ansha dam by 10 m-15 m to a dam height of approximately 102 m to 107 m.

The increased net head will result in a higher installed capacity, but this would likely result in upgrading the existing units and generators to adjust the unit rated head.

4.4.4 Organization and Staff

According to the information received from Huadian Fuxin, 22 people are employed at Ansha for reservoir regulation, a total of 80 maintenance personnels, 24 operational staffs and 4 health and safety staffs. Operational staffs are organized in 2 shifts per day. No information was provided if temporary staff was employed during unit overhaul or maintenance periods.

4.4.5 Environment

As Ansha plant was constructed in 1970s, the central government did not have Environmental Impact Assessment (EIA) and EIA acceptance regulations at that moment. There are no special environmental issues, which need further attention during site inspection.

4.4.6 Consents

Ansha HydroPower Plant has applied the water abstraction permit as required. The permit number is Shui (Min) [2007] 000012, valid until December 31, 2012.

4.4.7 Grid Connection Agreement

MM reviewed the grid connection agreement signed between Fujian Power Limited Company, Sanming Power Bureau under Fujian Power Limited Company and Ansha Hydropower Plant in June 30, 2011 (validity period: 2011/07/01-2016/04/30).

4.4.8 Conclusions

Ansha hydropower station is a large season-regulation power station, which is rare in Fujian province and has been in operation for approximately 36 years. Some of the technology employed in the scheme (batteries) is considered old and may require replacement, even though it is not affecting the station capability. Most other equipment either has been replaced or is still up to current design standards (transformers, switchgear). Overall the station equipment is appropriate for operation and considered to be low risk.

We have also briefly reviewed general layout drawings and arrangement drawings of the powerhouse in addition to our site visit and no concerns have been found.

Analysis of operational records has shown that the plant has only missed its annual design generation target three times since 2000 and over the whole operating period of 36 years it has exceeded its design generation by 1%, which shows that the plant is operating and providing energy as anticipated. It is projected that Ansha will miss its design generation in 2011 due to significant less inflow, which also been noted for other plants in the region.

Additionally, the plant is depending mainly on one unit (Unit 3), which provides over 60% of the station capacity. Time-consuming scheduled or unscheduled outages of this unit could have a significant impact on the energy generation potential of the station.

Generally this scheme is operating well and is good working condition considering its age. Operating and maintenance staff appear well trained and competent.

It is recommended that these factors are taken into consideration in any commercial analysis of the scheme.

4.5 Fenghai Hydropower Plant

4.5.1 General

The Fenghai hydropower plant is located in Samning county, Fujian province and is approximately 30 km from Yong'An town.

Fenghai hydropower plant began commercial operation in June 2005 and is a low water head run-of-river type power plant with an installed capacity of 30 MW based on a total of 273.9 m^3/s at a rated head of 9.9 m. The powerhouse is located next to the weir and intake structure. Fenghai hydropower plant is approximately 15 km downstream of Ansha hydropower plant.

The annual design energy production of the plant is given as 135.8 GWh, based on a plant load factor of 51.7% (or 4,525 hours per year).

4.5.2 Project Technical Program Review

4.5.2.1 Geology

According to the early investigation results, the regional structure in the site is simple and stable. In addition, considering the dam size and storage capacity, the possibility to induce earthquake due to the presence of reservoir is very low.

No in-depth study has been undertaken on the geology of the project area. This area is not considered to be seismically active and a visual review of the structures does not indicate that they have suffered from any adverse movements. The size and nature of the structures involved in hydroelectric projects tend to mean that any adverse ground movements result in cracking of the windows and brickwork of the structures none of this was evident during the site visit.

4.5.2.2 Hydrology

The catchment of Fenghai HEP is 5,518 km^2. The average annual runoff is 5.39 billion m^3 and the multi-year average flow is 171 m^3/s.

4.5.2.3 Design Standards

According to GB50201-94 "Flood Control Standards" and DL5180-2003-"Hydropower Project Classification and Safety Design Standards," the project is classified as Grade III based on the size of Fenghai Hydropower Plant. Main structures are designed as Class 3 structures based on 50 years return design flood, checking with 500 years return flood; the water retaining structures at the downstream of power house and access road is designed based on 100 years return flood and checked with 200 years return flood.

It can be confirmed that the original design is in line with standards and current specifications.

4.5.2.4 *Scheme Layout and Main Structures*

The structures at Fenghai are composed by the weir, spillway gates, intake arrangement, trashrack grappling machine powerhouse and outdoor switchgear yard. The powerhouse is arranged at the left side of the river and the outside switchgear is located at the downstream of the powerhouse. The main drivers for developing the Fenghai hydropower project were to generate continuous electricity for the local grid and industry without playing flood control and water supply functions.

4.5.2.5 *M&E System*

The powerhouse houses two horizontal bulb-type turbines with an installed capacity of 15 MW each. The centreline of each turbine is set at 166.5 m, approximately 7.5 m below the tail water level. The salient features of each unit are summarised in Table 4.32.

Table 4.32: Fenghai Turbines Salient Features

	Turbines 1 & 2
Turbine Type	Bulb
Model	GZA684-WP-440
Rated Output (MW)	15.0
Rated Head (m)	9.9
Rated Discharge (m^3/s)	136.95
Rated Speed (rpm)	136.4
min. operating head (m)	3.23
max. operating head (m)	14.3
Runner Setting (m)	-7.5
Turbine Centreline (m asl)	166.5
Runner Diameter	4.4 m
Installation Date	2005

Source: Fenghai Site Visit – Generator Rating Plate

Each bulb-type turbine is coupled to a synchronous salient-pole generator, located in the bulb of the turbine enclosure, with a generating voltage is 6.3 kV. The salient features of the generator are given below in Table 4.33.

Table 4.33: Fenghai Generators Salient Features

	Generators 1 & 2
Model	SFG15-44/4590
Rated Capacity (MVA)	16.7
Rated Voltage (kV)	6.3
Rated Current (A)	1,527.4
Power Factor (-)	0.9 (lagging)
Rated Power (MW)	15.0
Rated Speed (rpm)	136.4
Frequency (Hz)	50
No. of Pole Pairs	22
Rated Efficiency (%)	97.3

Source: Fenghai Site Visit − Generator Rating Plate

Both generators are connected a common generator bus and a single three-winding oil-insulated generator step-up transformer located above ground and outside the powerhouse. The transformer steps up the voltage to the transmission grid voltage of 110 kV for power evacuation via a single transmission line. The transformer also has a tertiary winding to 38 kV for direct export to the local grid and consumers. The salient features of the three-winding transformer are provided in Table 4.34.

Table 4.34: Fenghai Step-Up Transformers Salient Features

	Step-Up Transformer
Model	SS9-40000/110
Rated Capacity (MVA)	40.0
Rated Voltage (kV)	121±2x2.5%38.5//6.3
Cooling	ONAN
Connection	YNyn0d11
Manufacturing date	Oct 2004

Source: Fenghai Site Visit – Transformer Rating Plate

4.5.2.6 *Other Facilities*

High voltage switchgear equipment is located outside the main powerhouse in an air insulated switchyard. Additional administrative buildings are also located within the power plant complex.

4.5.3 Plant Operation and Maintenance

4.5.3.1 Operation and Maintenance of Main Hydraulic Structures

From the site visit and local inspection of the generating unit and balance of plant, it can be confirmed that the general condition of hydraulic structures are in good condition. The intake is a traditional arrangement to prevent major debris entering the penstock and a trashrack cleaning system is installed to clean the trashrack from any debris caught.

From operation records, Fenghai hydropower plant has experienced two flood seasons from scheme operated to 2008. From site visit and local inspection, the dam, water retaining walls, powerhouse and other hydraulic structures were in good condition. The intake gate, tail water gate, overflow weir, maintenance gate and hoisting equipments seemed operated properly. The spillways consist of 3 radial gates and stop logs. The radial gates were in good condition.

4.5.3.2 Operation and Maintenance of M&E System

The operational records since beginning of operation of Fenghai hydropower plant were available for review. The power station has only been in operation for a short time, and upon inspection during the site visit it was confirmed that major mechanical and electrical equipment are generally in good condition.

According to the available operational records and maintenance procedures, provided in Table 4.41, no unscheduled incidents have been reported. In 2010, Unit 1 has undergone a planned class A maintenance outage, which lasted for 95 days. Comparing with Table 4.2, such major plant outages for comparable Francis-type turbines should only last approximately 60 days.

An extended outage period for the first ever major maintenance of a new unit is expected and future outage times are expected to be shorter than 95 days. Additionally minor repairs were carried out on both units in 2011.

Unit 2 was undergoing maintenance during site visit. It was reported that the maintenance would only last for one day to eliminate certain defects. The latest Class A maintenance for Unit 1 and Unit 2 was in 2010 and 2008 respectively.

Table 4.35: Scheduled and unscheduled Maintenance Record for Fenghai

Year	Unit 1	Unit 2
2006	A	–
2007	–	–
2008	–	A
2009	–	–
2010	A (95 days)	–
2011*	–	–

Source: Maintenance plan − Fenghai

The scheme is operated from a control room located in an adjacent ground administration building on the ground floor. Next to the control room is the relay room and motor control centre. The ground floor also houses the VRLA batteries and associated chargers for the DC supply of the power plant.

The operating floor of the powerhouse is spacious and clean and the loading/assembly bay includes a rotor poling station and a generator holding slot for extensive shaft machining and generator repair works.

Access to the bulb turbine floor level is via several stair cases and access to the unit is provided via a small manhole. The operating area around the turbine itself houses the guide vane mechanism and the HPU, both looked in good working order.

The generator step-up transformer was located outside the building, surrounded by a simple fence with sand pits.

As with all other inspected hydropower plants health and safety precautions were been taken by the operator and were observed by operating personnel (hard hats, ear protection, footwear, warning and hazard signs) and storage areas were clean and tidy.

4.5.3.3 *Power Output*

Generation records are shown in Table 4.36 for the period of June 2005 to September 2011. Even though commercial operation of Unit 1 began in June 2005 so that the generation was lower than other years, and Unit 2 in November 2005. Generation data for January to September 2011 available only and hence no load factor or proportion of design has been calculated.

Table 4.36: Summary of Annual Energy Generation Fenghai

Year	Annual Generation	Load Factor	Proportion of Design Generation
	(GWh)		
2005[1]	23.1	9%	17%
2006	111.4	42%	82%
2007	140.6	53%	104%
2008	130.1	50%	96%
2009	101.4	39%	75%
2010	146.4	56%	108%
2011	67.66	n/a	n/a
Average (2006-2010)	126.0	48%	93%

Note 1: Commissioning works in late 2005 may have affected generation.

It can be seen from the table above that the load factor for the scheme has been generally been above 40% (apart from the year of commissioning), which is expected for this kind of run-of-river plant. The records also show that for the full 5 year period since commissioning (2006 -2010) the plant has achieved on average 93% of its design generation, which shows that plant is generating as expected.

The lowest energy output so far has been recorded in 2009, which has been a dry hydrology year and this has also been noted for the other three plants visited.

Table 4.37 gives the average monthly energy generation, showing that Fenghai power plant has a load factor of at least 50% for two thirds of the year, i.e. more than one unit is operating during this period. Hence, any outage (planned or unplanned) of at least one unit during this period will result in lost energy and revenue.

Table 4.37: Average Monthly Energy Generation Fenghai

Month	Average Generation (GWh)	Load Factor	Remarks
January	7.1	32%	
February	10.4	51%	More than 1 unit in operation
March	9.9	44%	
April	15.0	70%	More than 1 unit in operation
May	11.1	50%	More than 1 unit in operation
June	16.5	76%	More than 1 unit in operation
July	17.2	77%	More than 1 unit in operation
August	14.2	64%	More than 1 unit in operation
September	10.6	49%	
October	5.9	26%	Low generation period, only 1 unit operating
November	6.7	31%	Low generation period, only 1 unit operating
December	5.1	23%	Low generation period, only 1 unit operating
Total	129.6	52%	Low generation period, only 1 unit operating

Source: Generation records − Fenghai site visit

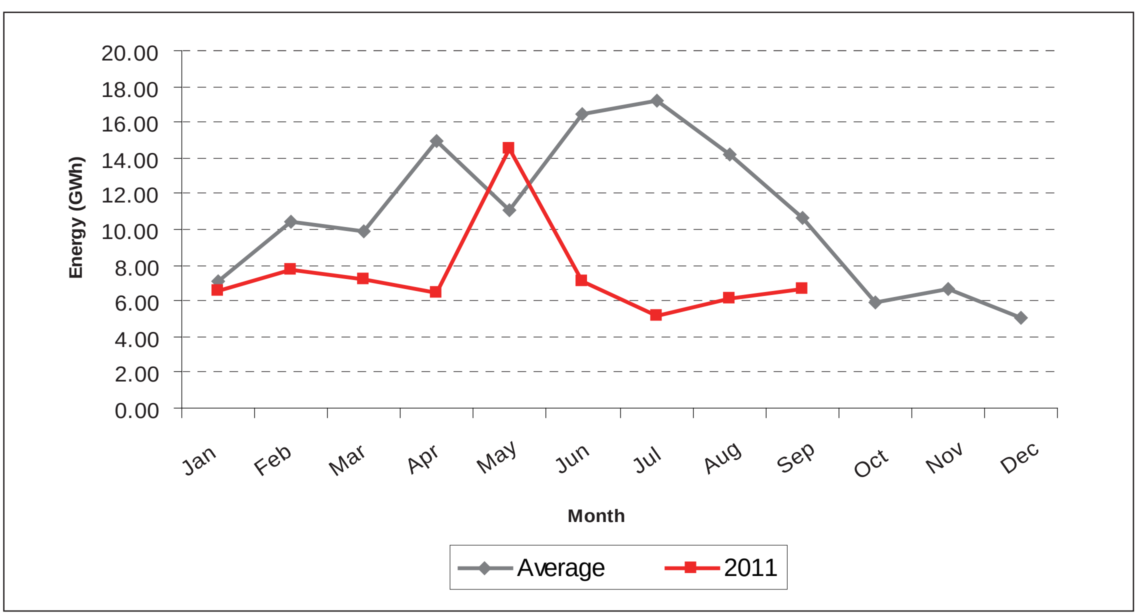
The average generating capacity of Fenghai over the last 5 years can also be used to estimate the overall generating output of 2011, which is given in Table 4.38. Figure 4.4 compares the generation of 2011 with an average generating year at Fenghai Hydropower Plant.

Table 4.38: Summary of Generation in 2011 (January to September) – Fenghai

Month	Actual Generation (GWh)	Load Factor	Remarks
January	6.6	30%	
February	7.7	38%	
March	7.2	32%	
April	6.5	30%	
May	14.5	65%	
June	7.1	33%	
July	5.2	23%	
August	6.15	27%	
September	6.71	30%	
Total (from Jan to Sep)	67.66	34%	

Source: Generation records – Fenghai site visit

Figure 4.4: Monthly Average Generation and 2011



Source: Generation records − Fenghai site visit

Table 4.38 and Figure 4.4 shows clearly that apart from May 2011 energy generation was continuously less than for an average year, with June and July significantly lower, leading to estimate that total energy for 2011 will be on level or less than the lowest annual energy generation so far as only around 50% inflow comparing with the average condition. Furthermore, it should be noted that the average year is only based on 5 full years worth of data, so the statistical value of this average energy figure is limited.

4.5.4 Organization and Staff

According to the staffing program provided by Huadian Fuxin, a total of 40 people are employed at Fenghai hydropower plant, and these include 6 administrative managerial staffs, 8 permanent maintenance staffs and approximately 25 operational staffs. We have been told that operational staff is working in 5 shifts per day, which results in shorts shifts of approximately 4.5 hours. No information was provided if temporary staff was employed during unit overhaul or maintenance periods.

4.5.5 Environment

The upstream is well covered by vegetation. No signs of soil erosion have been found during site visit.

4.5.6 Consents

The permit of process water demand of power plant has not been obtained yet. It was told that the plant is applying for water abstraction permit.

4.5.7 Grid Connection Agreement

Yongan Fenghai Hydropower Plant has signed a long term grid connection agreement with Fujian Sanning Power Bureau on March 1, 2005 and purchase agreement with Yonga Power Supply Bureau on April 30, 2011. The agreement will be indefinitely extended if no objection.

4.5.8 Conclusions

Fenghai hydropower station is a small-scale run-of-river power station and has been in operation for just over five years. The technology employed in the scheme (unit type, switchgear, batteries, etc) is well established and appropriate to current design standards and considered to be low risk.

We have reviewed general layout drawings and arrangement drawings of power house in addition to our site visit and no concerns have been found.

There appears to be no seismic activity at the powerhouse location and no major flood events or landslides have occurred that could have affected the dam and powerhouse. Both the dam and powerhouse are well maintained and in good condition.

Analysis of operational records has shown that the plant is operating very close to its design generation, which shows that the plant is providing energy as anticipated. It is, however, likely that in 2011 the energy output of the power plant will be significantly lower than its design generation possibly as only around 50% inflow comparing with the average condition.

Generally, this scheme is well designed and operating according to expectations. Operating and maintenance staff appears well trained and competent.

It is recommended that these factors are taken into consideration in any commercial analysis of the scheme.

4.6 Qinshan Hydropower Plant

4.6.1 General

Qinshan hydropower plant is located in the Muyang River, which is a tributary of Jiao River, Zhouning, Fujian province, it is the first cascade hydropower plant of Muyang river cascade development, where is approximately 32 km from Zhouning.

Qianshan plant is a hybrid type power station; the catchments area above dam site is 453 km^2. The main structures of Qinshan plant is consisted of a dam, spillway gates, intake arrangement, above ground powerhouse and switch yard etc. The crest height of the concrete faced rock filled dam is 120 m with crest length of 259.8 m; the normal water level is 755 m with a total storage volume of 265 million m^3; it is a multi-year regulation reservoir. The design energy generation of the plant is 145 GWh based on the rated capacity of the plant is 70 MW.

Qinshan hydropower plant started construction in May 1997 and the first unit entered into commercial generation in December 1999. All of the construction were completed in March 2000, mainly plays the function of grid peak regulation and reservation in Fujian province.

According to Muyang River hydropower planning, there are three cascade developments in Muyang River, i.e. Qinshan, Zhouning and Hedong cascade hydropower stations. Qinshan reservoir can serve several purposes simultaneously, including energy generation and flood control.

The normal operating water level of reservoir is 755 m asl and the bottom water level is given as 707 m asl. The multi-years regulating reservoir has a live capacity of 195 million m^3. Plant headrace tunnel is 857.5 m long; the penstock length is 317 m. The plant installed two Francis-type turbines with the rated capacity of 35 MW for each set based on the rated water head of 95 m and maximum rated discharge flow of 82.4 m^3/s. The firm capacity is 17 MW, and the design average generation is 145 GWh based on operation hours of 2,071 h per year with design load factor of 25%.

4.6.2 Project Technical Program Review

4.6.2.1 Hydrology

Hydrological design of the plant is mainly based on data series of Qibu Hydrological Station from 1959-1988. The catchment area is 453 km^2 and the average annual flow is deduced to be 18 m^3/s. The dam is designed based on 100-year return flood peak flow of 3,310 m^3/s (design condition) and 2,000-year return flood peak flow of 5,330 m^3/s (check condition) according to the calculations on flood at dam toe.

It can be confirmed that the methods of calculating hydrologic analysis and calculation results used in Qinshan power plant are generally reasonable.

4.6.2.2 *Geology*

No in-depth study has been undertaken on the geology of the project area. From the results of feasibility, no regional faults are known in this area, geotechtronic activities in this area are weak; non-destructive earthquake has been recorded in history within the range of 200 km. According to "Seismic Ground Motion Parameter Zoning Map of China," the basic seismic intensity of the project area is VI degree. Dam foundation rocks are mainly rhyolitic crystal tuff, hard rocks, and it is complete with high bearing capacity and low permeability coefficient, dam abutment is stable, engineering geology and hydro-geological conditions are good without significant problem of dam foundation leakage or seepage around dam. Hydraulic design and treatment process are relatively easy. Generally, the design can meet with relevant requirements.

From the literature review, it was told that the main engineering geological problems have been identified through geological investigation at early stage. The geological conditions are good and the engineering program is reasonable and feasible.

4.6.2.3 *Design Standards*

The installed capacity of Qinshan power plant is 70 MW, the total storage capacity of reservoir is 265 million m^3. According to national power industry standard DL5180-2003 "Hydropower Project Classification and Design Safety Standards," the scheme is classified as Grade 2 project based on the storage capacity of the reservoir. The dam is concrete faced rock filled type and higher than 90 m, therefore the water-retaining dam is designed as Class 1 structures and the spillway is designed as Class 2 structure. The powerhouse is Class 3 structure.

The dam and spillway of the plant are designed based on 100-year return flood, and checked by 2,000-year return flood standard. Powerhouse is designed as 50-year return flood standard, checked with 200-year return flood standard. According to "Seismic Ground Motion Parameter Zonation Map of China," the basic seismic intensity of the project area is VI degree. As the dam is defined as Class 1 structure, the intensity of the earthquake resistance of the main structures are degree 7 as required by the relevant specifications.

It can be confirmed that the design standards of the plant are in line with the requirement of the relevant specifications for hydropower projects.

4.6.2.4 *Scheme Layout and Main Structures*

The main structures are comprised of a concrete faced rock filled dam, left shore spillway, intake arrangement, above ground powerhouse and switchgear yard etc.

The crest height of the concrete faced rock filled dam is 120.00 m with the crest length of 259.80 m, and the crest width of 9.00 m.

Spillway is arranged on the bank and locate in the left bank and is comprise of diversion canal section, chamber section, chute section and ogee section of spillway, total length is 350 m with max discharge capacity of 3,315 m^3/s. The spillway crest height is 742.00 m ASL with two 12 m*13 m (height*width) radial steel gates.

Intake arrangement include intake structure, diversion tunnel, surge chamber and penstock. The full length is 1,192.90 m. The shaft-type intake structure is at left bank and 220 m away from upstream of the dam axis. Diversion tunnel is 782.792 m long, diameter is 6.5 m; surge shaft is impedance with a internal diameter of 11 m; the penstock length is 315.407 m.

The powerhouse (size: 46.2 m×16.4 m×36.76 m) is arranged above ground, two generation units (HL-LJ-224.5) are installed in the powerhouse with the capacity of 35 MW each.

4.6.2.5 M&E System

M&E equipments are mainly consisted of turbine, governor, main valves, generators, excitation, the main step-up transformer, relay protection, communication and control equipments. The equipments installed are reasonable, and the equipments are good, safe and secure.

(1) Turbine

The vertical shaft Francis turbine (HL-LJ-224.5) was manufactured by Hangfa Power Equipment Limited Company, the salient features are given in table 4.39.

Table 4.39: Qinshan turbine-Salient features

	Hydro turbine
turbine type	HL-LJ-224.5
rated power (kW)	36,100
max/design/min water head (m)	121.5/95/70
rated discharge (m^3/s)	41.2
rated speed (rpm)	333.3
runaway speed (rpm)	650
runner setting (m)	-2.6
runner diameter (mm)	2245

(2) Generator

The SF-J35-18/4840 generator was supplied by Hangfa Power Equipment Limited Company. Salient features are given in table 4.40.

Table 4.40: Qinshan Generator – Salient features

	Generator
model	SF-J35-18/4840
output (kW)	35,000
stator voltage (kV)	10.5
stator current (A)	2,264
excitation voltage (V)	250
excitation current (A)	670
power factor	0.85
rated speed (rpm)	333.3
stator connection	Y
insulation grade	F/F

(3) Main Transformer

The model is SFP10-90000/220, the capacity is 90,000 KVA, made by Baoding Tianwei Ground Co., Ltd, its salient features are given in table 4.41. The 220 kV outdoor switchyard lies on the left side of the access road. The capacity of unit 1&2 is 35 MW respectively, connecting to 10.5 kV busbar. The voltage steps up to 220 kV and the high voltage side of the main transformer is connected to Zhouning substation, then to Fujian grid via ZhouGan line.

Table 4.41: Qinshan step-up transformer – Salient features

Item	
model	SFP10-90000/220
capacity	90,000 KVA
rated voltage (kV)	242±2×2.5%/121/10.5
frequency	50 Hz
join group	Ynd11
cooling	Forced-oil circulating wind cooling (ODAF)
manufacturer	Baoding Tianwei Limited Company
grounding	Direct grounding

4.6.3 Operation and Maintenance

4.6.3.1 Operation and Maintenance for Main Hydraulic Structures

Based on the inspection reports and site visits of plant operation, maintenance records, and safety assessment, regular inspection of hydraulic structures in recent years, the dam level and design flood can satisfy the standard requirements. Spillway capacity and structural stability can meet the design requirements; the slope of dam and reservoir near dam is stable; the dam foundation seepage is stable, impervious affection is good; downstream river bed of dam scour slightly; spillway gates and hoist operate normally; dam deformation and seepage observation results are normal overall; operation and maintenance conditions of hydraulic structures are summarized below:

(1) Reservoir

Vegetation cover of Qinshan reservoir basin is good, there are no major towns upstream, reservoir sediment and dirt are less, soil erosion is small; there have no large collapse and landslides since it has been built.

The highest water level of reservoir is 755.28 m (2005 June), the lowest water level is 707.44 m (2000 April), the water level drawdowns in the range of 9.46 m to 46.42 m over years. The multi-year average water level is 735.19 m asl. Reservoir has experienced a large flood since operation, which nearly three days flood volume of 100-year return flood.

From the site survey, the bank near to the intake and the gate is in good condition despite the water level variation.

(2) Dam and Spillway

Qinshan dam is operating well since storage, no big defects that will affect the safe of major buildings have been found. Spillway slope is in stable condition from the visual inspection during site visit. All of diversion canal, chamber, chute and energy dissipater operate well. No unfavorable flow pattern was found during largest flood flow of 500 m^3/s in 2005 and 2006. The slope is stable, no collapse and landslide occurred in downstream scouring hole and the banks around the river. All of the water retaining structures, discharge structures, water diversion structures include the front tunnel, head, bifurcated pipe, powerhouse and watertail buildings were defined as class A facilities.

(3) Metal Structure

Since plant has put into operation, gates hoist equipments in good condition; seal effection of gate is good; electrical, control and protection devices operate normally and can ensure the safety operation of the project in general.

4.6.3.2 Operation and Maintenance of Main Equipments

The plant has been in operation for more than 10 years. The M&E configuration is appropriate and in good condition. Parts of electrical equipments have been upgraded due to the aging of electronic components, mainly including excitation systems of unit 1 and 2. The original LTW6200 excitation regulator, demagnetizer, power cabinet 1 and 2 were replaced by NARI's NES5100 type excitation panel respectively in October and April of 2009. Currently the computer monitoring system is ready to be upgraded and scheduled in December 2011-January 2012.

(1) Maintenance

Table 4.42 below shows the maintenance records from 2000 to 2011, since it put into operation in December 1999. The records indicates that the equipments operate as scheduled to ensure the equipments are all in safe and good working conditions.

Table 4.42: Maintenance and Technical Upgrade Record for Qinshan

Year	Unit 1	Unit 2
2000	C (2000.8.4~8.8)	C (2000.8.6~8.11)
2001	C (2001.3.5~3.10)	C (2001.2.26~3.3)
	A (2001.10.9~11.24)	
2002	N/A	A (2002.2.28~4.27)
2003	A (2003.2.19~4.21)	C (2003.12.26~12.28)
	C (2003.12.20~12.24)	
2004	C (2004.5.17~ 5.21)	C (2004.5.23-2004.5.27)
2005	C (2005.3.22~3.26)	C (2005.3.27-2005.3.31)
2006	C (2006.3.22~3.26)	C (2006.3.28-3.31)
2007	C (2007.3.12~2007.3.19)	A (2007.10.12~2007.12.01)
2008	C (2008.3.28~2008.4.2)	C (2008.9.23~2008.9.28)
	A (2008.10.6~2008.12.4)	
2009	C (2009.10.14~10.25)	C (2009.4.10~4.15)
2010	C (2010.10.23-2010.10.29)	C (2010.3.14~3.20)
2011	N/A	C (2011.3.7~2011.3.13)

The inspection of the operation of the equipments, maintenance records and safety inspection reports in recent years and the on-site survey show that major equipments and the balances operated well and have been in safety production to 4,117 days by September 30, 2011.

4.6.3.3 Annual Power Output

Both of two units are all into operation in January 2000. The power output records since it commercial operation is given below:

Table 4.43: Qinshan power generation

Year	Annual power output ('0000 kWh)
2000	11,259
2001	12,782
2002	12,200
2003	8,671
2004	4,704
2005	20,008
2006	17,111
2007	11,262
2008	12,090
2009	11,524
2010	15,970
Annual average	12,507.42(1)
	13,287.7(2)

Note 1: Power generation in 2004 was included in the calculation;

Note 2: Power generation in 2004 was excluded in the calculation.

It can been seen from the table above that the average power output in the recent 10 years is 125.07 GWh, which is 19.93 GWh less than design generation with a difference of 13.7%. Power generation in 2004 was significantly lower than average level since Zhouning hydropower Plant at downstream with installed capacity of 250 MW was under construction during that time so that Qinshan plant almost has been outage to store water in 2004. Energy generation in 2003 was also lower than average level. It was told that 2003 was dry year when the average inflow was only 8.2 m^3/s. However, we considered that it cannot fully explain the reason. Excluding 2004, the average annual power generation during 2000-2010 was 132.88 GWh, which has generated 91% of its design average generation, indicating that the plant operates well as expected.

4.6.4 Organization and Staff

The operation and maintenance department is in charge of production, including 36 employees, who are divided into two operating teams and a maintenance team. It is managed by a director, two deputy directors and one technical staff. There are also a safety inspector and hydraulic maintenance department. Temporary staffs are employed to guard the dam.

4.6.5 Environment

On-site observations indicated that vegetation of project area covered well and do no have significant adverse environmental concerns that will effect the project area environment.

During the site visit, it was found that there was an around 1.5 km long river section with little water in the downstream of the river. According to requirements from environmental protection departments, it should discharge certain ecological flows, generally 10% of average annual flow to ensure ecological water use. It is suggested that the operators of the plant pay attention to this issue and propose appropriate measures.

4.6.6 Consents

According to current state regulations, hydropower companies should apply for water abstraction permits. Qinshan power plant water abstraction permit number is (Min) [2007] 000024, valid until December 31, 2012 and is required to renewal every four years.

4.6.7 Grid Connection Agreement

Qinshan power plant in Fujian Power Company also signed a “grid connection agreement” (valid until December 31, 2025) and “power purchase agreement” (valid until December 31, 2014).

4.6.8 Conclusions

Through the site survey and desktop review, we propose following conclusions:

The technical arrangements employed by the scheme are well established.

It is confirmed that the dam engineering level and flood control design were well designed. Both of the spillway capacity and structural stability comply with the current design requirement. The slope near the dam and powerhouse is stable; the dam foundation seepage is stable with good impervious effection. There is slight scour in the river bed in the downstream of the dam; spillway gates and hoist operate well; dam deformation and seepage observation results show good condition overall.

The inspection of the operation of the M&E equipments, maintenance records, and the safety assessment reports and the on-site check show they operate as planned and executed accordingly. Two units are put into commercial operation in March 2000, running just over 10 years, the main equipments are in good working condition, have not been upgraded. The main and auxiliary equipments operate well and has accumulated safety production to 4,117 days by September 30, 2011.

Qinshan plant has almost been outage due to the construction of Zhouning hydropower plant in the downstream. Excluding 2004, the average annual power generation during 2000-2010 was 132.88 GWh, which has generated on average up to 91% of its design generation. It can be confirmed that the plant operates well as expected.

No significant environmental issues were identified during site visit. It is suggested that the plant shall pay attention to the drying section in the downstream of the river, and take appropriate measures as the environmental protection requirements.

4.7 Gutianxi Second Cascade Hydropower Plant

4.7.1 General

Gutianxi is the second hydropower plant in a cascade of four plants in total located along the Gutian River in Longting Town, Gutian County in Fujian province. The Gutian River is a tributary of the Minjiang River. Gutian Hydropower Plant is a hybrid type power plant with installed capacity of 130 MW (2 units) based on a max discharge flow 150 m^3/s, firm output 46.3 MW at rated head of 115 m as peaking power station.

The annual design energy production of the plant is 478 GWh, based on 3,680 operation hours per year.

The normal water level is at 254 m asl and the minimum operating level is given as 245 m asl, allowing for a total drawdown of 9 m and providing a useable live storage of 7.5 million m^3 with daily regulation function.

The construction started in July 1958 and wholly completed in 1973.

4.7.2 Project Technical Program Review

4.7.2.1 Hydrology

The design of the project is based on the hydrological series from 1936 to 1957. The catchments are 1,520 km^2 with average annual flow of 56.3 m^3/s. Gutianxi First Cascade could control more than 85% of catchments of the project. The original hydrological results were checked with the data series from 1950 to 2009 (average annual flow is 44.3 m^3/s) and data from Gutianxi First Cascade plant and found that the average annual flow is about 50.8 m^3/s, 10% less than the original design flow, which shows that the original design flow is obviously larger than actual situation. It is probably because of the upstream dam, regulating the flow along the cascade and limited data availability for the original design.

Considering the original design inflow was larger than actual situation and the regulating function of the first cascade reservoir, the plant has checked the original design annual production. According to "Energy checking report for Gutianxi second cascade HEP," the checked annual energy generation is 353 GWh which is similar with the actual annual generation (345.8 GWh, from 1970-2010).

The reservoir of first cascade power plant can regulate the water availability for the plants in the downstream. With first cascade power plant regulating the flood, the 100-year return flood for the dam of second cascade power plant is 3,317 m^3/s (design condition) and 1,000-year return flood is 4,385 m^3/s (check condition). Our results showed that the design for food control is reasonable.

4.7.2.2 *Regional Geology*

No in-depth study has been undertaken on the geology of the project area during site visit. From the feasibility report and regular inspection report, it was told that the scheme is located in the north section of Pingnan-Meilin faulting belt, where is a relatively stable area. The seismic intensity is VI degree. The regional Lithological character is simple with low permeability and the reservoir is far away from the adjacent watershed so leakage at the bottom and seepage around the dam is unlikely.

It can be told that the major geological issues have been identified during the early geological investigation before construction. The geological condition is suitable for this project and appropriate engineering measures have been taken during construction. The plant has been operating almost 40 years and no evidence showed that the scheme has suffered adverse movement. Major structures are in good condition.

4.7.2.3 *Design Standards*

According to the national power industry standard DL5180-2003 – "Hydropower Project Classification and Safety Design Standards," the project is classified as grade 3 based on its size. The major structures, dam and powerhouse is designed as class 3 structures and others are designed as class 4 structures. The flood control frequency for the dam is 100 years return and verified with 1000 years return. The powerhouse is designed in accordance with 50 years return flood and verified with 200 years return flood. Reference to "China Earthquake Zoning Map," the main structures of the scheme is designed in line with 6 degree.

It can be confirmed that the original design is in line with standards and current relevant specifications.

4.7.2.4 Scheme Layout and Main Structures

The second cascade plant is a run of the river type power station. Main hydraulic structures include RC flat dam, intake, pressure tunnel, surge shaft, powerhouse above ground and step up transformer and switchyard.

The dam is consisted with two sections of flat slab buttress dam section (24 segments with 7.5 length for each) and gravity section (2 segments). The overflow spillway is arranged at the middle of dam with a maximum discharge capacity of 3,300 m^3/s. Salient features of the dam are provided in Table 4.44.

Table 4.44: Gutianxi Second cascade Dam – Salient Features

	Reservoir
Dam Type	Reinforced concrete flat-slab buttress dam
Dam Height (m)	43.5
Crest Length (m)	208.5
Crest Width (m)	2
Live Volume (million m^3)	13.45
Total Volume (million m^3)	18.85
Catchment Area (km^2)	1551

Source: Site visit

4.7.2.5 M&E System

The powerhouse contains turbines, governors, valves, generators, excitation, step-up transformers, protection system, communication system, control system and all the balance of the plant. Most of the original facilities have been replaced since 2003 and the current facilities are in good condition.

Turbine

The vertical shaft Francis turbine (HLA398-LJ-320) is provided by Haerbin Electrical Limited Company. The salient features of the turbine are summarized in the table below.

Table 4.45: Gutian Turbines – Salient Features

	Hydro turbine
Turbine Type	HLA398-LJ-320
Rated power (kW)	68,000
Rated Head (m)	115
Rated Discharge (m^3/s)	75
Rated Speed (rpm)	214
Runaway Speed (rpm)	410
Number of vanes	17
Runner Setting (m)	+0.5
Runner Diameter (mm)	3200
Guide Vane Height (mm)	740

Source: operation procedure

Generator

The generator (SF65-28/6400) is made by Harbin Electrical Limited Company. The salient features of the turbine are summarized in the table below.

Table 4.46: Gutianxi Generators – Salient Features

	Generator
Manufacturer	SF65-28/6400
Output (kW)	65,000
Stator Voltage (kV)	10.5
Stator Current (A)	3971
Excitation Voltage (V)	166
Excitation Current (A)	1245
Power Factor	0.9
Stator connection	2Y
Insulation Grade	F/F

Source: Operation procedure

Governor

The governor is stepping oil free programmable microcomputer type (BWT-PLC-100) and managed by programmable controller. The salient features of the governor are provided in the Table 4.47.

Table 4.47: Gutianxi Generators – Salient Features

	Governor
Manufacturer	BWT-PLC-100
Frequency measurement	Residual voltage frequency measure
Piston Diameter of Main Distribution Valve (mm)	100
Max Oil Pressure (MPa)	2.5
Emergency stop time (s)	1#: 13.4 2#: 13.1

Source: Operation procedure

Step-up Transformer

1# step up transformer (ODFS10-150000/220) with capacity of 150 MVA operated since August 2004, which was supplied by Zhongshan ABB; 2# step up transformer (SFPS10-X-180000/220) with capacity of 180,000 kVA operated since January 25, 2003, supplied by Changzhou Transformer Plant. The salient features of step transformers are summarized in the table below.

The medium voltage 110 kV side of 1# and 2# main transformers are connected to bus bar I and II, the energy is transmitted to Chengguan substation via Tiancheng line. The high voltage 220 kV side is connected to bus bar I and II, energy is transmitted to Beijiao substation and Yangzhen substation via Gubei line and Guyang line. In addition, all of the energy generated by generators of the First, Third and Fourth cascade hydropower stations is transmitted to the 110 kV bus bar I and II of transformers of Second cascade hydropower station via 110 kV Lianyi line, Lianer line and Liansan line. Then energy can be transmitted via two 220 kV transmission lines after step up by 1# and 2# main transformers or one 110 kV transmission line.

Table 4.48: Gutianxi second cascade Step-up Transformers – Salient Features

Item	1# Transformer	2# Transformer
Type	OSPS1O-150000/220 (150,000 KVA)	OSFPS10-X-180000/220 (180,000 KVA)
Rated Capacity MVA	150	180
Rated Voltage kV	242±2×2.5%/121/10.5	(242±2×2.5%)/121/10.5
Rated Current A	357.9/715.7/4123.8	429.4/858.9/4949
Connection	YN,a0,d11	YN,a0,d11
Cooling	ONAN/ONAF	ODAF
Phases	3	3
Frequency	50	50
Operation Date	Aug 2004	Jan 2003
Manufacturer	Zhongshan ABB Transformer Limited Company	Changzhou Transformer Plant
Remarks		Combined by three single-phase three-winding transformers

Source: Operation procedure

4.7.3 Plant Operation and Maintenance

4.7.3.1 *Operation and Maintenance of Hydraulic Structures*

MM has reviewed the relevant operation and maintenance records, safety assessment and regular safety inspection report. The dam has been largely reinforced during 2003 to 2005 and its design is consistent with current requirements. The dam foundation is in good condition. The dam is in line with existing norms in terms of stability and structural safety. The dam safety monitoring results show that the overall performance of the dam is good; adjacent area, bank and slope are stable. Gutianxi second cascade dam is evaluated as Normal dam.

Operation Performance

Except for some special maintenance of dam that need to drainage below dead water level, the dam has been operated as design for many years and did not have any abnormal conditions. From the site visit and local inspection, it can be confirmed that the general condition of the dam is good.

Dam Safety Monitoring

Vertical displacement, horizontal displacement, uplift pressure and seepage are monitored. It can be told from the monitoring records that the dam is mainly affected by temperature, hydraulic pressure and service time. No significant issues on uplift pressure and seepage have been found and the Gutianxi Second cascade dam is under normal state from the monitoring records.

Dam Reinforcement

Considering the shock strength of stiff grider is not very good and local anti-cracking performance of the slab and aging problem, the dam was reinforced in April 2005 and the reinforcement works received completion acceptance in October 2005.

It was told that the engineering measures were taken to reinforce. After reinforcement, the dam should meet with the existing specification.

4.7.3.2 Operation and Maintenance of M&E System

It was told that most of the M&E equipments were replaced since 2003, including generation units, step-up transformers, protection system, monitoring system etc. From site inspection, the equipments are operated well. The machine hall, generator and turbine floor were clean and in good working condition. No signs of oil leakage were found during site visit.

Unit Maintenance

The table below indicated the maintenance records since 2003. From the records, the maintenance works have been conducted as schedule to ensure the facilities in good condition.

Table 4.49: M&E maintenance and upgrading records

Year	Unit 1	Unit 2
2003	A (2003.12.8~2004.9.25) Technical upgrading 2004.7.14~2004.8.22,1# step up transformer replacement (including the protection system)	2003.1.3~2003.1.25,2# step up transformer replacement
2004		A (2004.9.28~2005.9.20) Unit replacement
2005		
2006	C (2006.1.12~2006.1.21)	C (2006.4.6~2006.4.13)
2007	B (2007.3.8~2007.4.30)	C (2007.1.24~2007.2.1)
2008	C (2008.1.8~2008.1.19)	B (2008.3.1~2008.4.23)
2009	C (2009.1.9~2009.1.18)	C (2009.2.14~2009.2.23) C (2009.9.16~2009.9.25)
2010	C (2010.1.5~2010.1.13)	C (2010.1.23~2010.1.31)
2011	A (2011.2.25~2011.5.14) Class A maintenance and monitoring system upgrading and 621 switchgear maintenance	A (2010.11.23~2011.2.22) Class A maintenance, guide vane require, 622 switchgear upgrading; monitoring system monitoring; install SF_6 warning system

Safety Review

In order to ensure safety operation, the plant carried out safety evaluation each year. Mott Macdonald reviewed the Safety Report in 2011 prepared by the project company, containing safety management, turbine, primary electric, secondary electric, computer monitoring and automation system, hydraulic and labor safety. In general, the equipments are in good condition. Maintenance and testing were conducted periodically and managed well.

Technical Upgrading for Units

Gutianxi second cascade power plant has been operated since March 1969 and the generation units were aging with times. Therefore, the plant has repaired the turbine ring, scroll, tail water pipes to ensure the runner settings consistent with the original units and most of other parts were replaced and upgraded, including the runners (replaced by HL A398-LJ-320), renovation of tail water pipes; main valve and expansion joints etc. The generators were also upgraded, including stator, rotor, upper and lower racks, brake system and jacking rotor; the new WT-S-100 microcomputer based governor is used.

From operation records that turbine efficiency has been greatly improved and problems of cavitations and vibration have been eliminated so that the units operation is more stable and reliable.

4.7.3.3 Power Output

Generation records are shown in Table 4.50 for the period of 1974 to 2010.

Table 4.50: Power generation from 1974-2010

Year	Annual Generation	Year	Annual Generation
	('0000 kWh)		('0000 kWh)
1974	40,592.8	1993	34,068.0
1975	44,768.8	1994	26,661.0
1976	33,822.6	1996	30,410.0
1977	35,772.9	1997	38,600.0
1978	39,340.1	1998	49,970.0
1979	32,452.9	1999	37,547.0
1980	26,086.7	1995	39,675.5
1981	32,455.5	2000	39,484.0
1982	27,063.7	2001	37,327.0
1983	33,289.9	2002	34,851.0
1984	29,479.0	2003	32,201.0
1985	30,926.1	2004	20,721.0
1986	28,206.1	2005	44,554.0
1987	24,240.9	2006	49,844.8
1988	36,824.8	2007	36,347.4
1989	30,834.0	2008	36,592.4
1990	29,032.1	2009	29,508.5
1991	28,625.9	2010	52,390.4
1992	38,362.9		
Average annual generation	34,944		

It can be seen from annual generation data in the last 37 years (see Table 4.50) that the actual average annual generation is 350 Gwh, which is lower than expected 478 Gwh of design. MM reviewed the inflow data and found that the average inflow is 48.8 m^3/s (from 1986-2010) which shows the inflow in recent 25 years is less than average level. It is an important factor affecting the actual generation. In addition, it is reported from Huadian Fuxin that the capacity of penstock is lower than designed and the reservoir storage also became smaller due to sediments over years, which also result in the actual generation can't meet the original expectation.

4.7.4 Environment

As Gutianxi second cascade plant started construction in 1958, the central government did not have EIA and EIA acceptance regulations at that moment. From site inspection, the vegetation is well covered and there are no adverse factors related to the scheme.

The plant is run-of-river type and there is a 6 km long dry river reach in the downstream. The plant shall release certain environmental flow, generally 10% of average annual flow, as required by the Environment agency. It is recommended that the plant shall take relevant measures and pay attention to the environmental flow issue.

4.7.5 Organization and Staff

Gutianxi second cascade power plant (all of the four cascade plants) employed 10 operations staffs, 15 maintenance staffs for the second cascade plant and 2 safety inspection staffs for the safety of four cascades plants. 1 operation director, 1 deputy director and 1 director assistant are arranged to manage the operation of there four cascade plants.

4.7.6 Consents

Hydropower plant shall apply the water abstraction license according to the relevant regulations. Gutianxi Second cascade power plant has obtained the abstraction license (Min [2007] 000030, expired on December 31, 2012). It is required to renewal the license every four years.

4.7.7 Grid Connection Agreement

Gutianxi plant has signed grid connection agreement with Fujian Power Limited Company (expired on December 31, 2015) and power purchase agreement (expired on December 31, 2014).

4.7.8 Conclusions

Gutianxi Second cascade plant has been in operation for more than 40 years. Overall, the technology employed in the scheme is appropriate to the current design.

The dam has been largely reinforced during 2003 to 2005 and its design is consistent with current requirements. The dam foundation is in good condition. The dam is in line with existing norms in terms of stability and structural safety. The dam safety monitoring results show that the overall performance of the dam is good; adjacent area, bank and slope are stable. Gutianxi second cascade dam is evaluated as Normal dam.

Most of the mechanical and electrical equipments were replaced since 2003 (except for some buried parts), including generation units, step-up transformers, protection system, monitoring system etc. From site inspection, the equipments are operated well.

The second cascade plant is synchronous run with the Gutianxi First cascade plant is the upstream and plays an important role to the power grid.

The actual generation is less than original design. Lower natural inflow, the lower capacity of penstock and the smaller reservoir storage are major factors.

No serious environmental issue was identified during site inspection. However, the plant shall pay attention to the water reduced section and take appropriate measures to ensure environmental flow as required.

4.8 Chitan Hydropower Plant

4.8.1 General

Chitan Hydropower Plant is located in Taining County, Fujian province, 3 km upstream of Chitan Village. The Jinxi River is planned to develop nine cascade plants in total and Chitan is the first cascade Jinxi

The powerhouse is inside of the dam, installed with two 50 MW Francis turbine units based on discharge of 228 m^3/s at a rated head of 51 m. The plant is designed to provide guaranteed maximum continuous output of 36 MW. The annual design energy production of the plant is 500 GWh, based on 5,000 operational hours per year.

Chitan Hydropower plant was constructed in 1978 and started to provide generation on May 1980. The construction was completed on October 1980.

4.8.2 Project Technical Program Review

4.8.2.1 Hydrology

The design of the Chitan plant is based on the hydrological data series from 1954 to 1975. The catchments are 453 km^2 and the deducted average annual flow is 152 m^3/s. According to the hydrological calculation, the peak flow of 100 years return flood is 8,000 m^3/s (design condition) and the 1,000 years return flood peak flow is 12,100 m^3/s (check condition).

It can be confirmed that basically, the original calculation and design are appropriate. As the plant was design in early times, only 21-years observed data series were available at that time therefore there maybe little deviation for the calculation results.

4.8.2.2 *Geology*

The scheme is located in the north of Shaowu-Heyuan seismic section and no regional active fault across the sites. The neotectonic movements are faint in the region and no destructive earthquake records in history. According to the "China Earthquake Zoning Map," the seismic intensity is degree VI.

The engineering geology and hydro geological conditions are good without leakage and seepage problems as the permeability coefficient is small and the abutment is stable. Therefore, the design and treatment of the foundation is relatively simple.

The main engineering and geological problems have been identified through the early geological exploration and investigation. It can be confirmed that the engineering strategy employed during construction is appropriate and feasible.

4.8.2.3 *Design Standards*

According to the national power industry standard DL5180-2003 – "Hydropower Project Classification and Safety Design Standards," the project is classified as grade 2 based on its size.

The major structures, as class 2 structures and others are designed as class 3 structures. The flood control frequency for the dam is 100 years return and verified with 1,000 years return flood; the power house is designed in accordance with 100 years return flood and verified with 500 years return flood. According to "China Earthquake Zoning Map," the site is located in a VI area and the main structures of the scheme are designed in line with 6 degree.

It can be confirmed that the original design is in line with standards and current relevant specifications.

4.8.3 Scheme Layout and Main Structures

The powerhouse is inside the dam. The normal water level is at 275 m asl and the bottom water level is given as 251 m asl, allowing for a total drawdown of 24 m and providing a useable live storage of 665 million m^3. The flood control water level is 274 m.

The main hydraulic structures contain dam, powerhouse and log transportation access etc. The crest height of the RCC dam is 78 m and the crest length is 253 m, consisting of 13 sections; the spillway section is arranged in the middle of the riverbed with total width of 93.3 m and five orifice spillway, each is 13 m wide. A 4.5 m x 4.5 m bottom sluice is arranged at the 10# dam section; the overflow spillway type powerhouse is located at the downstream of the dam. The log transportation access has not been used.

The salient features of the dam are summarised in Table 4.51.

Table 4.51: Chitan Dam – Salient Features

	Reservoir
Dam Type	RCC gravity dam
Dam Height (m)	78
Crest Length (m)	253
Live Volume (million m^3)	630
Total Volume (million m^3)	870

Source: Site visit

4.8.3.1 *M&E System*

The powerhouse contains the turbines, generators, governors, excitation system, protection system, communication and control system and all balance of the plant components. The transformer is located in the switchyard on the bank.

Most of the equipments have been upgraded or replaced with good conditions. However, the turbine and generator of Unit 2 have been in operation for more than 30 years and have not been replaced yet. The aging unit is a potential safety threat to the plant. It is reported that the technical upgrading study for Unit 2 is undergoing and will be completed in early November 2011. Once upgrading for the generator of Unit 2 completed, Unit 1 will be upgraded then.

Hydro Turbine

Energy is generated by two vertical Francis-type turbines. The runners of 1# turbine (HLX220C-LJ-380) was replaced during A class maintenance during December 2006 to February 2007, which was manufactured by Xi'an Hengxin Hydro Technology Co., Ltd; 2# turbine (HL220-LJ-380) was provided by Dongfang Electrics; The salient features of 1# and 2# turbines are the same (see the table below) except for the number of runners.

Table 4.52: Chitan Turbines – Salient Features

	1# turbine	2# turbine
Turbine Type	HLX220C-LJ-380	HLX220C-LJ-380
Rated power (MW)	51.6	51.6
Max/Design/Min Water Head (m)	66.3/51/34	66.3/51/34
Rated Discharge (m^3/s)	114	114
Rated Speed (rpm)	136.4	136.4
Runaway Speed (rpm)	285	285
Number of vanes	13	14
Runner Setting (m)	-1.5	-1.5
Runner Diameter (mm)	3,817	3,817
Guide vanes Height (mm)	948	948

Source: Operation procedure

Generator

The generators (TS920/115-44) are supplied by Dongfang Electrics. The salient features of the generators are summarized in the table below.

Table 4.53: Chitan Generators – Salient Features

	Generator
Manufacturer	TS920/115-44
Output (MW)	50
Stator Voltage (kV)	10.5
Stator Current (A)	3,235
Excitation Voltage (V)	215.5
Excitation Current (A)	1,188
power factor	0.85
Rated Speed (rpm)	136.4
Runaway Speed (rpm)	285
Stator connection	2Y
Insulation Grade	F/F

Source: Operation procedure

Step-up Transformer

1# and 2# transformers were replaced in 2001, the salient features are provided in Table 4.54.

3# generator with capacity of 18 MW is also connected to 2# transformer. Huadian Fuxin purchased unit 3 from a private power plant and Unit 3 is not within the scope of this technical appraisal.

1# transformer with capacity of 180 MVA is connected to Unit 1. The medium voltage side is connected to 110 kV GIS bus bar. Power is evacuated to the grid with 220 kV transmission line. Unit 2 with capacity of 50 MW and Unit 3 are connected to 2# transformer (63 MVA) with 10 kV II bus bar. Power is evacuated to Chi-San line with common 220 kV transmission line. 2# almost operated under full load. The site staff reported that the plant is planning to connect Unit 3 to 1# transformer.

Table 4.54: Chitan Step-up Transformer – Salient Features

Item	1# transformer	2# transformer
Type	OSSPS10-180000/220	SSP9 63000/220
Rated Capacity (KVA)	180,000	63,000
Rated Voltage (kV)	242±2×2.5%/121/10.5	242±2×2.5%/121/10.5
Connecting	YN ao d11	Ynd11
Cooling	Forced-oil circulation water cooling	Forced oil circulation water cooling
Manufacturing Date	July 2001	January 2002
Manufacturer	Shenyang Special Transformer Plant	Changzhou Transformer Plant

Source: Operation procedure

4.8.4 Plant Operation and Maintenance

4.8.4.1 Operation and Maintenance of Hydraulic Structures

From the operation and maintenance records of hydraulic structures, safety inspection report and regular inspection report and site inspection, the condition of the structures are described below.

Reservoir and Dam

The reservoir has been in operation for 31 years. The storage capacity of the reservoir has been verified with RS in 2007 and the newly measuring result was almost the same with the original design curve. No landslide, collapse or leakage was found from the inspection.

The dam has experienced serious flood in June 2002. The maximum outflow reached 7,033 m^3/s. “Plunge pools” and river erosion were found in 70 m away from the downstream of the dam. However, it does not threat the safety of the dam considering its size and depth. The surface of the spillway has been treated with epoxy process to repair the tear and wear places.

From review of the documents available, defects appear to have been eliminated timely and the automatic monitoring system is stable and reliable. Dam deformation is in line with the general variation of the concrete gravity dam. The seepage of the dam was not significant and the change of uplift pressure is normal. Generally, the dam is in normal condition.

Intake arrangement, powerhouse and mental structures

The powerhouse, tailwater structures, dam abutment and vicinity areas are in good condition. However, the inspection and testing conducted in 2003 showed that radial gate and certain parts of penstock were serious corroded. It was told that Huadian has approved the 2012 maintenance plan to repair the corrosion.

4.8.4.2 Operation and Maintenance of M&E System

The plant has been in operation for more than 30 years. Many of the equipments have been upgraded or replaced since 2001 and it can be confirmed that overall the equipments are in good conditions. However, 2# turbine and both of 1# and 2# generators have not been upgraded yet. It was told from the site staff that the plant is undertaking the feasibility study on technical upgrade of Unit 2 followed by upgrading of 1# generator. The details for maintenance and operation are described in the sections below.

Maintenance Records

Both of Unit 1 and Unit 2 have been operated since May 1980 and both have experienced 43 times of C Class maintenance from 1981 to 2010. The maintenance history is summarized in Table 4.55.

Table 4.55: Maintenance records – Chitan

Year	Unit 1	Unit 2
1981		B
1982	B	
1984		B
1985	B	
1988		A
1989	A	
1992		B
1993	A	
1996	B	A
2000	B	
2002		A
2003	B	
2006	A	
2007		B

Equipments Maintenance and Operation

(1) Hydro Turbine

Runner of Unit 1 has been replaced in December 2006. No cracks and cavitations were found from the B Class maintenance records in 2008. The efficiency testing results showed that the efficiency of Unit 1 is almost the same with 2006 and the runner of Unit 1 was determined as class A equipment reference to the maintenance records.

Runner of Unit 2 has been in operation for more than 30 years. There were some cracks at the joint of blade and crown. After welding for several times, there are large deformation and water loss is greater, which means lower efficiency. Runner of Unit 2 was determined as class 3 equipment as stated in the maintenance records.

(2) Governor

The ZFL/D-100 governors were provided by NARI. The electric cabinet and machine cabinet of Unit 1 were renovated in September 2001 and December 2004 respectively. The electric cabinet and machine cabinet of Unit 2 were renovated in December 2002 and December 2007 respectively. The governor is determined as class 1 equipment with good condition.

(3) Generator

The generators of unit 1 and unit 2 have been completely maintenance respectively in 2007 and 2008. However, the coils were not replaced. After thirty years running and maintenance, insulation aging is serious and almost reaching its lifetime. In view of the status of the generators, it was told that Huadian Fuxin has developed strict measures to to strengthen monitoring and anti-accident measures developed for the generators and propose renovation in the near future. It is reported that Huadian Fuxin is studying the technical upgrading option for Unit 2.

(4) Step up Transformer

The and oil circulation-water cooling step up transformers were replaced by OSFPS10–180000/220 and SSP9–63000/220 in 2002 and provided by Shenyang Special Transformers Factory and Changzhou Transformer Factory respectively. All items of post testing after installation was qualified and the annual precautionary testing results were good. With minor maintenance each year as scheduled, the condition is good.

4.8.4.3 Power Output

Both of 2 units have been in operation since October 1980. Generation records are shown in Table 4.56.

Table 4.56: Power generation from 1980

Year	Annual Generation ('0000 kWh)	Year	Annual Generation ('0000 kWh)
1981	43,319.1200	1996	45,078.0800
1982	54,949.7800	1997	64,078.4000
1983	61,095.9200	1998	62,025.6000
1984	48,601.8400	1999	58,649.0400
1985	40,159.2400	2000	52,395.2000
1986	47,393.4400	2001	66,703.8400
1987	40,015.7000	2002	59,615.4400
1988	62,844.6400	2003	44,363.6000
1989	47,630.3400	2004	25,307.5200
1990	53,460.8900	2005	50,229.2800
1991	41,135.4600	2006	57,101.8400
1992	62,041.9200	2007	44,010.1104
1993	46,394.8800	2008	48,033.8576
1994	58,157.6800	2009	30,359.8360
1995	65,426.1600	2010	54,773.6480
Average	50,883.5		

It can be seen from the table above that the actual average annual generation is 511.78 GWh, which is 11.78 GWh greater than the original design (about 2.3% larger), shows that the plant operated as expected.

We also reviewed the runoff data series from 1951-2010. The average annual runoff is 158.1 m^3/s for the recent 60 years. The average flow during 1981-2010 is 165.9 m^3/s, showing more water available in recent 30 years. The average annual flow in recent 40 years from 1971-2010 is 164.6 m^3/s, no significant difference with data series of 1981-2010, which means that the data series of recent 30 years is representative and can be used to check the annual generation.

The operation efficiency of the units has been greatly improved after renovation and replacement in recent years and the generation is likely to increase. The checked average annual generation is 530.7 GWh and the operation hours are 5,307 h per year in view of the considering factors.

The average operation hours are significantly higher comparing with the general level and the average load factor is also relatively higher. Chitan HEP is a peak power station and need to reserve certain spare capacity for the grid. The local load level has greatly increased during the recent 30 years so that more spare capacity is required. It is suggested that Chitan HEP take expanding installed capacity into account to lower the operation hours per year and load factor in order to reserve more back-up load for the grid and play full function as peak load plant. It was reported from the site staff that Chitan HEP is studying the feasibility of expanding installed capacity.

4.8.5 Organization and Staff

Chitan HEP arranged one Operation division (28 staffs), one Maintenance division (15 staffs), the Second Operation and Maintenance division (58 staffs) and Safety and Inspection division for the generation. Among of them, some employers are seconded to other plants under Huadian Fuxin.

4.8.6 Environment

As Chitan plant was constructed in 1970s, the central government did not have EIA and EIA acceptance regulations at that moment. There are no special environmental issues, which need further attention from site inspection.

4.8.7 Consents

Hydropower plant shall apply the water abstraction license according to the relevant regulations. Chitan power plant has obtained the abstraction license (Min [2007] 000029, expired on December 31, 2012). It is required to renewal the license every four years.

4.8.8 Grid Connection Agreement

Chitan plant has signed the grid connection agreement with Fujian Power Limited Company (expired on December 31, 2015) and power purchase agreement (expired on December 31, 2014).

4.8.9 Conclusions

Generally, this scheme is well designed and operating better than expectations.

The plant has been in operation for 31 years, the vegetation is well covered. No signs of landslide and leakage have been identified.

The automatic monitoring system of the dam is stable and reliable. Dam deformation is in line with the general variation of the concrete gravity dam. The seepage of the dam was not significant and the change of uplift pressure is normal. Generally, the dam is in normal condition with enough discharge capability for flood control.

The powerhouse, tail water structures, dam abutment and vicinity areas are in good condition. However, the inspection and testing conducted in 2003 showed that radial gate and certain parts of penstock were serious corroded. It was told that Huadian has approved the 2012 maintenance plan to further repair the corrosion.

The plant has been in operation over 30 years and has been maintenance and operated as schedule.

Part of the equipments have been upgraded or replaced since 2001, including 1# turbine, governor, excitation system, step-transformer, protection system, communication and control system etc. It can be confirmed that overall the new equipments are in good conditions.

2# turbine and both generators have not been replaced yet and the facilities are aging, which may threat the safety operation of the plant. Except for strengthening inspection and management, it is recommended to study the technical upgrading for such facilities in the near future.

As the operation hours are relatively larger, it was told that the plant is undertaking the feasibility study to enlarge installed capacity in the future.

4.9 Summary

From reviewing the documents available and site inspection, all of the seven selected plants there well established and appropriate to current design. It appears to be no seismic activity at the powerhouse location and no major flood events or landslides have occurred that could have affected the dam and powerhouse and can be confirmed low risks.

Baisha hydropower station has been in operation for approximately four and half years since 2007. Analysis of operational records has shown that the plant has generated on average up to 88% of its design generation. It can be confirmed that the plant operates well as expected.

Mianhuatan hydropower has been in operation for approximately ten years and operated as expected based on the operation records.

Ansha hydropower station has been in operation for approximately 36 years. Some of the technology employed in the scheme (batteries) is considered old and may require replacement, even though it is not affecting the station capability. Overall, the station equipment is appropriate for operation and considered to be low risk.

Fenghai hydropower station is a small-scale run-of-river power station and has been in operation for just over five years. The technology employed in the scheme (unit type, switchgear, batteries) is well established and appropriate to current design standards and considered to be low risk.

Gutianxi second cascade hydropower station has been in operation for more than 40 years. The dam has been reinforced during 2003-2005 and appropriate to current design standards. Most of the M&E equipments have been replaced since 2003 and in good condition.

Qinshan hydropower station has been in operation over 10 years and most of the equipments and facilities are in good condition. Qinshan plant has almost been outage due to the construction of Zhouning hydropower plant in the downstream. Excluding 2004, the average annual power generation during 2000-2010 was 132.88 GWh, which has generated on average up to 91% of its design generation. It can be confirmed that the plant operates well as expected. It is suggested that the plant shall pay attention to the potential drying river reach at the downstream of the dam.

Chitan Hydropower station has been in operation over 30 years. Generally, the dam is in normal condition. Parts of equipments have been replaced since 2001. 1# generator and 2# turbine and generator are ageing. It is reported that the plant is preparing technical upgrading strategy and is planning to replace the ageing equipments gradually.

5. THERMAL POWER STATION TECHNICAL ASSESSMENT

5.1 Introduction

Fujian Kemen Power Generation Co Ltd is located on the Huangqi peninsula, on the south bank of Luoyuan Bay in the East Fujian province. The power station site was selected within Kemen Economical Development Zone, which is about 85 km to Fuzhou City, 54 km to Ma'wei, and 39 km to Lianjiang. This power station was developed by China Huadian Corporation. A FEED study for phase I (Unit 1 and Unit 2) was conducted in 2003 and construction started in 2004. Unit 1 and Unit 2 achieved commercial operation Data (COD) in August and December of 2006 respectively. Phase I contains two coal-fired super-critical units with nameplate capacity of 600 MW each. The total investment of Phase I was CNY5 billion. Currently Luoyuan Bay has industrial docks with an annual throughput of 10,000,000 tonnes, which makes it convenient for coal and industrial heavy shipping.

The design coal for the power station is from Shenfu Dongsheng coal mine, and the check coal is northern Shanxi bituminous. Power station and Huadian Coal Co. Ltd have signed a long term Fuel Supply Agreement (FSA). All coal is shipped to the industrial dock of the power station.

The Power Purchase Agreement (PPA) is between the Procurer (Fujian Electric Power Co. Ltd) and the Kemen Power Generation Co Ltd. Phase I export electric power to Fuzhou Substation is via a 500 kV two-circuit power line. The usual PPA term is 3 years and automatically renewable 3 months prior to expiration till end of commercial operation unless significant power purchase changes are envisaged. The initial PPA terminated on December 31, 2008 and it has been renewed till January 2012.

The power station uses seawater as the main cooling media for the circulating cooling water system for the condenser and closed cooling water system for auxiliary equipment. All other water consumption including production water, potable water and fire-fighting water is fresh water, which is mainly sourced from Bantang reservoir. Mu'Pu reservoir is used as backup.

5.2 Major Supplier

5.2.1 Overall Design

Kemen Power Station overall design was undertaken by China Southwest Electric Power Design Institute (SWEPDI), a subordinate company under the Electric Power Project Consulting Group of China. SWEPDI possesses Grade A qualification in the areas of engineering design, electrical engineering and construction design, engineering survey, environmental impact assessment, pollution prevention and control engineering, EPC contracting, engineering consulting, project cost consulting, project supervision, pressure vessel design and etc. In 1995, SWEPDI became one of the first enterprises certificated by the Authorities of the State Electric Exploration-Survey and Design to have reached International Standard Organization 9001 (ISO9001) and certificated by the State Foreign Trade Ministry for the qualification for overseas businesses.

As of September 2010 (not including years before 1999) SWEPDI has designed more than 70 sets of 600 MW units in 13 countries, with a total capacity of 44,717 MW. Through these projects SWEPDI has accumulated extensive experience in super-critical and ultra-supercritical unit. As one of the main design institutes, we do not have major concern regarding SWEPDI's ability to design to this power station.

5.2.2 Major Equipment Supplier

Shanghai Electric Group (SEG) provided steam generators, steam turbines and generators for both units in Phase I. To date, SEG has already delivered 53 sets of 600 MW supercritical units and 20 sets of 1,000 MW ultra-supercritical units, and has 94 and 46 similar units under construction, respectively. SEG offers from 50 MW to 1,000 MW units covering circulating fluidized bed (CFB) units, ultra-supercritical units, and combined cycle units for all size power stations. We consider the main equipment from SEG are of mature technology and proven design and we do not have major concern with regards to their quality and service.

5.3 Power Station Construction and Configuration

5.3.1 Power Station Construction

This power project construction started in 2004. Both units overall design was undertaken by SWEPDI. Major equipment include steam generator, steam turbine and generator were manufactured by SEG and the project construction was undertaken by Guangdong Thermal Power Engineering Corporation. Unit 1 and Unit 2 started commercial operation in August and December 2006, respectively.

5.3.2 Power Station Configuration

Both units use 600 MW supercritical pulverised coal steam generators, they feature a modularised main steam system, reheated steam system and main water feeding system. The system uses 30% high pressure and low pressure steam bypass design, and each unit is equipped with 2 × 50% steam-driven feed water pumps and 1 × 30% electric feed water pump. The model number of the reheating and condensing steam turbines is N600/24.2 MPa/566^{o}C/566^{o}C. The steam turbine driven generator is QFSN-600~650-2 type featuring a water-hydrogen cooled design.

The balance of plant (BOP) includes closed cooling water, water treatment, compressed air, fire fighting, transformers and 500 kV GIS, and distributed control system (DCS).

The following sub-sections give an overview of plant major equipment and systems.

5.3.2.1 *Steam Generator*

The steam generators by Shanghai Boiler Works, a subordinate company of SEG, were based on the Alstom US technology and further developed as per clients' specific requirements and experience of burning coal from Shenfu Dongsheng (the design coal).

The supercritical steam generators feature sliding pressure, single furnace, single reheat, corner firing, balanced draft, two-pass open layout, dry bottom ash removal, full steel structure, 2-off tri-sector Ljungstrom gas-air heaters. Key data of the steam generator are listed in table 5.1:

Table 5.1: Boiler Key Data

Item	Unit	(BMCR)	(BRL)
Main Steam Flow	t/h	1913	1821
Main Steam Pressure	MPag	25.4	25.29
Main Steam Temperature	^{o}C	571	571
Hot Reheat Steam Flow	t/h	1581	1514.2
Cold Reheat Pressure	MPag	4.38	4.16
Cold Reheat Temperature	^{o}C	312	306
Hot Reheat Pressure	MPag	4.16	3.97
Hot Reheat Temperature	^{o}C	569	569
Feedwater Temperature	^{o}C	282	279

Source: Ke'men Power Station Steam Turbine Manual

Steam generators are equipped with medium-speed mills with primary air swept pulverising system. The furnace is designed for corner firing and incorporated a total of 24 burners arranged in six rows of four. Coal dust and air are introduced into the furnace at distinct elevations through windbox assemblies located in the corners. The windbox nozzles direct the coal and air streams at slight angles off the diagonals and tangent to a firing circle in the center of the furnace. The combination of the firing angles and momentum of the fuel and air streams create a rotating or cyclonic fireball that fills the plan area of the furnace. Overfire Air (OFA) equipment has been provided within the corner firing system to reduce NO_x. The auxiliary fuel is #0 light diesel oil.

Spray attemperation is used to control superheater steam temperature during operation. Stage I attemperators are located on the inlet header of platen superheater and Stage II attemperators are located on the inlet header of final superheater. There are two spray attemperators on the reheater inlet header to control cold reheat temperature in emergency. The spray attemperation is a mature and well proven method to control steam temperature.

All boiler pressure parts use mature design and well proven material. The power station has been operated at base-load condition which leads to limited thermal impact to pressure parts, so the remaining life of major equipment should be compatible with the remaining design life.

During the site visit we determined that T91 has been used as the material for final superheater piping. From the unplanned outage records we have learnt that all major unplanned outages for both units were caused by final superheater piping premature failure. The cause of this premature failure was inadequate safety factor during design phase and this has been addressed.

The integrity of the steam generator is one of the most factors in a reliable coal-fired power station. We have been advised that there are more than 200 units of this size and type in operation in China, of which 53 units were supplied by Shanghai Boiler Works and another 94 similar units are under manufacturing or construction as of September 2010. We are not aware of any major inherent design defects with this design. We believe the technology for this type of boiler is mature and proven.

5.3.2.2 Steam Turbine

The model number of the reheating and condensing steam turbines is N600/24.2 MPa/566°C/566°C, which was supplied by Shanghai Turbine Ltd of SEG. This steam turbine is capable of operating at both full load and sliding pressure conditions. This type of unit uses single reheat, single axle, three-cylinder four extraction design. Table 5.2 lists the main technical parameters of the turbine.

Table 5.2: Key Steam Turbine Parameter

Item	Unit	
Net Plant Output	MW	600
Main Steam Pressure	MPa(a)	24.2
Main Steam Temperature	°C	566
Reheat Temperature	°C	566
Revolutions per minute	r/min	3000
Rotation		Clockwise
Average Backpressure	KPa	5.4
Summer Average Backpressure	KPa	11.8
Rated Feedwater Temperature	°C	275.3
Feed Heating		3 X HP, 4 X LP, 1 X Deaerator
Feedwater Drive		Steam Pump
Rated Steam Flow Rate	t/h	1681.542
Net Heat Rate	kJ/kWh (kcal/kWh)	7597 (1814.5)
Average Backpressure of Steam Pump	kPa	6.78

Source: Steam Turbine Operation and Maintenance Manual

Shanghai Turbine Ltd has supplied 54 sets of such steam turbines within the Chinese market and possesses production capability of 12 units per year. As of this draft report stage we are not aware of this steam turbine having any inherent design defects. We consider this type of turbine used proven and mature technology. We do not have major concern with regards to the quality and reliability of the steam turbine.

5.3.2.3 Generator

The QFSN type water-hydrogen cooled generators used for unit 1 and 2 were supplied by Shanghai Turbine Generator Co Ltd, with rated capacity of 600 MW to 650 MW. As the draft report stage we are not aware of these generators having an inherent design defect.

5.3.2.4 Coal Unloading and Storage

Coal supply is shipped to the 10,000,000 tonnage industrial dock. The dock is equipped with 2 sets of gantry unloader with rated capacity of 1,200 ton/hour.

Kemen Power station has two hemi-sphere shaped coal storage yards with internal diameter of 120 m. Each storage yard has one coal conveyor. Total capacity of coal storage is 293,000 ton, which can provide power station with 26 days usage at full load. The storage yard is fully enclosed structure and weather proof, which would reduce environmental pollution.

There are three belt conveyors between the dock and the transfer yard, two in operation and one standby. There are two belt conveyors between the transfer yard and storage yard with one in operation and one standby. Unit 1 and 2 share one coal feed system which has two belt conveyors. The design margin of coal feed system is 1.8 and meet the output requirements.

5.3.2.5 Gas Air Heater

Each boiler unit has 2-off tri-sector Ljungstrom gas-air heaters (GAH), which feature separate primary and secondary air arrangement, primary air damper opening at 50°C, counterflow rotor. Each air heater has two retractable sootblowers. Water washing pipe and firefighting pipework is fitted on the flue gas side. GAH is also equipped with fire alarm system, and meet the safety requirement.

5.3.2.6 Fans

Shenyang Blower Works Group Co supplied the primary air fans and forced draft fans, and Howden Hua supplied the induced fans to Unit 1 and Unit 2 of the power station. The power station has signed a long term service agreement (LTSA) with Fujian Xiamen Si-Te-Lang Engineering Co Ltd and Anhui Power Construction Ltd respectively for Unit 1 and Unit 2 for equipment maintenance that covers all the fans. The power station has adequate spare parts for the fans.

5.3.2.7 Distributed Control System (DCS)

Unit 1 and 2 in the power station use distributed control system (DCS) by Emerson. This DCS system is well proven in modern thermal power station and we do not have any major concern to this system.

5.3.2.8 Transformers and 500 kV Substation

The generators are connected to corresponding feeder circuits to the 500 kV switchyard and connected to Fuzhou 500 kV substation via 2-circuit connection. 500 kV and 720 MVA outdoor type, three-phase double-winding copper wire surge-type low-loss non-excitation step-up transformers were adopted for both generators. We consider the transformers meet national standard (GB code) and the International Electrotechnical Commission (IEC) standard. Table 5.3 lists the main technical parameters of the transformers.

Table 5.3: Key Transformer Parameter

Item	Value
Rated capacity	720 MVA
Voltage and tapping range	500 kV ±2 X 2.5%
Cooling method	ODAF
Transformer loss at rated output	275 kW

Source: Primary Transformer Product Manual

5.3.2.9 *Electrical Static Precipitator (ESP)*

ESP systems for Unit 1 and Unit 2 were designed by Fujian Provincial Power Design Institute and supplied by Fujian Long-Jing Environmental Co. Ltd. The design employed dual chamber and four electric fields with rated flue gas rate of 1,634,140 m^3/h. Each ESP unit contains 16 hoppers. The ESP systems were designed to use 380 V, 3-phase 4 wire, 50 Hz AC. The maintenance of ESP systems for Unit 1 and Unit 2 fall into their own LTSA. According to plant O&M records we did not find any major issues for the ESP systems.

5.3.2.10 *Flue Gas Desulphurization System*

Both Unit 1 and Unit 2 use wet scrubber to control sulfur dioxide emission, each unit has one scrubber. The incoming flue gas from ESP is introduced to the FGD absorber tower after the heat exchanger where it is cooled by outcoming flue gas (after scrubbing). The flue gas enters the side of absorber tower and exits from the transition at the top after scrubbing and is then heated up by incoming flue gas and lead to the stack and discharged to atmosphere. The gypsum slurry can be reused after the dewatering process. The actual maximum SO_2 emission is less than 100 mg/m^3 and meets national emission code GB13223-2011, which is to be implemented in 2012.

5.3.2.11 *Cooling Water System*

Seawater is used as the cooling medium of circulating cooling water system. It is mainly used to cool down the condenser, closed cooling water heat exchangers, and supply to the Chlorine system. The circulating cooling water system uses the modular direct water supply mechanism and each boiler unit is equipped with 2 × 50% cooling water pumps. We were told that, cooling water pump combinations will be changed according to seasonal changes in temperature. Usually 3 pumps are used in winter and 4 in the summer with a 20% redundancy for cooling water flow rate. If 20% flow rate redundancy is the case then any pump failure in summer may affect the power station output. Because the use of seawater as a cooling medium, power station uses sodium hypochlorite electrolytic water treatment system to prevent marine life caused corrosion or clogging. The pump arrangement and the water chemistry in this power station are widely used and well accepted worldwide.

5.3.3 Summary

We consider the technology and equipment used in this power station are mature and well proven based on the information provided and meet our expectation. However we have some concerns about the final superheater piping premature failure, otherwise we consider Unit 1 and Unit 2 in Kemen power station fundamentally meet the design requirement and are in stable operation.

5.4 Operation History

5.4.1 Capacity and Availability

Fuzhou Kemen Power station Phase I construction started in 2004. Unit 1 and Unit 2 started commercial operation on August 3, 2006 and December 4, 2006, respectively. Both units have been in base load operation. With the information provided Table 5.4 lists both units' capacity factors and availabilities from 2008 to September 2011.

Table 5.4: Unit 1 and 2 Capacity Factors and Availabilities

	Year	2008	2009	2010	2011 (to Sept)
Unit 1#	Capacity Factor (%)	69.52	70.35	59.54	66.95
	Availability Factor (%)	87.68	90.06	91.18	81.6
	Net Generation (GWh)	3664.23	3697.71	3129.43	2631.84
Unit 2#	Capacity Factor (%)	54.85	67.04	61.05	56.88
	Availability Factor (%)	82.44	90.65	100	72.68
	Net Generation (GWh)	2890.81	3523.66	3208.62	2236.14

Source: Ke'men Power Station Reliability Record

As per the 5,000 equivalent operating hour proposed in the FEED study report we consider both units generate more power than predicted.

5.4.2 Outage

Provided with the operation record we list both units' outage statistics in Table 5.5.

Table 5.5: Units Outage

	Unit 1		Unit 2	
Year	Planned Outage	Unplanned Outage	Planned Outage	Unplanned Outage
	(hours)	(hours)	(hours)	(hours)
2008	903.07	179.38	1,267.57	274.55
2009	728.55	141.82	637.05	182.12
2010	772.98	0	0	0
2011	1,047.57	157.85	1,271.98	518

Source: Ke'men Power Station Reliability Record

From the statistics above we consider major outages were planned outages. Notably both units did not experience any unplanned outages in 2010 and Unit 2 did not have planned outage in that year, which lead to 100% availability. In 2008 both units have undertaken planned Grade A outages since commercial operation. All other annual outages and planned outages before key festivals were deemed as normal outage and have been recorded.

We have noted the following reasons from the unplanned outage record:

- Unit 1
  - In 2011 has experienced 157.85 hours unplanned outage because of premature failure on 4th tube in row 54 of final superheater;
  - In 2009 has experienced 141.82 hours unplanned outage because of premature failure on platen superheater;
  - In 2008 has experienced 179.38 hours unplanned outage with the reason the same as above.
- Unit 2
  - In 2011 has experienced 3 times with a total 518 hours unplanned outage because of premature failure on final superheater;
  - In 2009 has experienced 4 times with a total 182.12 hours unplanned outage largely due to the reason same as above;
  - In 2008 has experienced 3 times with a total 274.55 hours unplanned outage largely due to the reason same as above.

We believe T91 premature failure was the main cause of unplanned outages for both units and the record further confirmed our concern. The direct reason lead to this was largely due to lower design margin by the boiler supplier. This issue has been addressed and aimed to be repaired by 2012.

Affected by the outages both units' availabilities were less than 92% (100% for Unit 2 in 2010). We have noted that that the definition of plant availability in China is different from the western market, and also the regulations of availability of PPA and grid despatch apply different principles, so we consider the availabilities here for Kemen power station as a long term average and meet our expectation based on our experience of similar power station worldwide.

We consider the plant capacity factor is at high level among the similar power stations in China though slightly lower compared to western plants, that's because its annual power generation amount is pre-decided by the production plan by government authority for each year. In accordance with verbal information provided during our visit, under the PPA, plant income is based on exported energy volume only with no plant availability or capacity payment. The plant is therefore not compensated if Fujian Electrical Company limits the purchased energy volume in a period.

5.4.3 Plant Coal Consumption

In Kemen power station the coal consumption for power generation has been steadily decreasing since 2007 from 318.0 g/kWh to 304.1 g/kWh in 2011 (as reported in December 2011). Notably the national average standard coal (according to standard coal LHV of 29.3 MJ/kg) consumption for power generation is 333 g/kWh (2010 Annual Power Generation Briefing – SERC) for any coal fired power station greater than 6 MW capacity in 2010, when Kemen power station's figure was 305.3 g/kWh in that year. This means major large-scale power generation enterprises have higher level of technology, equipment and corporate management. Table 5.6 lists the power station's annual average coal consumption.

Table 5.6: Plant Average Coal Consumption

Year	Average Coal Consumption (g/kWh)
2007	318.0
2008	316.9
2009	307.8
2010	305.3
2011	304.1*

* *Figure based on report in December 2011*

Source: Ke'men Power Station Monthly Analysis Report

It is noted that there are big difference between Chinese large state-owned power stations and Western similar power stations in operation regime and PPA, which lead to big difference in calculating annual standard coal consumption.

5.4.4 Plant Efficiency

Generally the design conditions for supercritical units in the western countries is $P_{F/SHTR}$=30 MPa, $T_{F/SHTR}$=600^{o}C, $P_{F/RHTR}$=6.5 MPa with overall efficiency greater than 46%. The design conditions for Kemen power station is $P_{F/SHTR}$=24.2 MPa, $T_{F/SHTR}$=571^{o}C, $P_{F/RHTR}$=4.17 MPa with designed overall efficiency no less than 43%. During site visit the verbal information we have regarding overall efficiency was between 35% and 40%, which is lower than expected. Table 5.7 lists both units' actual annual operating conditions since 2008.

Table 5.7: Units Average Operating Condition

Year	Operating Condition	Unit 1	Unit 2
2008	Main Steam Temperature (°C)	557.62	551.35
	Main Steam Pressure (MPa)	22.57	21.92
	Hot Reheat Temperature (°C)	547.12	546.11
	Hot Reheat Pressure (MPa)	3.2	3.07
2009	Main Steam Temperature (°C)	556.74	555.17
	Main Steam Pressure (MPa)	22.87	22.20
	Hot Reheat Temperature (°C)	546.95	541.81
	Hot Reheat Pressure (MPa)	3.28	3.09
2010	Main Steam Temperature (°C)	557.42	556.16
	Main Steam Pressure (MPa)	21.58	20.61
	Hot Reheat Temperature (°C)	548.75	544.77
	Hot Reheat Pressure (MPa)	2.84	2.62
2011 (till October 2011)	Main Steam Temperature (°C)	557.55	552.67
	Main Steam Pressure (MPa)	23.64	21.96
	Hot Reheat Temperature (°C)	522.74	548.23
	Hot Reheat Pressure (MPa)	3.38	3.22

Source: Ke'men Power Station Monthly Analysis Report

We have noted in Table 5.7 that actual operating conditions for both units from 2008 were lower than design conditions. In some months after the high temperature superheater tube premature failure the units were operated under lower condition or subcritical condition for safety reason and this was the cause of the lower efficiency. Huadian Fuxin Energy Co., Ltd has been in consultation with the boiler supplier, Shanghai Boiler Works, who has acknowledged this and agree to retrofit. Currently Huadian Fuxin Energy Co., Ltd has approved the retrofit plan and aim to accomplish by 2012.

5.5 Operation and Maintenance

Kemen power station has almost 400 staff working on a total of 4 power generation units. The number includes 193 operating staff and 112 maintenance staff. Operating staff work in three shifts. We consider the staff number is higher compared to those similar power stations in Western countries, partly due to in-house maintenance for Unit 3 and Unit 4.

As introduced in previous sections, the mechanical maintenance for Unit 1 and Unit 2 has been outsourced to Fujian Xiamen Si-Te-Lang Engineering Co Ltd and Anhui Power Construction Ltd, respectively. The maintenance agreements are usually valid for 3 years and are renewable. The current agreement is valid till December 31, 2013. The agreements cover steam generators, steam turbines, shared facilities between unit 1 and unit 2, and boundary area between the two units. The maintenance of the 2-circuit power cable connected with Fuzhou Substation has been outsourced to Fujian Power Construction Ltd. This type of LTSA is a popular form of equipment maintenance and is widely accepted in the power stations in many countries. The advantage of these agreements is controllable cost within the maintenance cycle. Unit 3 and Unit 4 in the power station are currently maintained by its own staff and it is not clear whether they are using outsourced LTSA as Units 1 and 2 do.

As of September 30, 2011 Unit 1 has accumulated actual operating hours (AOH) of 21,872 and equivalent operating hour (EOH) of 26,573 and Unit 2 has AOH of 19,765 and EOH of 25,723. At the end of 2007 both units have undertaken planned Grade A outages since commercial operation and due for the next in the end of 2012 as planned. All other annual outages have been undertaken as scheduled.

5.6 Asset Condition

Based on our visual investigation during the site visit, the condition of the plant is generally in accordance with what we would expect for a facility of this type and age. All areas of the plant are kept clean and are provided with suitable safety signs and a security system. Most of the indoor and outdoor equipment is in service without significant corrosion or damage and no abnormal sound. From the recorded data available there is no indication of major concerns or significant investments required relating to plant items.

5.7 Spare Parts

We reviewed the plant spare parts inventory and consider spare parts stock for boiler, steam turbine, EC&I, and FGD to be adequate. Each discipline reviews the inventory and produce stock list for procurement monthly in accordance with the actual stock. There are a large number of similar units and BOP equipment in operation nationwide so we do not have any concern about key spare parts supply. We also consider the LTSA an assurance to spare part supply.

5.8 Environment, Health and Safety

The overall investment for Unit 1 and Unit 2 in the Phase I was CNY5 Billion which include CNY 568 Million environmental protection investment. The environmental protection facilities were put in operation along with unit COD.

Both Unit 1 and Unit 2 use low-NO_X combustion technology (low-NO_X burner, staged combustion and overfire air). Flue gas is discharged through the 210-metre stack after ESP and FGD. Continuous Emission Monitoring System (CEMS) and GGH are equipped to monitor emission and are connected to the local environmental authority. Coal handling system includes fully enclosed coal storage yards and conveyors. Mill, coal transfer field, and ash storage yard have precipitator. Seawater is the main cooling medium. All industrial waste water is treated and re-used. Noise control systems have been used at every noise sources.

Particulate, SO_2, NO_X emissions are 17.1 mg/m^3, 100 mg/m^3, and 170 mg/m^3 respectively. However, there is no mercury emission information as it is not required as per the current national regulation. As advised Unit 1 and Unit 2 will have SCR retrofit in two years and mercury emission will be monitored. No major issue or environmental incidents were noted during our review of operational records and relevant documents provided.

Under the new emission code GB 13223-2011, which is to be implemented in 2012, Kemen power station will have to meet the requirement of particulate, SO_X, NO_X and mercury emissions no more than 30 mg/m^3, 100 mg/m^3, 100 mg/m^3 and 0.03 mg/m^3 respectively. We are satisfied with the current emission level as per current regulation, but we would expect the NO_X emission will meet the new regulation after SCR retrofit.

5.9 General Conclusion

We comment on the key conclusions relating to Unit 1 and Unit 2 in Kemen power station as below:

- We consider the power station design and equipment are based on mature and proven technology;

- We consider the output and power generation are in line with our expectation;

- Plant availability in some years had an outstanding performance and in general consistent with our expectations;

- Power station coal consumption reduction effect is higher than the national average and meet our expectations;

- The plant Capacity Factor is at high level among the similar power stations in China, though slightly lower than similar Western power stations. This is because annual power generation amount is decided by the production plan issued by government authority at beginning of every year;

- Because of high temperature premature failure and safety reason, the actual heat efficiency is slightly lower than design;

- We are slightly concerned about the 20% redundancy for circulating cooling water pumps. We consider that there is no indication of idle capacity of the circulation pump, because the capacity shall be designed according to actual conditions. The pump configuration and 20% redundancy is reasonable and well proven. This type of pump is very reliable and durable, and what can be slightly concerned are the spare parts for the pump (i.e. motor, propeller, and casing), in case of motor failure, or impeller/casing damage due to foreign objects intaken from seawater. However as long as the pump intake screen/filter has reasonable mesh size, the spare parts of propeller and casing is not necessary. So, it means the 20% margin of this plant is adequate for the condition and meets the relevant margin requirement of national codes. We consider the redundancy for other major equipment is adequate;

- Boiler high temperature superheater premature failure was due to design flaw and will be fixed by 2012;

- We reviewed the LTSA and the power cable maintenance agreement. We consider these agreements cost effective and provide some quality assurance;

- We reviewed the FSA, Grid Connection Agreement, and PPA and consider these agreements have provided some assurance to power generation, sales, and on-grid generation;

- We reviewed current Emission Permit and consider the emission meets current emission code. We would expect the NO_X emission meet the new emission regulation when fitted with SCR system;

- We reviewed the plant spare parts inventory and consider the stock and range are adequate for maintenance and planned outage.

APPENDIX

APPENDIX A: DOCUMENTS REVIEWED

List of documents reviewed

No	Column
1	Kulun Wind Farm Phase I PPA Maintenance plan Grid connection agreement Construction contracts Environmental effect report and review Huiteng project document Equipments technical specification Operation performance monthly report Feasibility study report Wind power for regional heating proposal SVC design SVC technical agreement Single line diagram Notice of 220 kV transmission project Approval of 220 kV transmission project WTGs maintenance methods Maintenance tools register list Equipments purchase contracts
2	Xiaocaohu Wind Farm 1 Phase I PPA O&M agreement Feasibility study report Project approval from DRC design/installation/construction contract Equipments contract Phase II contracts Single line diagram Spare parts list Safety assessment Operation performance monthly report Quality inspection result Notice of environmental effect report

No	Column
3	Burjin Wind Farm Feasibility study report Notice from DRC Equipments contracts Design/installation/construction contract Environmental effect report Notice of environmental effect report Financial documents Grid connection and dispatch agreement Equipments technical specification Curtailment summary 2011 production plan Operation performance monthly report
4	Guazhou Wind Farm Phase I Feasibility study report Equipments contract Construction/supervision contract Project approval from DRC Environmental effect report Project implementation journal WTGs layout Single line diagram Main transformer test report WTGs manual Main equipments technical specification Operation performance monthly report 330 kV system assessment inspection Equipments fault list LVRT inspection report Wind power large-scale off-grid report Notice for wind farm off-grid

No	Column
5	Muling Wind Farm Phase I Legal investigation documents Warehouse materials sheet Feasibility study report WTGs contract Box transformer technical specification WTGs layout Single line diagram WTGs fault register Operation performance monthly report WTGs 240 hr report Spare part list Spare part procedure method Approval and inspection report Phase II documents
6	Yilan Jiguanshan Wind Farm Phase I Legal investigation documents Feasibility study report WTGs contract and technical specification Main transformer specification Box transformer specification' Supervision completion report Operation performance monthly report 35 kV cable diagram and capacitors Spare part list O&M budgeting method Spare part management method

No	Column
7	Lianyungang Guanyun Wind Farm Phase I
	Feasibility study
	Consent of land
	Approval of project from NDRC
	Notice of project approval
	Consent of EIA
	Grid connection agreement
	Grid despatch agreement
	PPA
	Operation performance monthly report
	Commissioning log of WTG 2011
	Main components change record
	WTG layout
	WTG purchase contract
	Spare parts list
	Single line diagram
	Technical data table of equipments

Source: Huadian Fuxin

GLOSSARY

AOH	Actual Operating Hours
ASL	Above Sea Level
AGL	Above Ground Level
BCSE	Business Council for Sustainable Energy
BEC	Beijing Electricity Company
BOP	Balance Of Plant
CCGT	Combined Cycle Gas Turbine
CCHP	Combined Cooling Heating and Power
CHP	Combined Heat and Power
CI	Combustion Inspection
CW	Cooling Water
CWEA	China Wind Energy Association
CREIA	Chinese Renewable Energy Industries Association
CSG	China Southern Power Grid Co., Ltd.
Cut-in Wind Speed	Wind speed at which a wind turbine begins to generate electricity
Cut-out Wind Speed	Wind speed at which a wind turbine ceases to generate electricity
DCS	Distributed Control System
DFIG	Double-Fed Induction Generator
EIA	Environmental Impact Assessment
EOH	Equivalent Operating Hours

EPC	Engineer, Procure and Construct
GB/T	Guobiao/Tujian, Chinese National Standard, Recommended
GE	General Electric Company, Energy
Gearbox Ratio	Ratio of the speed of rotation of the powered gear to that of the final gear
GL	Germanischer Lloyd
GT	Gas Turbine
GWEC	Global Wind Energy Council
HGPI	Hot Gas Path Inspection
HP	High Pressure
HRSG	Heat Recovery Steam Generator
Hub Height	Distance from the ground to the center-line of the turbine rotor
IEC	International Electrotechnical Commission
IMPC	Inner Mongolia Power Company
IP	Intermediate Pressure
IPO	Initial Public Offering
ISO	International Organization for Standards
LP	Low Pressure
LTSA	Long Term Service Agreement
LVRT	Low Voltage Ride Through
MCP	Measure Correlate Predict
MHI	Mitsubishi Heavy Industries Limited

MM	Mott MacDonald Limited
NCEPRI	North China Electric Power Research Institute
NG	Natural Gas
NOx	Nitrogen Oxides
OEM	Original Equipment Manufacturer
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
PRC	People's Republic of China
QHSE	Quality, Health & Safety and Environment
Rated Power	Maximum power that a WTG can produce at constant wind speed
RH	Relative Humidity
RMS	Gas Regulating and Metering Station
SCADA	System Control and Data Acquisition
SGCC	State Grid Corporation of China
ST	Steam Turbine
UK	United Kingdom
UPS	Uninterruptible Power Supply
WAsP	Wind Atlas Analysis and Application Program
WTG	Wind Turbine Generator

bar	Bar (a unit of pressure equal to 100 kPa)
GW	Giga Watt (electric)
GWh	Giga Watt hour (electric generation)
Hz	Hertz (frequency)
kA	kilo Ampere (power)
km	kilometre (length)
kV	kilo voltage (electric)
m	metre (length)
m^2	square metre (area)
m/s	metre per second (velocity)
MPa	Mega Pascal (pressure)
MW	Mega Watt (electric)
MWh	Mega Watt hour (electric generation)
MVA	Mega Volt Ampere (apparent power)
MVar	Mega Volt-ampere reactance (reactive power)
ppm	Parts per million (concentration)

This appendix contains a summary of laws and regulations in respect of taxation and foreign exchange in Hong Kong and the PRC.

TAXATION

A. Taxation in the PRC

Taxes Applicable to Joint-Stock Limited Companies

Enterprise Income Tax

Enterprise Income Tax Law of the People's Republic of China (the "New Enterprise Income Tax Law") was promulgated on March 16, 2007, effective January 1, 2008. The Income Tax Law regulates the rate of enterprise income tax at 25%. Enterprises established before the promulgation of the Income Tax Law are entitled to benefit from a preferential tax rate as per the tax laws and administrative regulations then prevailing may gradually shift to the tax rate defined by the Income Tax Law within five years after effectiveness of the Income Tax Law according to requirements of the State Council. Those entitled to the preference of fixed tax holiday or fixed-term tax reductions may continue to benefit in the same manner according to the requirements of the State Council until expiration of the tax holiday or the term of the preference. For those who have not benefited from such preference due to the failure to realize profit, the preference will be applied starting from the effective date of the Income Tax Law, January 1, 2008.

Business Tax

According to the *Provisional Regulations of The People's Republic of China on Business Tax and the Detailed Rules for Implementation of the Provisional Regulations of The People's Republic of China on Business Tax*, both of which became effective on January 1, 1994 and first amended on January 1, 2009, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC shall pay business tax. The latest amendments of the abovementioned regulations and rules supplemented the regulatory system in the following aspects:

- Insurance services provided by domestic insurance institutions for exporting goods are exempted from business tax.

- The withholding agent of the business tax should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services, transferring intangible assets or selling real estate within the territory of the PRC but have no business institutions in the PRC; or (ii) the assignee of the assets or the purchaser of the services in case there is no domestic agent.

- The column specifying the taxable services and business is deleted from the appendix of the regulations, which enable the Ministry of Finance and the SAFE to define the scope of taxable business and services.

- The preferential policies approved by the State Council before the effectiveness of the abovementioned amendments on January 1, 2009 could still be applied.

Value-added Tax (VAT)

According to the *Provisional Regulations of the People's Republic of China on Value-added Tax* in effect since January 1, 1994 and the *Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax* in effect since December 25, 1993, both of which are first amended on January 1, 2009, all institutions and individuals selling goods or providing processing, repairing or replacement services or importing goods within the PRC shall pay VAT. The tax rate of 13% shall be levied on general taxpayers selling or importing grain, edible vegetable oil, tap water, heating supply, air-conditioning, gas, liquefied petroleum gas, natural gas, marsh gas, coal products for civil use, books, newspapers, magazines, feedstuff, chemical fertilizer, pesticide, farming machines, films for agricultural use and other goods specified by the State Council. The rate applicable to goods exported by taxpayers shall be zero unless otherwise prescribed by the State Council. The rate of 17% shall be levied on taxpayers selling or importing goods other than the abovementioned items, and to taxpayers providing processing, repair or replacement services. The rate applicable to goods sold or taxable services provided by small-scale taxpayers is 3% (formerly 6%). A small-scale taxpayer is defined as a taxpayer engaged in the manufacturing of goods or the supply of taxable services, or primarily dealing in the manufacturing of goods or supply of taxable services while concurrently engaged in the wholesale or retail of goods as secondary operations, and has annual taxable sales (hereinafter referred to as "taxable sales") of less than RMB0.5 million; or a taxpayer engaged in the wholesale or retail of goods and having annual taxable sales of less than RMB0.8 million. Individuals, non-enterprise institutions, and enterprises not frequently incurring taxable activities with annual taxable income beyond the figure set for small-scale taxpayers shall be deemed as small-scale taxpayers for the purpose of VAT payment.

In addition, the new regulations and rules also provide the following:

- The input tax for purchasing fixed assets could be deducted from the output tax.

- The withholding agent of the VAT should be: (i) the domestic agents of foreign entities or individuals, who provide taxable services within the territory of the PRC but have no business institutions in the PRC; or (ii) the assignee of the assets or the purchaser of the services in case there is no domestic agent.

- The preferential policies approved by the State Council before the effectiveness of the abovementioned amendments on January 1, 2009 could still be applied.

Stamp Tax

According to the *Provisional Regulations of the People's Republic of China on Stamp Duty and the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Stamp Tax* as brought into effect on October 1, 1988, all institutions and individuals executing or receiving taxable documents within the PRC shall pay stamp tax. The list of taxable documents includes purchase and sale contracts, processing contracts, construction project contracts, property lease contracts, cargo freight contracts, warehousing and storage contracts, loan contracts, property insurance contracts, technical contracts, other documents that resemble contracts in nature, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the Ministry of Finance.

Taxes Applicable to Shareholders of Companies

Dividend-related Tax

Individual Investors

Pursuant to the Provisional Regulations Concerning Questions of Taxation on Enterprise Experimenting with the Share System (《中華人民共和國股份制試點企業有關稅收問題的暫行規定》) and the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) which was amended on December 29, 2007 and became effective on March 1, 2008 (the "New Individual Income Tax Law"), dividends paid by PRC companies are generally subject to a PRC withholding tax levied at a rate of 20%. For a foreign individual who is not resident of the PRC, the receipt of dividends from a company in the PRC is subject to a withholding tax of 20% unless reduced by an applicable tax treaty or specially exempted by the tax authority of the State Council.

In the letter dated July 26, 1994 to the former State Commission for Restructuring the Economic Systems of the PRC, the former Securities Commission of the State Council and CSRC, the SAT reiterated the temporary tax exemption set out in the Tax Notice for dividends received from a PRC company listed overseas. In the event that this temporary tax exemption is revoked, a 20% tax may be withheld on dividends in accordance with the provisional regulations and individual income tax law. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty. To date, the relevant tax authority has not been collecting any withholding tax on dividend payments on the exempted shares according to notices of tax collection.

Enterprise

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Tax on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid to a Hong Kong resident including natural person and legal entity from a PRC company, but such tax shall not exceed 10% of the total sum of the dividends payable. If a Hong Kong resident holds 25% or more of equity interest in a PRC company, such tax shall not exceed 5% of the total sum of dividends payable by that PRC company.

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) enforced from January 1, 2008 (the "New Enterprise Income Tax Law") and Regulation on the Implementation of the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法實施條例》), a non-resident enterprise, which did not establish representative office or other facilities or its established representative office or facility has no actual connections with the dividends and bonus received, shall be subject to a 10% enterprise income tax on its revenues sourced in China. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (GuoShuiHan [2008] No.897) which was promulgated by the State Administration of Taxation and became effective on November 6, 2008, a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards, shall be subject to the enterprise income tax withheld at a uniform rate of 10%. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Tax Treaties

Investors who are not PRC residents but either reside in countries which have entered into double-taxation treaties with the PRC or reside in Hong Kong SAR or Macau SAR, may be entitled to a reduction of the withholding tax imposed on the dividends paid to such investors by a PRC company. The PRC currently has singed double-taxation avoidance arrangements with Hong Kong SAR and Macau SAR respectively, and has double-taxation avoidance treaties with a number of other countries, which include but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Under each of such double taxation avoidance treaties or arrangements, the rate of withholding tax imposed by PRC's taxation authorities may be generally reduced.

Share transfer-related tax

Individual Investors

According to the New Individual Tax Law and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) as amended on February 18, 2008, gains realized on the sale of equity interests shall be subject to individual income tax at a rate of 20%.

Pursuant to the Notice on Continuing the Income Tax-Free Policy on the Share Transfer of Individual Holders (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) jointly issued by the Ministry of Finance and the SAT dated March 30, 1998, in respect of suspending the enforcement of the collection of the individual Income tax on gains realized in connection with sales of shares, gains on sales of shares by individuals are temporarily exempted from individual income tax. Individual holders of H Shares shall be subject to income tax at a rate of 20% on capital gains, unless such tax is reduced or eliminated by an applicable double taxation treaty.

Enterprise

Pursuant to the New Enterprise Income Tax Law and Regulation on the Implementation of the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法實施條例》), a non-resident enterprise, which did not establish representative office or other facilities or its established representative office or facility has no actual connections with the dividends and bonus received, shall be subject to a 10% enterprise income tax on its revenues sourced in China. Such withholding tax may be reduced or exempted pursuant to an applicable double taxation treaty.

Estate duty or inheritance tax

There is no estate duty or inheritance tax levied in China at present.

Stamp Tax

According to the terms of the *Provisional Regulations of the People's Republic of China on Stamp Duty*, the applicable stamp tax of the PRC on transfers of shares of PRC public companies shall not apply to purchases and dispositions of H-shares that take place outside the PRC. The Provisional Rules provide that PRC stamp tax shall be only levied on all the types of documents executed or received and legally bound within the territory of the PRC and protected under the PRC laws.

B. TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us.

Taxation on Gains from Sale

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the H-Shares. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a maximum rate on individuals of 15%. Certain categories of taxpayers (for examples, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment. Trading gains from sales of H-Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H-Shares effected on the Hong Kong Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for, or the market value of, the H-shares, will be payable by the purchaser on every purchase and by the seller on every sale of H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H shares). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of H-shares. Where one of the parties to a transfer is resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

PRC LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE CONTROL

The foreign exchange control system of China has experienced a number of reforms and the current system contains three major regulatory laws and regulations since 1993. The People's Bank of China ("PBOC"), as authorized by the State Council, promulgated the *Announcement Concerning Further Reformation of the Foreign Exchange Control System* on December 28, 1993, which was brought into force on January 1, 1994. The *Regulations of the People's Republic of China on Management of Foreign Exchanges* ("Foreign Exchange Regulations") promulgated by the State Council, implemented on April 1, 1996, first amendment on January 14, 1997 and latest amendment on August 6, 2008, applies to the receipts, payments or business activities in China that are transacted in foreign currencies by domestic institutions, individuals, foreign institutions and foreign individuals visiting China. The *Regulations on Control of Foreign Exchange Settlements, Sales and Payments* issued by PBOC on June 20, 1996 and implemented on July 1, 1996 governs the foreign exchange settlements, purchases, foreign exchange account openings and payments to foreign countries that are incurred in China by domestic institutions, individual residents, foreign organizations' institutions in China and foreign individuals visiting China.

PBOC publicizes the exchange rates between RMB and other major foreign currencies on each business day. The exchange rates are determined by reference to the preceding day's trading prices of RMB against major foreign currencies in the inter-bank foreign exchange market.

Before the second amendment of the Foreign Exchange Regulations in August 2008, unless special immunity had been obtained, all organizations and individuals in China shall sell their exchange income to designated banks, but foreign-funded enterprises are permitted to retain a certain percentage of their exchange income, to be deposited in a foreign exchange bank account opened in designated banks. In addition, exchange income arising from loans from foreign institutions or from issuance of shares or bonds valued in foreign currencies need not be sold to designated banks but shall be deposited in designated foreign exchange accounts with designated banks. Capital foreign exchange must be deposited in foreign exchange accounts opened with designated banks. However, the newly revised Foreign Exchange Regulation substantially changed the regulatory system by abolishing the compulsory sale principle of the exchanges income under current items, which means enterprises and individuals have the option either to sell to banks or keep the exchange income.

The PRC government has been loosening its control over foreign exchange purchases. Any Chinese enterprise in need of foreign currencies in their day-to-day business activities, trade and nontrade operations, import business and payment of foreign debts may purchase foreign currencies from designated banks, provided that they submit the required appropriate supporting documents. In addition, if foreign-funded enterprises are in need of foreign currencies for distributing dividends, capital bonuses or profits to foreign investors, the amount so needed after payment of the appropriate dividend tax may be drawn from the enterprises' foreign exchange accounts maintained with designated banks. If the foreign currency in such an account is insufficient, the foreign-funded enterprise may apply to the government authority in charge for purchasing the necessary amount of foreign currency from a designated bank to cover the deficiency. Although the foreign exchange control over transactions under current accounts has decreased, enterprises shall obtain approval from the State Administration of Foreign Exchange before they accept foreign-currency loans, provide foreign-currency guarantees, make investments in foreign countries or carry out any other capital account transactions involving the purchase of foreign currencies.

In foreign exchange transactions, designated banks may freely determine applicable exchange rates based on the rates published by PBOC and subject to certain governmental restrictions.

The *Notice Concerning Foreign Exchange Control of Overseas-listed Enterprises*, as jointly promulgated by China Securities Regulatory Commission ("CSRC") and the State Administration of Foreign Exchange ("SAFE"), came into effect on January 13, 1994, and provides that:

- Funds raised by domestic enterprises through issuing shares overseas shall be categorized as income from capital projects, and may be deposited in cash in foreign exchange accounts opened in China as approved by the SAFE.

- A domestic enterprise issuing shares overseas shall, within ten days after the foreign funds raised through the issuance of the shares have become available, transfer the full amount of the funds into China and deposit the amount in a foreign exchange account opened with approval.

- Foreign currencies needed by domestic enterprises issuing shares overseas for the purpose of distributing dividends and capital bonuses to overseas shareholders may be paid and remitted by the enterprises' banks from their foreign exchange accounts with approval of the SAFE. The enterprises' foreign currency uses for other purposes shall be handled according to applicable regulations.

- If the sum of foreign-currency funds raised by a domestic enterprise through the issuance of shares overseas reaches 25% or more of the enterprise's total equity, it may apply to the Ministry of Commerce of the PRC (previously known as the Ministry of Foreign Trade and Economic Cooperation of China) or its authorized department to establish a Sino-foreign joint venture according to the Law on Sino-foreign Joint Ventures. If it is granted the status of a Sino-foreign joint venture, its foreign-currency income and expenses shall be handled pursuant to the foreign exchange control regulation governing foreign invested enterprises.

The Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises, jointly issued by CSRC and SAFE, took effect on September 1, 2002, and provides that:

- Domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors shall, within 30 days after obtaining CSRC's approval for issuing and listing shares in foreign countries, fulfill the procedure with local branches SAFE for foreign exchange registration of overseas-listed stocks.

- Companies with foreign shares listed overseas shall, within 30 days after the funds raised have become ready, transfer into China the amount of the funds remaining after deduction of associated costs, and shall not retain the funds in foreign countries without permission of local branches SAFE. The funds transferred are managed as funds directly invested by foreign investors and may be kept in earmarked accounts or be used for foreign exchange settlement if approved by local branches SAFE.

- Foreign-currency funds, obtained by domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors through reducing holdings of shares in listed companies or through the listed companies' sale of their assets (or equity), shall be transferred back into China within 30 days after the funds become available and after deduction of associated costs, which may not be detained in foreign countries without approval of local branches SAFE. Foreign exchange settlement shall be made for such funds as approved by local branches SAFE after they are transferred back into China.

- If overseas accounts are to be opened to temporarily keep the abovementioned foreign-currency funds before they are transferred back into China, application may be made to local branches SAFE for opening such earmarked foreign exchange accounts, of which the maximum term shall be 3 months from the date of account opening.

- Overseas listed companies controlled by Chinese investors who have injected funds raised in China as investment or foreign debts shall fulfill appropriate procedures according to prevailing regulations governing investments, foreign debts and foreign exchange control.

- The procedure for foreign exchange registration of overseas investment shall be carried out according to regulations for overseas investments of domestic equity holders of overseas listed companies controlled by Chinese investors who inject assets or equity overseas. The asset or equity to be so injected shall be appraised, the amount of the overseas investment shall not be less than the appraised value of the asset or equity to be injected, and the asset appraisal and confirmation procedure prescribed by the state-owned assets administration shall be fulfilled if the investment involves state-owned assets.

- Companies with foreign shares listed overseas needing to repurchase their own shares listed and circulated in foreign countries shall, after obtaining the approval from CSRC, follow procedures set by local branches of SAFE for changing foreign exchange registration of their overseas-listed shares and for approval of opening an overseas account and remittance of funds to foreign countries.

On September 9, 2003, SAFE issued the Notice Concerning Improving Foreign Exchange Control of Overseas Listings, clarifying relevant issues in the Notice Concerning Further Improving Foreign Exchange Control of Overseas Listings. On February 1, 2005, SAFE issued the Notice Concerning Foreign Exchange Control of Overseas Listings, further revising and supplementing the abovementioned notices as follows:

- The time limit for domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors to transfer funds back into China has been extended to "within 6 months after the funds so raised have become ready," and for earmarked overseas foreign exchange accounts, the time period has been extended to "2 years from the date of account opening."

- Domestic equity holders of companies with foreign shares listed overseas and of overseas listed companies controlled by Chinese investors who reduce their holdings of stocks in listed companies through the sale of their assets (equity) may apply for the opening of earmarked accounts at the local branches of SAFE (or use existing earmarked accounts) to transfer such foreign-currency proceeds into China. Such foreign-currency proceeds/funds may not be used for foreign exchange settlement without the prior approval of the local branches of SAFE.

According to the second amendment of the Foreign Exchange Regulations effective on August 6, 2008, the aforesaid requirement to transfer the exchange income back into China is further loosened. It states that the exchange incomes could be transferred back to China or kept in oversea accounts under prescribed conditions and/or within prescribed time limit.

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities regulations. It also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between PRC Company Law and Hong Kong company law, certain requirements of the Hong Kong Listing Rules and the Mandatory Provisions.

1. PRC LAWS AND REGULATIONS

(a) The PRC legal system

The PRC legal system is based on the PRC Constitution (hereinafter referred to as "the Constitution") and is made up of written laws, administrative regulations, local regulations and rules, autonomy regulations and separate rules and regulations of State Council departments, rules and regulations of local governments and international treaties of which the PRC government is a signatory. Court judgments do not constitute legally binding precedents, although they may be used for judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC ("the Legislation Law"), the National People's Congress ("NPC") and the standing committee of the NPC ("the Standing Committee") are empowered to exercise the legislative power of the State. The NPC enacts and amends basic laws governing criminal offences, civil affairs, the State organs and other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, but not in contradiction to the basic principles of such laws. The State Council is the highest organ of state administration and enacts administrative regulations based on the Constitution and laws. The people's congresses at the provincial level and their standing committees may, in light of the specific circumstances and actual needs of their respective administrative areas, enact local regulations, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC as well as other state organs endowed with administrative functions directly under the State Council may, according to laws, administrative regulations, decisions and orders of the State Council, formulate ministerial rules within their authorities. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. The people's congresses of the national autonomous regions have the power to enact autonomous regulations and separate regulations on the basis of the political, economic and cultural characteristics of the local nationalities that reside in the area.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The significance of laws is greater than that of administrative regulations, local regulations, and rules. The significance of administrative regulations is greater than that of local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The significance of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the comparatively larger cities within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee has the power to annul any administrative regulation that contravenes the Constitution and laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or local regulation which has been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

The power to interpret laws is vested in the Standing Committee by the Constitution. According to Resolutions of the Standing Committee on Improving Interpretation of Laws passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee shall provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and supervisory authorities. In case where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the supervisory authorities under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

(b) The PRC judicial system

According to the Constitution and the Law of Organization of the People's Courts of the PRC (hereinafter referred to as the "Law of Organization of the People's Courts"), the People's Courts consist of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts, and other special divisions, such as the intellectual property division, where necessary.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The people's procuratorates also have the power to exercise legal supervision over the litigation proceedings of people's courts at the same level or below. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the people's courts at all levels.

The people's courts have adopted a "second instance as final" appellate system. A party may appeal against a judgment or ruling by the people's court of first instance to the people's court at the next higher level prior to the judgment or the ruling of the first instance is legally effective. The judgment or the ruling of the second instance by the people's court at the next higher level is final and legally binding. First judgments or rulings by the Supreme People's Court are final as well. However, in the case that the Supreme People's Court or the people's court at a higher level finds definite error(s) in the legally effective judgment or ruling by the people's court at a lower level, or the presiding judge of the people's court finds definite error(s) in the legally effective judgment by the court over which he/she presides, the case may then be retried in accordance with the judicial supervisory procedures.

The *Civil Procedure Law of the PRC* (hereinafter referred to as the "Civil Procedure Law") sets forth provisions for the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a local court in the defendant's place of domicile. The parties to a contract may, by express agreement, select a court of jurisdiction where civil actions may be brought, provided that the court of jurisdiction is located in either the plaintiff's or the defendant's place of domicile, or the place of execution or implementation, or the place of the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Should the judicial system of a foreign country limits the litigation rights of PRC citizens or enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country. If any party to a civil action refuses to comply with a legally effective judgment or ruling by a people's court or an effective award by an arbitration tribunal in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment, ruling or award. However, specific time limits are imposed on the right to apply for such compulsory enforcement. The time limit for the submission of an application for enforcement shall be two years. The suspension or termination of the time limit for the submission of an application for enforcement shall be governed by the provisions on the suspension or termination of the statute of limitation.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country on the mutual recognition and enforcement of judgments and rulings, or if the judgment or ruling satisfies the court's examination based on the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in the violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons related to the public interests.

(c) The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the Company Law of the PRC was adopted by the standing committee of the Eighth NPC, which came into effect on July 1, 1994 and was amended for the first time on December 25, 1999, the second time on August 28, 2004 and the third time on October 27, 2005. The newly amended Company Law of the PRC (hereinafter referred to as the new "Company Law") came into effect on January 1, 2006.

The *Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Shares* by Joint Stock Limited Companies (hereinafter referred to as the "Special Provisions") were adopted at the 22nd Standing Committee Meeting of the State Council on July 4, 1994. The Special Provisions was formulated according to Article 85 and Article 155 of the Company Law and applies to the overseas share subscription and listing of joint stock limited companies.

The *Mandatory Provisions in Articles of Association of Joint Stock Limited Companies to be Listed* Overseas (hereinafter referred to as the "Mandatory Provisions") were promulgated by the former Securities Commission of the State Council and the State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association (which are summarized in Appendix VIII).

(i) General provisions

A "joint stock limited company" (hereinafter referred to as the "company") is a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A State-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by laws and administrative regulations for the modification of its operation mechanisms, the handling and evaluation of the company's assets and liabilities and the establishment of its internal management organs.

A company must conduct its business in accordance with law and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liability associated with the debts of the invested enterprises.

(ii) Incorporation

A company may be incorporated by promotion or public subscription.

A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside in the PRC. According to the Special Regulations, state-owned enterprises or enterprises with the majority of their assets owned by the PRC government can be restructured in accordance with the relevant regulations to become joint stock limited companies which may issue shares to overseas investors. These companies, if incorporated by promotion, may have fewer than five promoters and can issue new shares once incorporated.

A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The Company Law provides that for companies incorporated by way of promotion, the registered capital shall be the total capital subscribed for by all promoters as registered with the relevant administrative bureau for industry and commerce; the initial capital contribution by all promoters of a company shall not be less than 20% of the registered capital, and the remaining shall be paid up within two years by the promoters from the date of incorporation of the company. For investment companies, the remaining shall be paid up within five years from the date of incorporation of the company; for companies incorporated by way of public subscription, the registered capital is the amount of total paid-up capital as registered with the relevant administrative bureau for industry and commerce.

The registered capital of a company at a minimum should be RMB5 million. Pursuant to the Securities Law, the total capital of a company which proposes to apply for its shares to be listed on a stock exchange shall not be less than RMB30 million.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make an public announcement of the date of the inaugural meeting 15 days prior to the meeting. The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the inaugural meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the Board of Supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business licence has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot by incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Provisional Regulations Concerning the Issue and Trading of Shares promulgated by the State Council on April 22, 1993 (which is only applicable to the issue and trading of shares in the PRC and relevant activities), if a company is incorporated by means of public subscription, the promoters of the company are required to assume joint liability for the accuracy of the contents of this prospectus and to ensure that this prospectus does not contain any misleading statement or omission of any material information.

(iii) Share capital

The promoters of a company may make capital contributions in cash, or in kind that can be valued in currency and transferable according to laws such as intellectual property rights or land-use rights based on their appraised value, provided that the amount of capital contribution in cash by all shareholders shall not be less than 30% of the company's registered capital.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company.

If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in RMB and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan and listed overseas are defined as overseas-listed-foreign-invested shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares. Qualified Foreign Institutional Investors ("QFII") approved by China Securities Regulatory Commission (hereinafter referred to as "CSRC") may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. According to the Special Regulations, upon approval of CSRC, a company may agree, in the underwriting agreement on issuing overseas-listed-foreign-invested shares, to retain not more than 15% of the aggregate amount of overseas-listed-foreign-invested shares proposed to be issued less the amount of underwritten shares.

The share offering price may be equal to or in excess of par value, but shall not be less than par value.

The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council. The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations.

Bearer shares are transferred by delivery of the H share certificates to the transferee.

No modification registration shall be made to the registrar of shareholders within twenty (20) days prior to the shareholders' assembly being held or within five (5) days prior to the benchmark date set for the purpose of distribution of dividends.

(iv) Increase in capital

Pursuant to the Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting. Except for abovementioned conditions of obtaining approval at the general meeting required by the Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

(v) Reduction of share capital

Subject to the minimum registered capital requirements, a company may reduce its registered capital in accordance with the following procedures stipulated by the Company Law:

- the company shall prepare a balance sheet and an inventory of assets;
- the reduction of general meeting registered capital must be approved by shareholders in the general meeting;
- the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days once the resolution approving the reduction in capital being passed;
- creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and
- the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

(vi) Repurchase of shares

A company shall not purchase its own shares other than for the following purposes:

- to reduce the registered capital by cancelling its shares or to merge with another company holding its shares;
- to grant shares as a reward to the staff of the company;
- to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting; or
- other purposes permitted by laws and administrative regulations.

The shares repurchased by the company as a reward to its staff shall not exceed 5% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through on-market contract.

(vii) Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock changes established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange. Directors, supervisors and senior management personnel of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one (1) year from the listing date.

(viii) Shareholders

The articles of association of a company set forth the shareholders' rights and obligations and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

- the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;

- the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;

- the right to inspect the company's articles of association, shareholders' registers, records of short-term debentures, minutes of shareholders' general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;

- if a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringing action be stopped;

- the right to receive dividends based on the number of shares held;

- the right to obtain surplus assets of the company upon its termination in proportion to shares he/she holds; to claim against other shareholders who abuse their rights of shareholders for the damages; and

- any other shareholders' rights specified in the articles of association.

The obligations of shareholders include: abide by the articles of association of the company; pay the subscription monies in respect of shares subscribed for; be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up; no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its limited liability companies as to damage the interests of the creditors of the company; and any other obligation specified in the articles of association of the company.

(ix) Shareholders' general meeting

The shareholders' general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the Company Law.

The shareholders' general meeting exercises the following functions and powers:

- to decide on operational policies and investment plans of the company;
- to elect or remove the directors and supervisors who are not representatives of the employees;
- to decide on matters relevant to remuneration of directors and supervisors;
- to review and approve reports of the board of directors;
- to review and approve reports of the board of supervisors or the supervisors;
- to review and approve annual financial budgets and financial accounts proposed by the company;
- to review and approve proposals for profit distribution and for recovery of losses of the company;
- to decide on increase and reduction of the registered capital of the company;
- to decide on bond issuances of the company;
- to decide on merger, division, dissolution and liquidation of the company and other issues;
- to amend the articles of association of the company; and
- other functions and powers specified in the articles of association of the company.

The annual shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months after the occurrence of any of the following circumstances:

- the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in the articles of association of the company;
- the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;
- as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;
- when deemed necessary by the board of directors;
- as suggested by the board of supervisors; or
- other matters required by the articles of association.

The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors.

The notice to convene the shareholders' general meeting shall be dispatched to all the shareholders 20 days before the general meeting pursuant to the Company Law, and 45 days pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting. According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be reviewed at the general meeting, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting.

Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies) at the general meeting.

A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provisions in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or if that 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

(x) Directors

A company shall have a board of directors, which shall consist of five to nineteen members, and there can be staff representatives of the company. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon reelection.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors at least ten days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

Under the Company Law, the board of directors exercises the following functions and powers:

- to convene the shareholders' general meeting and report on its work to the shareholders;
- to implement the resolution of the shareholders' general meeting;
- to decide on the company's business plans and investment plans;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's proposals for profit distribution and for recovery of losses;
- to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- to prepare plans for the merger, division or dissolution of the company;

- to decide on the company's internal management structure;
- to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;
- to formulate the company's basic management system; and
- other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the Company Law, the following persons may not act as a director of a company:

- persons without capacity or restricted capacity to undertake civil liabilities;
- persons who have committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;
- persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or

- persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix VIII).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

- to preside over shareholders' general meetings and convene and preside over meetings of the board of directors;

- to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director or the manager. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix VIII) contains further elaborations of such duties.

(xi) Supervisors

A company shall have a Board of Supervisors composed of not less than three members. Each term of office of a supervisor is three years, and the supervisors may hold consecutive terms upon re-election. The Board of Supervisors is made up of shareholders representatives and an appropriate proportion of the company's staff representatives; and the percentage of the number of the company's staff representatives shall not be less than one-third. Directors and senior management shall not act as supervisors.

The Board of Supervisors exercises the following functions and powers:

- check the financial affairs of the company;

- supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;

- require the director or senior manager to make corrections if his act is detrimental to the interests of the company;
- propose the convening of extraordinary shareholders' general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;
- put forward proposals at shareholders' general meetings;
- initiate actions against directors or senior management; and
- other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutates mutandis to supervisors of a company.

(xii) Managers and senior officers

A company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise the following powers:

- manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;
- arrange for the implementation of the company's annual business and investment plans;
- formulate plans for the establishment of the company's internal management structure;
- formulate the basic administration system of the company;
- formulate the company's internal rules;
- recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);
- attend board meetings as a non-voting attendant; and
- other powers conferred by the board of directors or the company's articles of association.

The Special Regulations and the Mandatory Provisions provide that the other senior management personnel of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company. The provisions of the Mandatory Provisions regarding the senior management personnel of a company have been incorporated in the Articles of Association (a summary of which is set out in Appendix VIII).

(xiii) Duties of directors, supervisors, managers and senior officers

Directors, supervisors, managers and other senior officers of a company are required under the Company Law to comply with the relevant laws, regulations and the company's articles of association, carry out their duties honestly and protect the interests of the company. Each director, supervisor, manager and senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any directors, supervisors, managers and other senior officers who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officers of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

(xiv) Finance and accounting

A company shall establish its financial and accounting systems according to the laws, administrative regulations and the regulations of the responsible financial department of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited and verified as provided by law.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profits.

If the aggregate balance of the company's statutory surplus reserve is not enough to make up for the losses of the company of the previous year, the current year's profits shall first be used for making good the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory surplus reserves have been set aside, the remaining profits shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated the capital reserve.

The company's common reserves shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company, but the capital reserve shall not be used for making up the company's losses. Where the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve shall not be less than 25% of the registered capital after such conversion.

(xv) Appointment and retirement of auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit the company's annual report and review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non re-appointment of auditors shall be decided by the shareholders at shareholders' general meetings and shall be filed with the CSRC for record.

(xvi) Distribution of profits

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

(xvii) Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies' approval department of the State Council and CSRC. In relation to matters involving the company's registration, the company shall modify its registration with the companies' registration authority.

(xviii) Dissolution and liquidation

A company may apply for the declaration of insolvency by reason of its inability to pay debts as they fall due. After the People's Court has made a declaration of the company's insolvency, the shareholders, the relevant authorities and the relevant professionals shall form a liquidation committee to conduct the liquidation of the company.

Under the Company Law, a company shall be dissolved in any of the following events:

(1) the term of its operations set down in the company's articles of association has expired or events of dissolution specified in the company's articles of association have occurred;

(2) the shareholders in a general meeting have resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or demerger;

(4) the company is subject to the revocation of business license, a closure order or dismissal in accordance with laws; or

(5) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the People's Court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (1), (2), (4) and (5) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the People's Court for its establishment. The liquidation committee shall notify the company's creditors within 10 days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- notify creditors or issue public notices;
- deal with and settle any outstanding business of the company;
- pay any tax overdue;
- settle the company's financial claims and liabilities;
- handle the surplus assets of the company after its debts have been paid off; and
- represent the company in civil lawsuits.

If the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the shareholders of the company in proportion to the number of shares held by them.

A company shall not engage in operating activities unrelated to the liquidation. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the People's Court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

(xix) Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company's plan to issue overseas listed foreign invested shares and domestic invested shares which has been approved by the Securities Commission may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from CSRC.

(xx) Loss of H share certificates

A shareholder may apply, in accordance with the relevant provision set out in the PRC Civil Procedure Law, to a people's court in the event that H share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in Appendix VIII).

(xxi) Suspension and Termination of Listing

The new and amended Company Law has deleted provisions governing suspension and termination of listing. The new Securities Law has been amended as follows: the trading of shares of a company on a stock exchange may be suspended if so decided by the securities administration department of the State Council (the new Securities Law has renamed this as the Securities Exchange) under one of the following circumstances:

(1) the registered capital or shareholding distribution no longer complies with the necessary requirements for a listed company;

(2) the company failed to make public its financial position in accordance with the requirements or there is false information in the company's financial report with the possibility of misleading investors;

(3) the company has committed a major breach of the law;

(4) the company has incurred losses for three (3) consecutive years; or

(5) other circumstances as required by the listing rules of the relevant stock exchange(s).

Under the Securities Law, in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange in the case described in (1) above, or the company has refused to rectify the situation in the case described in (2) above, or the company fails to become profitable in the next subsequent year in the case described in (4) above, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

The Company Law provides that the securities administration department of the State Council may also terminate the listing of a company's shares in the event that the company resolves to cease operation or is so instructed by its government supervisory body, or the company is declared bankrupt. In such event, the Securities Law would regard this as "other circumstances as required by the listing rules of the relevant stock exchanges."

(xxii) ***Merger and demerger***

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

(d) Securities law and other relevant regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of Shares and disclosure of information by the Company. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for co-coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory body of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking research and analysis.

On April 22, 1993, the State Council promulgated the Securities Provisional Regulations. These regulations deal with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settlement, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation and penalties and dispute settlement. According to these regulations, a company must obtain the approval of the Securities Committee to offer its shares outside the PRC. In addition, if a company proposes to issue Renminbi denominated ordinary shares as well as special Renminbi-denominated shares, it must comply with the Securities Provisional Regulations. Provisions of these regulations in relation to acquisitions of listed companies and disclosure of information expressly apply to listed companies in general without being confined to listed companies on any particular stock exchange.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies. These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information related to joint stock limited liability companies with domestically listed foreign shares.

The Securities Law took effect on July 1, 1999 and was revised for the first time as of August 28, 2004 and for the second time on October 27, 2005. This is the first national securities law in the PRC, and it is divided into 12 chapters and 240 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 238 of the Securities Law provides that a company must obtain prior approval from the State Council's regulatory authorities to list shares outside the PRC. Article 239 of the Securities Law provides that specific measures with respect to shares of companies in the PRC that are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

(e) Arbitration and enforcement of arbitral awards

The *Arbitration Law of the People's Republic of China* (the "Arbitration Law") was passed by the Standing Committee on August 31, 1994 and became effective on September 1, 1995. It is applicable to contract disputes and other property disputes between natural person, legal person and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case.

The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in a company's Articles of Association and, in the case of the Hong Kong Listing Rules, also in contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of H Shares and the company; holders of H Shares and the directors, supervisors, manager or other senior officers; or holders of H Shares and holders of domestic shares, with respect to any disputes or claims in relation to the companies affairs or as a result of any rights or obligations arising under its Articles of Association, the PRC Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall comply with the arbitration. Disputes with respect to the definition of shareholders and disputes related to a company's register of shareholders need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural or membership irregularity specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award by a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement.

Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the request for enforcement is made.

It was declared by the Standing Committee simultaneously with the accession of the PRC that (1) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and noncontractual mercantile legal relations. On June 18, 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Under the arrangement, awards made by PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in China.

2. HONG KONG LAWS AND REGULATIONS

(a) Summary of Material Differences Between Hong Kong and PRC Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and supplemented by common law and rules of equity that apply to Hong Kong. The Company, which is a joint stock limited company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of the material differences between the Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

(i) Corporate existence

Under Hong Kong company law, a company having share capital, is incorporated and will acquire an independent corporate existing after the company registrar of Hong Kong issuing a certificate of incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association does not contain such preemptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or public subscription. A joint stock limited company must have a minimum registered capital of RMB5 million, or a higher amount as may otherwise be required by laws and regulations. Under the PRC Company Law, the monetary contributions by all the shareholders must not be less than 30% of the registered capital.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company. There is no minimum monetary contribution restriction on a Hong Kong company under Hong Kong law.

(ii) Share capital

Under Hong Kong law, the authorized share capital of a Hong Kong company is the amount of share capital which the company is authorized to issue and a company is not bound to issue the entire amount of its authorized share capital. The authorized share capital may be larger than its issued share capital. Hence, the directors of a Hong Kong company may, with the prior approval of the shareholders, if required, cause the company to issue new shares. The PRC Company Law does not provide for authorized share capital other than registered capital. The registered capital of a joint stock limited company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders in a general meeting and by the relevant PRC governmental and regulatory authorities when applicable.

Under the PRC Company Law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or nonmonetary assets that may be valued in currency and lawfully transferable. For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. The monetary contribution shall not be less than 30% of a joint stock limited company's registered capital. There is no such restriction on a Hong Kong company under Hong Kong law.

(iii) Restrictions on shareholding and transfer of shares

Under PRC law, the domestic shares ("domestic shares") in the share capital of a joint stock limited company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the domestic investors of the PRC. The overseas listed foreign shares ("foreign shares") issued by a joint stock limited company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, as well as other qualified institutions.

Under the PRC Company Law, shares in a joint stock limited company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Hong Kong Stock Exchange. Shares in a joint stock limited company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law.

(iv) Financial assistance for acquisition of shares

Although the PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Hong Kong company law.

(v) Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix VIII.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting, (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question, (iii) by agreement of all the members of a Hong Kong company or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions. The Company (as required by the Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) the Company issues domestic shares and listed foreign invested shares, separately or simultaneously, once every 12-month period, pursuant to a Shareholders' special resolution, not more than 20% of each of the issued domestic shares and issued overseas listed foreign invested shares existing as of the date of the Shareholders' special resolution; (ii) the plan for the issue of domestic shares and listed foreign invested shares upon its establishment is implemented within 15 months following the date of approval by the CSRC; and (iii) upon approval by CSRC, the shareholders of domestic shares of the Company transfer their shares to overseas investors and such shares are listed and traded in foreign markets.

(vi) Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration made by directors of the interests in material contracts; restrictions on directors' authority in making major dispositions; restrictions on companies providing certain benefits, prohibitions against compensation for loss of office without shareholders' approval. The PRC Company Law provides restrictions on interested directors voting on the resolution at a meeting of the board of directors when such resolution relates to an enterprise which the director is interested or connected. The Mandatory Provisions, however, contain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office, all of which provisions have been incorporated in the Articles of Association, a summary of which is set out in Appendix VIII.

(vii) Board of Supervisors

Under the PRC Company Law, the board of directors and managers of a joint stock limited company is subject to the supervision and inspection of a Board of Supervisors but there is no mandatory requirement for the establishment of a Board of Supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

(viii) Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of a company against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The PRC Company Law gives shareholders of a joint stock limited company the right to initiate proceedings in the people's court to restrain the implementation of any resolution passed by the shareholders in a general meeting, or by the board of directors, that violates any law or infringes the lawful rights and interests of the shareholders. The PRC Company Law also provides that the shareholder can initiate proceedings if the director or senior management of the Company violates the law, administrative regulation or articles of association of the Company and thus infringe the shareholder's interest. The Mandatory Provisions further provide remedies to the company against directors, supervisors and senior management in breach of their duties to the company. In addition, every director and supervisor of a joint stock limited company applying for a listing of its foreign shares on the Hong Kong Stock Exchange is required to give an undertaking in favor of the company to comply with the company's articles of association. This allows minority shareholders to act against the directors and supervisors in default.

(ix) Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of the Hong Kong Government may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC Company Law provides that where any company encounters any serious difficulty in its operations or management so as that the interests of the shareholders will face serious loss if the company continues to exist and such difficulty cannot be resolved by any other means, the shareholders holding ten percent or more of the voting rights of all the issues shares of the company may plead the people's court to dissolve the company. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders which is prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company.

(x) Notice of shareholders' meetings

Under the PRC Company Law, notice of a shareholders' general meeting must be given not less than 20 days before the meeting, or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made at least 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting. For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are 14 days and 21 days, respectively. The notice period for an annual general meeting is 21 days.

(xi) Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum.

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

(xii) Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

(xiii) Financial disclosure

A company is required under the PRC Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, statements of changes in financial position and other relevant annexes 20 days before the annual general meeting of shareholders. In addition, a company established by way of public subscription under the PRC Company Law must publish its financial position. The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be laid before the company in its annual general meeting, not less than 21 days before such meeting. A company is required under the PRC law to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC standards, have its accounts prepared and audited in accordance with International Accounting Standards or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

(xiv) Information on directors and shareholders

The PRC Company Law gives the shareholders of a company the right to inspect the Articles of Association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders of a company have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

(xv) Receiving agent

Under both the PRC Company Law and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while that under the PRC law is two years. The Mandatory Provisions require that the company should appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

(xvi) Corporate reorganization

Corporate reorganizations involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to section 237 of the Companies Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to section 166 of the Companies Ordinance which requires the sanction of the court. Under PRC Company Law, the merger, demerger, dissolution, liquidation or change to the forms of a company has to be approved by shareholders at general meeting.

(xvii) Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC at the claimant's choice.

(xviii) Mandatory deductions

Under the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it declare any dividends after taxation. The company may not required to deposit the statutory reserve fund if the aggregate amount of the statutory reserve fund has accounted for 50% of the company's registered capital. After the company has drawn statutory reserve fund from the after-tax profits, it may, upon a resolution made by the shareholders, draw a discretionary reserve fund from the after-tax profits. There are no such requirements under Hong Kong law.

(xix) Remedies of a company

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, remedies of the company similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits made by a director, supervisor or officer) have been in compliance with the Hong Kong Listing Rules.

(xx) Dividends

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

(xxi) Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, senior management owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company.

(xxii) Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the PRC Company Law, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

(b) Hong Kong Listing Rules

The Hong Kong Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited company and seeks a primary listing or whose primary listing is on the Hong Kong Stock Exchange. Set out below is a summary of such principal additional requirements which apply to the Company.

(i) Compliance adviser

A company seeking listing on the Hong Kong Stock Exchange is required to appoint a compliance adviser acceptable to the Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Hong Kong Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Hong Kong Stock Exchange. The appointment of the compliance adviser may not be terminated until a replacement acceptable to the Hong Kong Stock Exchange has been appointed.

If the Hong Kong Stock Exchange is not satisfied that the compliance adviser is fulfilling its responsibilities adequately, it may require the company to terminate the compliance adviser's appointment and appoint a replacement.

The compliance adviser must keep the company informed on a timely basis of changes in the Hong Kong Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Hong Kong Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

(ii) Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Hong Kong Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards. Such report will normally be required to conform to Hong Kong or international accounting standards or China Accounting Standards for Business Enterprises.

(iii) Process agent

The Company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Hong Kong Stock Exchange and must notify the Hong Kong Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

(iv) Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares ("foreign shares") which are listed on the Hong Kong Stock Exchange, the Hong Kong Listing Rules require that the aggregate amount of such foreign shares held by the public must constitute not less than 25% of the issued share capital and that such foreign shares for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalization at the time of listing of not less than HK$50,000,000. The Hong Kong Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the Company has an expected market capitalization at the time of listing of over HK$10,000,000,000.

(v) Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

(vi) Restrictions on purchase and subscription of its own securities

Subject to governmental approvals and the provisions of the Articles of Association, the Company may repurchase its own H shares on the Hong Kong Stock Exchange in accordance with the provisions of the Hong Kong Listing Rules. Approval by way of special resolution of the holders of domestic shares and the holders of H shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, the Company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Hong Kong Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC law of which the directors are aware, if any.

Any general mandate given to the directors to repurchase the foreign shares must not exceed 10% of the total amount of existing issued foreign shares of the Company.

(vii) Mandatory provisions

With a view to increasing the level of protection afforded to investors, the Hong Kong Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Hong Kong Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the board of supervisors of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix VIII.

(viii) Redeemable shares

The Company must not issue any redeemable shares unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of the foreign shares are adequately protected.

(ix) Pre-emptive rights

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and foreign shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Company's articles of association, prior to (1) authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (2) any major subsidiary of the Company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing domestic shares and foreign shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and foreign shares and which plan is implemented within 15 months from the date of approval by the CSRC; or where upon approval by securities supervision or administration authorities of State Counsel, the shareholders of domestic invested shares of the Company transfer its shares to overseas investors and such shares are listed and traded in foreign markets.

(x) Supervisors

The Company is required to adopt rules governing dealings by its Supervisors in securities of the Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Hong Kong Listing Rules) issued by the Hong Kong Stock Exchange.

The Company is required to obtain the approval of its shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the Company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the Company or its subsidiary: (1) the term of the contract may exceed three years; or (2) the contract expressly requires the Company to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration more than one year.

The remuneration and assessment committee of the Company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its Shareholders as a whole and advise Shareholders on how to vote.

(xi) Amendment to the Articles of Association

The Company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the mandatory provisions of the Hong Kong Listing Rules and the Mandatory Provisions or the PRC Company Law.

(xii) Documents for inspection

The Company is required to make available at a place in Hong Kong for inspection by the public and its Shareholders free of charge, and for copying by Shareholders at reasonable charges the following:

- a complete duplicate register of shareholders;
- a report showing the state of the issued share capital of the Company;
- the Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;
- special resolutions of the Company;
- reports showing the number and nominal value of securities repurchased by the Company since the end of the last certificates year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares);
- a copy of the latest annual return led with the Beijing Administration for Industry and Commerce; and
- for Shareholders only, copies of minutes of meetings of shareholders.

(xiii) Receiving agents

The Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

(xiv) Statements in H share certificates

The Company is required to ensure that all of its listing documents and H share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect that the acquirer of shares:

- agrees with the Company and each Shareholder of the Company, and the Company agrees with each shareholder of the Company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;

- agrees with the Company, each Shareholder, Director, Supervisor, manager and officer of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer of the Company agrees with each shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with the Company and each shareholder of the Company that the H Shares are freely transferable by the holder thereof; and

- authorizes the Company to enter into a contract on his behalf with each Director, Supervisors, Managers and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligation to shareholders as stipulated in the Articles of Association.

(xv) Compliance with the PRC Company Law, the Special Regulations and the Articles of Association

The Company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

(xvi) Contract between the Company and its Directors, officers and Supervisors

The Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

- an undertaking by the Director or officer to the Company to observe and comply with the PRC Company law, the Special Regulations, the Articles of Association, the Codes on Takeovers and Mergers and Share Repurchases and an agreement that the Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;

- an undertaking by the Director or officer to the Company acting as agent for each shareholder to observe and comply with his obligations to shareholders as stipulated in the Articles of Association;

- an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of the Company between the Company and its

Directors or officers and between a holder of H Shares and a Director or officer of the Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

- if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;
- PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;
- the award of the arbitral body is final and shall be binding on the parties thereto;
- the agreement to arbitrate is made by the Director or offer with the Company on its own behalf and on behalf of each shareholder; and
- any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award. The Company is also required to enter into a contract in writing with every supervisor containing statements in substantially the same terms.

(xvii) Subsequent listing

The Company must not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Hong Kong Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

(xviii) English translation

All notices or other documents required under the Hong Kong Listing Rules to be sent by the Company to the Hong Kong Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

(xix) General

If any change in the PRC law or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Hong Kong Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including the Company, subject to special conditions as the Hong Kong Stock Exchange considers appropriate. Whether or not any such changes in the PRC law or market practices occur, the Hong Kong Stock Exchange retains its general power under the Hong Kong Listing Rules to impose additional requirements and make special conditions in respect of the Company's listing.

(c) Other Legal and Regulatory Provisions

Upon the Company's listing, the provisions of the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Repurchases and such other relevant ordinances and regulations as may be applicable to companies listed on the Hong Kong Stock Exchange will apply to the Company.

(d) Securities Arbitration Rules

The Articles of Association provide that certain claims arising from the Articles of Association or the PRC Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Hong Kong Stock Exchange so that PRC parties and witnesses may attend.

Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and China Taiwan.

(e) PRC Legal Matter

Jia Yuan Law Offices, our legal advisers on PRC law, have sent to us a legal opinion dated June 14, 2012 confirming that it has reviewed the summaries of relevant PRC laws and regulations as contained in this Appendix and that, in its opinion, such summaries are correct summaries relevant to PRC laws and regulations. This letter is available for inspection as referred to in "Appendix X – Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection." Any person wishing to have detailed advice on PRC law and the laws of any jurisdictions is recommend to seek independent legal advice.

Set out below is a summary of certain provisions of the Articles of Association of the Company.

SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company was incorporated in the PRC as a company with limited liability on November 30, 2004 under the Companies Law of the PRC (the "Companies Law"). The Articles of Association (the "Articles") comprise its constitution.

This Appendix contains a summary of the principal provisions of the Articles of Association, which was adopted on August 23, 2011 and will become effective on the date that our H Shares are listed on the Stock Exchange. The principal objective of this Appendix is to provide potential investors with an overview of the Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. A copy of the full Chinese text of the Articles of Association is available for inspection as mentioned in the paragraphs headed "Documents Delivered to the Registrar of Companies" and "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix X.

1 DIRECTORS AND BOARD OF DIRECTORS

(a) Power to allot and issue shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by Shareholders in general meeting by way of special resolution. Any such allotment or issue must be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

(b) Power to dispose of the Company's or any of its subsidiaries' assets

The Board shall not, without the approval of Shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of: (i) the value of the consideration for the proposed disposition; and (ii) where any fixed assets of the Company have been disposed of in the period of four months immediately preceding the proposed disposition, the amount or value of the consideration for any such disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last audited balance sheet placed before the Shareholders in general meeting. For the purposes of this provision, disposition includes an act involving a transfer of an interest in property other than by way of security.

The validity of a transaction for the disposition of fixed assets by the Company shall not be affected by a breach of the above-mentioned restriction contained in the Articles of Association.

(c) Compensation or payments for loss of office

In the contract for emoluments entered into by the Company with a Director or Supervisor: when the Company is acquired, provisions shall be made for the right of the Director or Supervisor to receive, after obtaining the prior consent of Shareholders in general meeting, payments by way of compensation for loss of office or for his retirement from office. Such contract of emoluments shall make provision for the right of a Director or Supervisor, in connection with the takeover of the Company, subject to the approval of the Shareholders in a general meeting, to receive compensation or other payment for loss of office or for his retirement from office. A takeover of the Company means:

(i) an offer made to all Shareholders of the Company; or

(ii) an offer is made such that the offeror will become the Controlling Shareholder of the Company (as defined in the Articles of Association).

If the relevant Director or Supervisor does not comply with above provisions, any sum received by the Director or Supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred by the Director or Supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

(d) Loans to Directors, Supervisors and other officers

The Company is prohibited from directly or indirectly making any loan or guarantee to its Directors, Supervisors, the Chief Executive, or other senior officers or the Directors, Supervisors, the Chief Executive, or other senior officers of its holding company. The Company is also prohibited from, providing any loan or guarantee in connection with a loan made by any connected person to such a Director, Supervisor, the Chief Executive, or other senior officer.

A loan made by the Company in breach of the prohibition described above shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan. A guarantee for a loan provided by the Company in breach of the prohibition referred to above shall be unenforceable against the Company unless:

(i) the guarantee was provided in connection with a loan to a person connected with a Director, Supervisor, the Chief Executive, or other senior officer of the Company or its holding company and at the time the loan was advanced the lender did not know of the relevant circumstances, or

(ii) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

The following transactions are not subject to the foregoing prohibition:

(i) the provision of a loan or a guarantee for a loan by the Company to a company which is a subsidiary of the Company;

(ii) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors, the Chief Executive, or other senior officer to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform properly his duties, in accordance with the terms of an employment contract approved by the Shareholders' general meeting; and

(iii) the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, the Chief Executive, or other senior officers or other connected persons where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

For these purposes, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

(e) Giving of financial assistance to purchase the shares of the Company or any of its subsidiaries

Subject to the Articles of Association:

(i) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. The said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company; and

(ii) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

The following transactions are not prohibited:

(i) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;

(ii) a distribution of the Company's assets by way of dividend lawfully declared;

(iii) a distribution of dividends by way of bonus shares;

(iv) a reduction of share capital, repurchase of shares of the Company or a reorganization of the share capital effected in compliance with the Articles of Association;

(v) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits; and

(vi) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

For these purposes,

(i) "financial assistance" includes, without limitation to:

(aa) assistance given by way of gift;

(bb) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity, (other than an indemnity in respect of the Company's own default) or by way of release or waiver;

(cc) assistance given by way of a loan; or entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or entering into an agreement for the change of contracting parties or the assignment of rights arising under such loan or such agreement; or

(dd) assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent; and

(ii) "incurring a liability" includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

(f) Disclosure of interests in and voting on contracts with the Company or any of its subsidiaries

Where a Director, Supervisor, the Chief Executive, or other senior officer is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company other than his contract of service, he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of Directors.

Unless the interested Director, Supervisor, general manger or other senior officer has disclosed his interest in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement has been approved by the board of Directors at a meeting in which the interested Director is not counted in the quorum and has refrained from voting, the contract, transaction or arrangement in which a Director, Supervisor, the Chief Executive or other senior officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the Director, Supervisor, the Chief Executive or other officer concerned. A Director, Supervisor, the Chief Executive and other senior officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties have interest.

Where a Director, Supervisor, the Chief Executive, or other senior officer of the Company gives the Board a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the relevant provisions in the Articles of Association so far as the content stated in such notice is concerned, if such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

(g) Remuneration

The Company shall, with the prior approval of Shareholders in general meeting, enter into a contract in writing with each Director or Supervisor for emoluments in respect of their services. The Directors or Supervisor have no power under the Articles of Association to determine the remuneration for themselves.

The said emoluments include:

(i) emoluments in respect of their services as Director, Supervisor or senior officer of the Company;

(ii) emoluments in respect of their services as Director, Supervisor or senior officer of any subsidiary of the Company;

(iii) emoluments otherwise in connection with services for the management of the Company or any subsidiary thereof; and

(iv) payments by way of compensation for loss of office, or in connection with their retirement from office.

Except under a contract entered into in relation to the above, no proceedings shall be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

(h) Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor, the Chief Executive, or other senior officer of the Company:

(i) an individual who has no civil capacity or has restricted civil capacity;

(ii) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;

(iii) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down and who have failed to pay a relatively large debt when due and outstanding;

(v) persons who have committed criminal offences and are still under investigation by law administration authorities;

(vi) persons who were not allowed to be heads of enterprises as stipulated by laws, administrative regulations;

(vii) persons who are not natural persons;

(viii) persons who have been convicted of offences of violating provisions of the relevant securities laws and regulations or offences of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction;

(ix) having been given a punishment by China's Securities Regulatory Commission as prohibition from access to securities market which has not expired; and

(x) other persons stipulated by the laws and regulations of where the Company's shares are listed.

The validity of the conduct of Directors, the Chief Executive, or other senior officers who have acted on behalf of the Company with respect to third parties who have acted in good faith shall not be affected due to any irregularity in the employment, election or qualification of such Directors, the Chief Executive, or other senior officers.

The board of Directors shall consist of nine Directors. The Directors shall be elected at Shareholders' general meetings. A Director is not required to hold any shares in the Company.

The chairman and vice chairman of the board of Directors shall be elected or removed by more than one half of all of the Directors. A Director (without prejudice to any claim for damages under any contract) may be removed by ordinary resolution at a Shareholders' general meeting.

The term of office of the chairman and other Directors shall be three years and is renewable upon re-election.

The minimum length of the period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be at least seven days. The period for giving such written notice shall commence after the date the Company gives notice of the general meeting by post, and shall end not later than seven days before the date of the general meeting.

The list of Directors' and Supervisors' candidates shall be proposed in form of a motion to the Shareholders' general meeting for resolution.

Where there are two or more candidates for the election of Directors at a Shareholders' general meeting, each of the shares held by the Shareholders (including proxy) shall have the same number of votes as the number of candidates, and the voting rights can be concentrated on electing one person, or be separated on electing several persons, but explanations have to be made on the allocations of the voting rights.

(i) Borrowing powers

On condition of compliance with the laws and administrative regulations of the State, the Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgaging or pledging of part or whole of the Company's properties and other rights permitted by the laws and administrative regulations of the State provided that such action does not damage or abrogate rights of any Shareholder.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than; (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

(j) Liabilities

The Directors, Supervisors, the Chief Executive, and other senior officers of the Company owe fiduciary duties and duties of diligence to the Company. In addition to any rights and remedies provided for in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, the Chief Executive, or other senior officer is in breach of his duties owed to the Company:

(i) to claim against such a Director, Supervisor, the Chief Executive or other senior officer for losses incurred by the Company as a result of his breach;

(ii) to rescind any contracts or transactions entered into between the Company and the Director, Supervisor, the Chief Executive or other senior officer and a third party where such third party has knowledge or should have had knowledge of the breach of duty;

(iii) to account for the profits made by the Director, Supervisor, the Chief Executive or other senior officer as a result of his breach;

(iv) to recover any monies received by the Director, Supervisor, the Chief Executive or other senior officer which should have been received by the Company, including, without limitation, commissions;

(v) to demand the return of the interest earned or which may have been earned on any monies referred to in (iv) above by the Director, Supervisor, the Chief Executive or other senior officer which should have been received by the Company; and

(vi) to initiate legal proceedings to determine whether the interest of a Director, Supervisor, the Chief Executive or other senior officer earned through his breach of duty should belong to the Company.

The Board shall carry out its duties in compliance with the laws and administrative regulations, the Articles of Association and resolutions of the Shareholders' general meetings. Each Director, Supervisor, the Chief Executive, and other senior officer of the Company should abide by his fiduciary principles in the discharge of his duties, and not to place himself in a position where his duty and his own interests may conflict. Such principles include (but are not limited to) the performance of the following:

(i) to act honestly in what he considers to be in the best interest of the Company;

(ii) to exercise his powers within the scope specified and not to act ultra vires;

(iii) to exercise the discretion vested in him personally and not allow himself to act under the direction of another;

(iv) unless and to the extent permitted by law or by the Shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his discretion;

(v) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;

(vi) except in accordance with the Articles of Association or with the informed consent of Shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;

(vii) not without the approval of the Shareholders, having been informed of the relevant facts, at a general meeting, to use the Company's assets for his personal benefit in any manner;

(viii) not to use his position to accept bribes or other illegal income and not to misappropriate the Company's fund or expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;

(ix) not without the informed consent of Shareholders in general meeting, to accept commissions in connection with the Company's transactions;

(x) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;

(xi) not to compete with the Company in any way except with the informed consent of Shareholders given in general meeting, and not to harm the interests of the Company by way of connected transaction;

(xii) not to misappropriate the Company's funds or lend the Company's funds to others, not to open any bank account in his own name or other name for the deposit of the Company's assets, and not to provide security for debt of Shareholders of the Company or any other individuals;

(xiii) without the informed consent of Shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where (i) the disclosure is made under compulsion of law; (ii) there is a duty to the public to disclose; or (iii) the personal interests of the Director, Supervisor, the Chief Executive or other senior officer require disclosure.

A Director, Supervisor, the Chief Executive, or other senior officer of the Company shall not direct persons connected to him to do what he is not permitted to do. A person is connected to a Director, Supervisor, the Chief Executive, or other senior officer if he is:

(i) the spouse or minor child of such a Director, Supervisor, the Chief Executive, or other senior officer;

(ii) a trustee for such a Director, Supervisor, the Chief Executive, or other senior officer or any person referred to in (i) above;

(iii) a partner of such a Director, Supervisor, the Chief Executive, or other senior officer or of any person referred to in (i) and (ii);

(iv) a company in which that a Director, Supervisor, the Chief Executive, or other senior officer, alone or jointly with one or more persons referred to in above (i), (ii) and (iii) or with any of other Directors, Supervisors, the Chief Executive, or other senior officers of the Company, have de facto control; or

(v) a Director, Supervisor, the Chief Executive, or other senior officer of a company referred to in (iv) above.

The fiduciary duties of a Director, Supervisor, the Chief Executive, and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

Except in circumstances referred to in the Articles of Association, liabilities of a Director, Supervisor, the Chief Executive, or other senior officer arising from the violation of a specified duty may be released by informed Shareholders in general meeting.

In addition to obligations imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, Directors, Supervisors, the Chief Executive, and other senior officers in the exercise of their powers and the discharge of their duties shall owe the following obligations to the Shareholders:

(i) not to cause the Company to go beyond the business scope specified by its business license;

(ii) to act honestly in what they consider to be the best interest of the Company;

(iii) not to deprive in any way the Company of its assets, including (but not limited to) opportunities beneficial to the Company; and

(iv) not to deprive Shareholders of their personal rights and interests, including (but not limited to) rights to distribute and to vote, except in a company reorganization submitted in accordance with the provisions of the Articles of Association and adopted at a Shareholders' general meetings.

Each of the Directors, Supervisors, the Chief Executive, and other senior officers of the Company owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

Where the Company incurs losses as a result of a Director or senior officer having violated any provision of law, administrative regulation or the Articles of Association in the course of performing their duties with the Company, Shareholders alone or in aggregate holding 1% or more of the Company's shares for one hundred and eighty (180) consecutive days or more shall be entitled to request in writing the Board of Supervisors to initiate proceedings in a court; where the Company incurs losses as a result of the Board of Supervisors having violated any provision of law, administrative regulation or the Articles of Association in the course of performing its duties with the Company, Shareholders may request the Board in writing to initiate proceedings in a court.

If the Board of Supervisors or the Board refuses to initiate proceedings upon receipt of the written request of Shareholders set forth in the preceding paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings will immediately result in irreparable damage to the Company's interests, Shareholders described in the preceding paragraph shall have the right to initiate proceedings in a court directly in their own name in the interests of the Company.

Shareholders provided for in the first paragraph of this Article may also initiate proceedings in a court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company is infringed upon by a third party and that the Company suffers from losses accordingly.

Shareholders may initiate proceedings in a court if a Director or senior officer has breached the laws, administrative regulations or these Articles of Association resulting in impairing the interests of Shareholders.

2 ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

The amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the company approval authorities of the State Council and the securities regulatory authority of the State Council. If there is any changes relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

3 VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

The Company may not vary or abrogate rights attached to any class of shares ("Class Rights") unless approved by a special resolution of Shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with the provisions of the Articles of Association. The following circumstances shall be deemed to be a variation or abrogation of the Class Rights of a class:

(i) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting or distribution rights or other privileges equal or superior to the shares of such class;

(ii) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;

(iii) to remove or reduce rights to accrued dividends or rights to cumulative dividends of such class;

(iv) to reduce or remove a dividend preference or a liquidation preference attached to shares of such class;

(v) to add, remove or reduce conversion, options, voting, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;

(vi) to remove or reduce rights of such class of shares to receive payments from the Company in any particular currency;

(vii) to create a new class of shares having voting or distribution rights or privileges equal or superior to the shares of such class;

(viii) to restrict the transfer or ownership of the shares of such class or to increase any such restrictions;

(ix) to issue rights to subscribe for, or convert into, shares in the Company of such class or another class;

(x) to increase the rights or privileges of another class;

(xi) to restructure the Company where the proposed restructuring will result in different classes of Shareholders bearing a disproportionate burden of such restructuring; and

(xii) to vary or abrogate the provisions in these Articles of Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (ii) to (viii), (xi) and (xii) above, but Interested Shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of Shareholders shall require the approval of Shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions.

Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered Shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A Shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

The Company can convene a class Shareholders' meeting, if the number of shares of the class carrying voting rights represented by Shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the Shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class Shareholders' meeting.

Notice of class meetings needs only be served on Shareholders entitled to vote thereat.

Meetings of any class of Shareholders shall be conducted in a similar way as closely as possible to the provisions for general meetings of Shareholders set out in the Articles of Association. The provisions of the Articles of Association relating to the conduct of any meeting of Shareholders shall apply to any class meeting.

In addition to holders of other class shares, holders of Domestic Shares and Foreign Shares are deemed to be Shareholders of different classes. Voting by holders of different classes of Shares is not required in the following situations:

(i) where the Company issues, upon the approval by special resolution of its Shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued Domestic Shares or Foreign Shares;

(ii) where the Company completes, within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council, its plan (made at the time of its establishment) to issue Domestic Shares and Foreign Shares; and

(iii) where shares of our Company registered on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the Securities Authority of the State Council.

For the purposes of the class rights provisions of the Articles of Association, an "Interested Shareholder" is:

(i) in the case of a repurchase of shares by offers to all Shareholders or public dealing on a stock exchange, a controlling Shareholder within the meaning of the Articles of Association;

(ii) in the case of a repurchase of shares by an off-market contract under the Articles of Association, a Shareholder to whom the proposed contract is related;

(iii) in the case of a restructure of the Company, a Shareholder within a class who bears less than a proportionate amount of obligations imposed on the Shareholders of that class or who has an interest different from the interest of the other Shareholders of that class.

4 SPECIAL RESOLUTIONS – MAJORITY REQUIRED

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half votes represented by Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than the two thirds of votes represented by the Shareholders (including proxies) present at the Shareholders' general meeting must be exercised in favor of the resolution.

5 VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary Shareholders of the company have the right to attend or appoint a proxy to attend Shareholders' general meetings and to vote thereat. Shareholders (including proxies) when voting at a Shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

At any Shareholders' meeting, voting shall be on a poll . On a poll taken at a meeting, a Shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

6 REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

A Shareholders' general meeting shall either be an annual general meeting or an extraordinary general meeting. Shareholders' general meetings shall be convened by the board of Directors. Annual general meetings are held once every year within six months after the financial year end.

7 ACCOUNTS AND AUDIT

(a) Financial and accounting system

The Company shall establish its financial and accounting systems and internal audit system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory authority of the State Council.

The board of Directors of the Company shall place before the Shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by Shareholders 20 days before the annual general meeting. Every Shareholder of the Company is entitled to a copy of the financial reports.

A copy of the above financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by pre-paid post to the registered address of every holders of Foreign Shares.

The interim results or financial information that the Company announces or discloses shall be compiled according to both PRC accounting standards, rules and regulations, and international accounting standards or accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any other books of accounts other than those provided by law.

(b) Appointment and removal of accountants

The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

The first accountants firm of the Company may be appointed by the inaugural meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the right remains unexercised in the inaugural meeting, it shall be vested with the Board.

The accountants firm appointed by the Company shall hold office from the conclusion of the annual general meeting of Shareholder until the conclusion of the next annual general meeting of Shareholders.

The Shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accountants firm or the manner in which such remuneration is determined shall be decided by the Shareholders in general meeting.

The Company's appointment of, removal of and non-reappointment of an accountants firm shall be resolved upon by the Shareholders in general meeting.

Prior to the removal or the non-renewal of the appointment of the accountants firm, an advance notice of such removal or non-renewal shall be given to the accountants firm and such firm shall have the right to attend and to make representation to the Shareholders' general meeting.

Where the accountants firm resigns its post, it shall make clear to the Shareholders' general meeting whether there is any impropriety on the part of the Company.

The accountants firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

(i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company; or

(ii) a statement of any such circumstances.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under circumstance (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for Shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of Shareholders.

Where the accountants firm's notice of resignation contains a statement of any circumstance which should be brought to the notice of the Shareholders or creditors of the Company, it may require the board of Directors to convene a Shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

8 NOTICE OF MEETING AND BUSINESS TO BE CONDUCTED THEREAT

The Shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

The Company shall not enter into any contract with any person other than a Director, Supervisor, the Chief Executive, or other senior officer whereby such person is entrusted with the management of the whole or a material part of any business of the Company without the prior approval of Shareholders in general meeting.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

(i) when the number of Directors is less than the number of Directors required by the Company Law or two-thirds of the number of Directors specified in the Articles of Association;

(ii) when the unaccounted losses of the Company amount to one third of its share capital;

(iii) when Shareholders holding 10% or more of the Company's issued and outstanding shares carrying voting rights requests in writing the convening of an extraordinary general meeting;

(iv) when the board of Directors considers necessary or upon the request of the Board of Supervisors;

(v) when 2 or more independent non-executive Directors so request; and

(vi) other situations stipulated by laws, administrative regulations and the Articles of Association.

To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered Shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who will attend the meeting shall return the written replies of attendance to the Company to be received by the Company 20 days before the date of the meeting.

When the Company is to convene an annual general meeting, Shareholders holding 3 percent or more of shares carrying voting rights shall have the right to put forward new proposals in writing to the Company.

The Company shall calculate, according to the written replies received 20 days before the date of the meeting, the number of shares carry voting rights that the Shareholders attending the meeting represent. The Company can convene a Shareholders' general meeting if the number of shares carrying voting rights represented by Shareholders intending to attend attain more of the one half of total number of shares carrying voting rights. If not, the Company shall make an announcement, within 5 days, once again notifying the Shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the general meeting. An extraordinary general meeting may not decide on matters not specified in the notice.

A notice of meeting of Shareholders shall be in writing, and contain:

(i) specify the time, place and date of the meeting;

(ii) state the matters to be discussed at the meeting;

(iii) provide such information and explanations as are necessary for the Shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be properly explained;

(iv) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, the Chief Executive, or other senior officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as Shareholders in so far as it is different from the effect on the interests of other Shareholders of the same class;

(v) contain the text of any special resolutions proposed to be passed at the meeting;

(vi) contain conspicuously a statement that a Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a Shareholder;

(vii) specify the time and place for lodging proxy forms for the relevant meeting;

(viii) specify the date of the share register listing the Shareholders that have the right to attend and vote at the Shareholders' meeting; and

(ix) specify the name and contact number of the contact person for the meeting.

Notices of Shareholders' general meetings shall be served on the Shareholders (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of Shareholders. For holders of Domestic Shares, notice of Shareholder's general meeting may be made by way of public announcement.

Public announcement of notices of Shareholders' general meetings shall be published in one or more newspapers designated by the securities regulatory authority of the State Council during 45 days to 45 days prior to the date of the meeting. Upon the publication of announcement, all holders of Domestic Shares shall be deemed to have received notice of the relevant Shareholders' meeting. The accidental omission to give notice of a meeting to, or the non receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Shareholders or the Board of Supervisors requisitioning an extraordinary general meeting of Shareholders or class meeting shall abide by the following procedures:

(i) Two or more Shareholders, separately or jointly, holding 10 percent or more voting rights in respect of a meeting proposed to be held may issue one or more written request of the same format, stating the matters to be discussed, to propose the convening of an extraordinary general meeting or general class meeting. The board of Directors shall convene an extraordinary meeting or a general class meeting upon receipt of such written request. Shareholding aforesaid shall be based on that on the day the written request is issued by the Shareholders, who shall provide to the Company the evidence for such shareholding.

(ii) Where the board of Directors fails to issue notice of convening meeting within thirty days upon receipt of the above written request, the proposing Shareholder(s) shall convene a meeting on their own accord within four months upon the board of Directors having received such request. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the board of Directors.

(iii) Where the board of Directors does not agree to convene an extraordinary general meeting or fails to provide any response within ten days of receipt of such request, Shareholder(s) individually or collectively holding 10 percent or more shares shall have the right to request the Board of Supervisors to convene an extraordinary general meeting and such request shall be made to the Board of Supervisors in writing.

(iv) Where the Board of Supervisors fails to issue notice of convening meeting within the required time, it shall be regarded as that the Board of Supervisors will not convene or hold any meeting. In such a case, Shareholder(s) individually or collectively holding 10 percent or more shares for over 90 consecutive days may convene and hold meeting on their own accord.

Where the Shareholders and the Board of supervisors convene and hold a separate meeting as the Board does not hold a meeting as required above, the Company shall bear any cost reasonably incurred, which will be charged against the amount owned by the Company to the default Director.

The matters which require the sanction of an ordinary resolution at a Shareholders' general meeting shall include:

(i) work reports of the Board and the Board of Supervisors;

(ii) plans for the distribution of profits and for making up losses proposed by the Board;

(iii) the election and removal of the members of the Board and Supervisors representing Shareholders, their remuneration and method of payment;

(iv) the annual budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company;

(v) the annual report of the Company; and

(vi) save as required by laws and regulations or the listing rules of stock exchange in where the shares of the Company are listed or by these Articles of Association, all other matters except those required to be adopted by special resolution.

The matters which require the sanction of a special resolution at a Shareholders' general meeting include:

(i) the increase in or reduction of registered share capital, share repurchase and issue of any class of shares, warrants and other similar securities of the Company;

(ii) the issue of debentures;

(iii) the demerger, merger, dissolution, liquidation or change of the form of the Company;

(iv) amendments to the Articles of Association; and

(v) other important matters which were adopted by passing ordinary resolutions at Shareholders' general meeting that are required to be adopted by special resolutions.

Where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder or his proxy in contravention of such requirement or restriction (provided that the Company is informed) shall not be counted.

If a resolution of a Shareholders' general meeting or the Board of the Company is in breach of any law and administrative regulation, the Shareholders shall have the right to petition to a court to render the same as invalid.

If the procedures for convening a meeting of, or the method of voting at, a general meeting or the Board are in breach of any law, administrative regulation or these Articles of Association, or the content of a resolution is in breach of the Articles of Association, Shareholders may petition to a court to rescind such resolutions within sixty (60) days from the date on which such resolution is passed.

9 TRANSFER OF SHARES

Subject to the approval of the securities supervision authority of the State Council, holders of our domestic Shares may transfer their Shares to overseas investors, and such transferred shares may be listed and traded on an overseas stock exchange. The listing and trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the overseas stock market. The listing and trading of the transferred shares on an overseas stock exchange is not subject to voting by separate class Shareholders' meeting.

Shares of the Company held by the promoter are not transferable within one (1) year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

The Directors, Supervisors and senior officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which a Director, Supervisor or senior officer may transfer every year during his term of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession are not transferable within one (1) year commencing from the date on which the shares of the Company were listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares in their possession within six (6) months after they have terminated their employment with the Company.

Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior officer or Shareholders holding 5% or more of the shares in the Company within six (6) months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six (6) months after the sale thereof, shall be vested in by the Company. The Board of the Company shall forfeit such gains from the abovementioned parties. If the Board of the Company fails to comply with the provision set forth in this paragraph, the responsible Director(s) shall be jointly and severally liable therefor in accordance with the law.

If the Board of the Company fails to comply with the provision set forth in the preceding paragraph, a Shareholder shall have the right to require the Board to effect the same within thirty (30) days. If the Board fails to do so within the said time limit, a Shareholder shall have the right to initiate proceedings in a court directly in his own name in the interests of the Company.

All the fully paid-up H Shares can be freely transferred in accordance with the Articles of Association.

However, the Board may refuse to recognize any instrument of transfer without giving any reasons, unless:

(i) a fee (for each instrument of transfer) of HK$2.50 or any maximum fee as stipulated from time to time by the Hong Kong Stock Exchange has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of or change of ownership of the shares;

(ii) the instrument of transfer only involves Overseas Listed Foreign Shares listed in Hong Kong;

(iii) the stamp duty chargeable on the instrument of transfer has been paid;

(iv) the relevant share certificate and any evidence in relation to the right of the transferor to transfer the shares reasonably requested by the Board has been submitted;

(v) if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four;

(vi) the Company does not have any lien on the relevant shares; and

(vii) no transfer shall be made to minors or persons of unsound mind or under other legal disability.

The alteration and rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the Shareholders' register due to the transfer of shares may be made within thirty (30) days before the date of a general meeting or within five (5) days before the record date for the Company's distribution of dividends.

10 POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

The Company may, with the approval in accordance with the procedures provided in the Articles of Association and subject to the approval of the relevant governing authorities of the State, repurchase its issued shares in the following circumstances:

(i) cancellation of its shares for the purpose of reducing its share capital;

(ii) merging with another company which holds Shares;

(iii) granting shares as incentive compensation to the staff of the Company;

(iv) acquiring the shares of Shareholders who vote against any resolution adopted at the Shareholders' general meeting on the merger or division of the Company; or

(v) other circumstances permitted by the laws and administrative regulations.

If the Company repurchases its own shares due to items (1) through (3) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting of Shareholders. After purchasing shares as stipulated in item (i), (ii) and (iii) of Article 30, the Company shall cancel such shares within the period prescribed by laws and administrative regulations, and shall make an application to its original registration authority to modify the registration on its registered capital and have a relevant announcement published. If the Company repurchases its own shares in accordance with item (iii) of Article 30, the shares so repurchased shall not exceed the maximum proportion prescribed by laws and administrative regulations, and shall be transferred to the employees within the time prescribed by laws and administrative regulations.

The Company may, upon the approval of the relevant state governing authorities, repurchase its shares in one of the following ways:

(i) making a pro rata general offer of repurchase to all its Shareholders;

(ii) repurchasing Shares through public dealing on a stock exchange;

(iii) repurchasing by an off-market agreement outside a stock exchange; and

(iv) other ways as approved by the relevant regulatory authority.

The Company may, with the prior sanction of Shareholders obtained at a shareholder's meeting in accordance with the Articles of Association, repurchase its shares by an off-market contract but the Company may rescind or vary such contract or waive any or part of its rights under a contract so entered into by the Company with the prior approval of Shareholders obtained at a shareholder's meeting in the same manner.

A contract to repurchase Shares as mentioned above includes but is not limited to an agreement to become obliged to repurchase or acquire rights to repurchase Shares.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder. Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to repurchase of its issued shares:

(i) where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;

(ii) where the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:

(a) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

(b) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;

(iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:

(a) acquisition of rights to repurchase Shares;

(b) variation of any contract to repurchase Shares;

(c) release of any of the Company's obligations under a contract to repurchase Shares; and

(iv) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account or capital reserve fund account.

Where the Company has the power to purchase for redemption a redeemable share:

(i) purchase not made through the market or by tender shall be limited to a maximum price; and

(ii) if purchases are by tender, tenders shall be available to all Shareholders alike.

11 POWER OF ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN ITS PARENT COMPANY

The Articles of Association contains no restrictions preventing any subsidiary of the Company from holding Shares.

12 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by way of cash or bonus shares.

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

The Company shall appoint on behalf of holders of Foreign Shares receiving agents to receive on behalf of such Shareholders dividends and other monies payable by the Company in respect of their Shares.

The receiving agent appointed on behalf of holders of Foreign Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within three months following the announcement of profit distribution. Dividends and other payments payable to holders of Foreign Shares shall be denominated and declared in Renminbi and payable in foreign currency within three months following the announcement of profit distribution.

13 PROXIES

Any Shareholder entitled to attend and vote at a Shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a Shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that Shareholder:

(i) the shareholder's right to speak at the meeting;

(ii) the right to demand, whether on his own or together with others, a poll;

(iii) the right to vote on a poll according to the number of shares, the voting rights of which he is authorized to exercise; however, if the proxy represents more than one Shareholder, the proxy must vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal person either under seal or under the hand of a Director or attorney duly authorized. The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for the passing of the resolution. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by resolutions of its board of Directors or other governing body shall attend the Shareholders' meeting as the appointor's representative.

Any form issued to a Shareholder by the Board for the purpose of appointing a proxy shall be such as to enable the Shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointor, the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

14 CALLS ON SHARES AND FORFEITURE OF SHARES

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the relevant Shareholder to participate in respect thereof in a dividend subsequently declared.

Subject to compliance with the relevant laws and administrative regulations of the PRC, the Company may exercise its right to confiscate the dividends which are not claimed by anyone but such right can only be exercised after the expiry of the relevant time frame. There are no provisions in the Articles of Association relating to the making of calls on Shares or for the forfeiture of Shares.

15 INSPECTION OF REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company shall keep a register of Shareholders.

The Company may, in accordance with the understanding or agreements between the securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain the register of Shareholders of Foreign Shares overseas and appoint overseas agent(s) to manage such share register.

Duplicates of the share register for holders of Foreign Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register. The original register of Overseas-listed Foreign-Invested Shares listed in Hong Kong shall be maintained at Hong Kong.

If there is any inconsistency between the original and the duplicate of share register for holders of Foreign Shares, the original shall prevail.

The Company shall keep a complete register of Shareholders.

The register of Shareholders shall comprise of the following parts:

(i) register(s) of shareholders other than those specified in items (ii) and (iii) below kept at the domicile of the Company;

(ii) register(s) of holders of the Company's overseas-listed foreign-investment shares kept in the place of the stock exchange(s) where those foreign-investment shares are traded; and

(iii) register(s) of shareholders kept at other places as the board of Directors thinks necessary for the purpose of listing.

Different parts of the register of Shareholders shall not overlap. No transfer of Shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

The alteration or rectification of any part of the register of Shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

No changes which are required by reason of a transfer of Shares may be made to the register of Shareholders within 30 days prior to the date of a Shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends.

When the Company decides to convene a Shareholders' general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholdings, the board of Directors shall fix a record date for the purpose of determining the shareholding. A person who is registered in the register as Shareholders of the Company at the end of the record date shall be a Shareholder of the Company.

Any person who objects to what is contained in the register of Shareholders and wishes to register his name on, or delete his name from, the register may apply to the court which jurisdiction to amend the register.

The right of the Shareholders to information includes, but without limitation, the following:

(i) the right to a copy of the Articles of Association after payment of costs;

(ii) the right to inspect and copy, subject to payment of a reasonable fee:

a. all parts of the register of members;

b. personal particulars of each of the Company's Directors, Supervisors, the Chief Executive, and other senior officers;

c. status of the Company's share capital;

d. the latest audited financial statements, and report of Directors, report of auditors and report of Board of Supervisors;

e. special resolutions of the Company;

f. reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

g. copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC; and

h. Minutes of Shareholders' general meetings.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

16 QUORUM FOR SHAREHOLDERS MEETINGS

The Company can convene a Shareholders' meeting if the number of Shares carrying voting rights represented by Shareholders intending to attend comprise at least half of the total number of Shares carrying voting rights.

The Company can convene a class Shareholders' meeting, if the number of Shares of the class carrying voting rights represented by Shareholders intending to attend comprise at least half of the total number of such Shares of the class.

17 RIGHTS OF NON-CONTROLLING SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

In addition to the obligations imposed by laws and administrative regulations or the Listing Rules on which Shares are listed, a controlling Shareholder, when exercising his rights as a Shareholder, shall not exercise his voting rights to make a decision which is prejudicial to the interests of the Shareholders generally or of some of the Shareholders of the Company in respect of the following matters:

(i) to relieve a Director or Supervisor of his duty to act honestly in the best interests of the Company;

(ii) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company; or

(iii) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other Shareholders, including (without limitation) rights to distributions and voting rights, but not including a restructuring of the Company submitted to and approved by Shareholders' general meeting in accordance with the Articles of Association.

18 PROCEDURE ON LIQUIDATION

The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

(i) a resolution for dissolution is passed by a Shareholders' general meeting;

(ii) dissolution is necessary due to a merger or division of the Company;

(iii) the Company is legally declared insolvent due to its failure to repay debts due;

(iv) the Company is ordered to close down because of its violation of laws or administrative regulations;

(v) where the Company's operation encounters serious difficulty, continuing operation will cause substantial loss to Shareholders and such difficulty cannot be solved some other way, Shareholders holding more than ten percent of the voting rights of all Shareholders may make requisition to the People's Court to liquidate the Company;

(vi) other circumstances in which the Company is required to dissolve according to laws and regulations.

Where the Company is dissolved by virtue of the reasons set out in items (i) in the preceding Article, the Company shall establish a liquidation committee within 15 days, and the members of the liquidation committee shall be selected at Shareholders' general meeting in the form of ordinary resolution. Where the Company is dissolved by virtue of the reasons set out in items (iii) and (v) in the preceding Article, the People's Court shall in accordance with the requirements under the relevant laws, organize the Shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company. Where the Company is dissolved by virtue of the reasons set out in items (iv) in the preceding Article, the relevant authorities shall organize the Shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company. Where the Board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the Board shall include a statement in its notice convening a Shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the Shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation group shall act in accordance with the instructions of the Shareholders' general meeting to make a report at least once every year to the Shareholders' general meeting on the group's receipts and payments, the business of the Company and the progress of the liquidation, and to present a final report to the Shareholders general meeting on completion of the liquidation.

The liquidation group shall within ten days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper.

The liquidation group shall carry out registration of creditors' rights so reported.

During the liquidation period, the liquidation group shall exercise the following functions and powers:

(i) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(ii) to notify all creditors by notice or public announcements;

(iii) to dispose of and liquidate any relevant unfinished business matters of the Company;

(iv) to pay all outstanding taxes;

(v) to settle claims and debts;

(vi) to deal with assets remaining after the Company's debts having been paid in full; and

(vii) to represent the Company in any civil proceedings.

The liquidation committee shall thoroughly examine the assets of the Company, and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit the same to the Shareholders' meeting or the People's Court for confirmation.

If the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and assets list, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency. After the People's Court has declared the Company insolvent, the Company's liquidation committee shall turn over any matters regarding the liquidation to the People's Court.

Following the completion of liquidation, the liquidation group shall prepare a report on liquidation and a statement of the receipts and payments and financial books and records during the period of liquidation, which shall be audited by the PRC certified public accountants and submitted to the Shareholders' general meeting or the relevant governing authority for confirmation. The liquidation group shall also within 30 days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

19 OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

(a) General provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other companies with limited liability or joint stock limited companies and shall be liable to the companies in which it invests to the extent of its capital contribution.

The Article of Association constitute a legal document regulating the relationship between the Company and each of its Shareholders and among the Shareholders interest, actionable by a Shareholder against the Company and vice versa and by Shareholders against each other in respect of rights and obligations concerning the affairs of the Company arising out of the Articles of Association. The Shareholders may also bring actions against the Directors, Supervisors, the Chief Executive, and other senior officers of the Company. For the purposes of the Articles of Association, actions include court proceedings and arbitration proceedings.

(b) Shares and transfers

Foreign investors referred to in the Articles of Association mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company; domestic investors referred to in the preceding paragraph mean those investors within the territory of the PRC (excluding investors of the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

The Company may increase its capital in the following ways:

(i) offering new shares to non-specially-designated investors for subscription;

(ii) private issue of new shares;

(iii) allotting bonus Shares to its existing Shareholders;

(iv) conversion of capital reserve; and

(v) any other ways permitted by laws and administrative regulations.

The Company's increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

The Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company's registered capital after reduction shall not be less than the statutory minimum amount.

Subject to the approval of the securities authority of the State Council, holders of our domestic Shares may transfer their Shares to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

(c) Shareholders

A Shareholder of the Company is a person who lawfully holds Shares and has his name recorded on the register of Shareholders.

A Shareholder enjoys rights, and is subject to obligations, according to the class and number of Shares he holds. Holders of the same class of Shares enjoy the same rights and subject to the same obligations.

Unless specified otherwise in the Articles of Association, the holders of Domestic Shares and Foreign Shares are ordinary Shareholders with the same rights and subject to the same obligations. The ordinary Shareholders of the Company shall enjoy the following rights:

(i) the right to dividends and other distributions in proportion to the number of Shares held by him;

(ii) the right to request, convene, preside, attend or appoint a proxy to attend Shareholders' general meetings and to vote thereat;

(iii) the right to supervise the Company's business operations, and the right to present proposals and inquiries;

(iv) the right to transfer, give or pledge Shares in accordance with the laws, administrative regulations and the Articles of Association;

(v) the right to obtain relevant information in accordance with the provisions of the Articles of Association;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of Shares held by him;

(vii) in the event of a merger or division of the Company, the right to request the Company to purchase his Shares if he objects to the merger or division; and

(viii) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Shareholder is not be liable to make any further contribution to the share capital other than the terms agreed.

Share certificates of the Company shall be in registered form.

Share certificates of the Company shall be signed by the legal representative of the Company. Where the stock exchanges on which Shares are listed require the share certificates to be signed by senior officers of the Company, the share certificates shall also be signed by such senior officers. The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal of the Company provided that such seal shall only be affixed with the authority of the Board of Directors. The signatures of the legal representative or other senior officers of the Company on the Share certificates may be printed in mechanical form.

Any person who is registered Shareholder or who requests to have his name (title) entered into the register of Shareholders may, if his share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a replacement new share certificate in respect of such shares (the "Relevant Shares").

If a holder of Domestic Shares loses his share certificate and applies for a replacement new share certificate, it shall be dealt with in accordance with relevant provisions of the Company Law. If a Shareholder of Foreign Shares listed in Hong Kong loses his share certificate and applies for a replacement new share certificate, the issue of such certificate shall comply with the following requirements:

(i) the applicant shall submit an application to the Company in the form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of the original certificate and declaring that no other person is entitled to be registered as a Shareholder in respect of the Relevant Shares.

(ii) before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that he shall be registered as a Shareholder in respect of the Relevant Shares has been received.

(iii) the Company shall, if it decides to issue a replacement new share certificate to the applicant, make an announcement of its decision at least once every 30 days for a period of 90 days in such newspapers as may be designated by the Board.

(iv) the Company shall have, prior to publication of its decision to issue a replacement new share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited in the premises of the stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

(v) if, by the expiration of the 90-day period referred to in above (iii) and (iv), the Company shall not have received from any person notice of any disagreement to such application, the Company may issue a replacement new share certificate to the applicant accordingly.

(vi) where the Company issues a replacement new share certificate under the Articles of Association, it shall forthwith cancel the original share certificate and enter the cancellation and replacement issue in the register of Shareholders accordingly.

(vii) all expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant for such expenses.

(d) Untraceable members

The Company may exercise power to cease sending dividend warrants by post to a holder of foreign shares listed overseas when such warrants have not be cashed twice in a row. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company shall not exercise power to sell the shares of a Shareholder who is untraceable unless:

(i) during a period of 12 years at least three dividends in respect of the shares in question have become payable an no dividend during that period has been claimed; and

(ii) on expiry of the 12 years the Company, upon approval by the securities regulatory authority of the State Council, gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Stock Exchange of such intention.

(e) The board of Directors

The board of Directors shall be accountable to the general meeting of the Shareholders, and shall exercise the following functions and powers:

(i) to convene general meetings and report on its work to the Shareholders;

(ii) to implement the resolutions of general meetings;

(iii) to decide on the Company's business plans, investment plans, detailed annual business objectives, and financing plans other than by ways of issue of corporate bonds or other securities and of listing;

(iv) to formulate the Company's proposed annual financial budget and final accounts;

(v) to formulate the Company's profit distribution plan and plan for making up for losses;

(vi) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;

(vii) to prepare plans for material acquisition, purchase of the Company's shares, or merger, demerger, dissolution or change of the form of the Company;

(viii) to decide on the establishment of the Company's internal management structure, and to decide on the establishment and cancellation of the Company's branches and other sub-branches;

(ix) to elect the Company's chairman and vice chairman; to nominate, appoint or dismiss the Company's Chief Executive;

(x) pursuant to the nominations of the Board chairman to appoint or dismiss the Board secretary of the Company, to appoint or dismiss chairmen of all special committees under the Board;

(xi) pursuant to the Chief Executive's nominations to appoint or dismiss vice Chief Executive and chief accountant of the Company and to decide on their remuneration and benefits;

(xii) to formulate the Company's basic management system;

(xiii) to formulate plans for the amendment to these Articles of Association;

(xiv) to formulate the Company's share incentive scheme;

(xv) to deal with disclosures of information on our Company;

(xvi) to decide on the establishment of special committees;

(xvii) to decide on and to monitor the implementation of our Company's risk management system, including risk assessments, financial control, internal audit, legal risk control;

(xviii) to propose to the Shareholders' general meetings the appointment or replacement of the auditor of our Company;

(xix) to receive regular or irregular work reports submitted by the Company's Chief Executive or senior officers appointed by the Chief Executive, and to approve the work reports of the Chief Executive;

(xx) to approve corporate guarantees, which does not require the approval of Shareholders at a Shareholders' general meeting in accordance with the Articles of Association;

(xxi) to decide on off-budget projects relating to core business of the Company with single investment amount of not more than RMB1 billion;

(xxii) to authorize the management of the Company to decide on off-budget expenses not exceeding an aggregate amount of RMB50 million in twelve consecutive months;

(xxiii) to exercise other functions and powers conferred by laws and regulations, the listing rules of the stock exchange on which the shares of the Company are listed, the Shareholders' general meetings and these Articles of Association.

Resolutions relating to the above, with the exception of items (vi), (vii) and (viii) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the attended Directors. The Board shall carry out its duties in accordance with laws and administrative regulations of the State, these Articles of Association and resolutions of the Shareholders.

Meetings of the Board shall be held regularly at least four times each year and shall be convened by the Chairman of the board of Directors. A quorum will be formed by more than half of the Directors attending in person and appointing another Director as his attorney.

If a Director is unable to attend a Board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorization.

A Director shall be deemed to be unable to carry out his duties if he or she fails to attend two consecutive Board meetings in person and fails to appoint another Director to attend Board meetings on his behalf. The Board shall propose at the Shareholders' general meeting for the removal of such Director.

Directors attending Board meetings shall exercise their powers as Directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have relinquished his rights to vote at that meeting.

Each Director shall have one vote. Unless specified otherwise in the Articles of Association, resolutions of the board of Directors must be passed by more than half of all the Directors. Where the number of votes cast for and against a resolution is equal, the Chairman shall have the right to cast an additional vote.

In the event that a Director is connected to companies (it means that the Director acts as a Director or senior management of the counter party, or can exercise direct or indirect control over a legal person entity of the counter party, or acts as a Director or senior management in a legal person entity under direct or indirect control of the counter party) associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with a majority of the independent Directors. Resolutions shall be approved by a majority of independent Directors at the Board meeting. When there is less than three independent Directors present at the Board meeting, such matters shall be submitted to the Shareholders' general meeting for consideration.

(f) Independent Directors

Members of the Board of the Company shall include at least one-third or more of the independent Directors.

(g) Secretary of the board of Directors

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board.

(h) Board of Supervisors

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be composed of three members, one of whom shall be the chairman of the Board of Supervisors.

The election or removal of the chairman of the Board of Supervisors shall be decided by two-thirds or more of the Supervisors. Decisions of the Board of Supervisors shall be made by the affirmative vote of two-thirds or more of the Supervisors.

The terms of office of Supervisors shall be three years, renewable upon re-election.

The Directors, the Chief Executive, financial officer of the Company shall not act concurrently as Supervisors. The Board of Supervisors shall be accountable to the Shareholders' general meeting and exercise the following functions and powers in accordance with law:

(i) to examine the Company's financial affairs;

(ii) to supervise the Directors and senior officers in their performance of duties and to propose the removal of Directors and senior officers who have contravened any law, administrative regulations, these Articles of Association or Shareholders' resolutions;

(iii) to demand any Director, the Chief Executive and other senior officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;

(iv) to inspect financial information such as financial reports, business reports and profit distribution plans and, in case doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company;

(v) to propose to convene a Shareholders' extraordinary general meeting, and to convene and preside over Shareholders' general meetings when the Board fails to perform the duty of convening and presiding over the general meeting;

(vi) to propose resolutions at a Shareholders' general meeting;

(vii) to propose to convene an extraordinary meeting of the board of Directors;

(viii) to elect the chairman of Board of Supervisors;

(ix) to institute a suit to the Directors or senior officers of the Company by laws;

(x) other functions and powers conferred by these Articles of Association.

Supervisors shall be present at meetings of the Board.

(i) The Chief Executive

The Company shall have one Chief Executive, who shall be appointed and dismissed by the Board. The Chief Executive shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management and report to the Board;

(ii) to organize the implementation of the resolutions of the Board;

(iii) to organize the implementation of the Company's annual business plan, investment and funding plan;

(iv) to draft plans for the establishment of the Company's internal management structure;

(v) to draft plans for the establishment of the Company's branches and sub-branches;

(vi) to draft the Company's basic management system;

(vii) to formulate detailed rules and regulations of the Company;

(viii) to propose the appointment or dismissal of the Company's vice Chief Executive and financial controller, chief engineer, and to make recommendation on their remuneration;

(ix) appointment or termination of management personnel except for those who shall be appointed or terminated by the Board, and decide on their assessment, remuneration and incentive and punishment; and

(x) other functions and powers conferred by these Articles of Association and the Board.

(j) Common Reserve Fund

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory common reserve fund of the Company is insufficient to make up for the losses of the Company incurred during the previous years, before making allocation to the statutory common reserve fund in accordance with the preceding paragraph, the profits generated during the current year shall be used to make up for such losses.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also allocate funds from the after-tax profits to the discretionary common reserve fund.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the Shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the Shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the Shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the Shareholders must return the profits distributed in violation of the provision to the Company.

No profits shall be distributed in respect of the shares held by the Company.

(k) Settlement of Disputes

The Company shall act according to the following principles to settle disputes:

(i) For any disputes or claims related to matters of the Company (i) the Company and its Directors or senior officers; and (ii) between Shareholders of overseas listed foreign shares and the Company; between Shareholders of overseas listed foreign shares and the Directors, Supervisors, the Chief Executive or other senior management officers of the Company; between Shareholders of overseas listed foreign shares and Shareholders of domestic invested shares, that arise based on the rights and obligations stipulated in these Articles of Association, the Company Law and the relevant laws and administrative regulations of the State Council on the overseas offering and listing of shares by joint stock companies and other relevant laws and administrative regulations, any such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim involves the above parties, the entire claim or dispute must be referred to arbitration and all persons (being the Company or Shareholders, Directors, Supervisors, the Chief Executive or other senior management officers of the Company), who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration.

Disputes regarding definition of Shareholders and registration of members may be resolved other than by way of arbitration.

(ii) The claimant may refer the arbitration to either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules, and may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(iii) Unless otherwise provided in the laws and administrative regulations, any disputes or claims arising out of item (i) above shall be resolved in accordance with the laws of the PRC.

(iv) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

The Company was established as a joint stock limited company under the Company Law on August 19, 2011, converting from our predecessor, Huadian Fuxin Energy Co., Ltd. (華電福新能源有限公司), a PRC limited liability company. Our Company has established a place of business at 25F, Yifa Plaza, No. 111 Wusi Road, Gulou District, Fuzhou, Fujian, PRC, and has been registered as a non-Hong Kong company in Hong Kong under Part XI of the Hong Kong Companies Ordinance on May 30, 2012. Ms. Mok Ming Wai has been appointed as our agent for the acceptance of service of process in Hong Kong. As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix VIII. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VII.

B. Changes in Capital

Our predecessor was established in Fujian province, the PRC, with a registered capital of RMB1.8 billion, which has been fully paid up. The registered capital of our predecessor was increased to RMB5.089 billion, all of which has been fully paid up. At the time of our establishment as the joint stock limited liability company, our initial registered share capital was RMB6 billion divided into 6 billion Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up. Upon completion of the Global Offering, but without taking into account any H Shares which may be issued by our Company pursuant to the Over-allotment Option, our registered share capital will be increased to RMB7,500,000,000, made up of 5,850,000,000 Domestic Shares and 1,650,000,000 H Shares (including the H shares to be issued pursuant to the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF) fully paid up or credited as fully paid up, representing approximately 78.0% and 22.0% of our registered share capital, respectively. Save as aforesaid, there has been no alteration in our share capital since our establishment.

C. The Company's Extraordinary General Meeting held on August 23, 2011

At an extraordinary general meeting of our Company held on August 23, 2011, among other things, the following resolutions were passed by the Shareholders of our Company:

(a) the issue by the Company of the H Shares of nominal value of RMB1.00 each up to 3.231 billion Shares in total (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option and pursuant to the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF) and such H Shares be listed on the Stock Exchange; and

(b) subject to the completion of the Global Offering, the Articles of Association has been approved and adopted, which shall only become effective on the Listing Date and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities.

D. Our Reorganization

We underwent the Reorganization, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus. As confirmed by Jia Yuan Law Offices, our PRC legal advisers, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

(a) On May 27, 2011, the SASAC issued an approval document (Guo Zi Gai Ge [2011] No. 428) to approve the proposal relating to the Reorganization;

(b) Beijing China Enterprise Appraisal Co., Ltd. appraised the assets and equity interests which were to be injected into the Company as of January 31, 2011 and issued an appraisal report (Zhong Qi Hua Ping Bao Zi (2011) No. 1161) on June 18, 2011;

(c) The appraisal report was filed with the SASAC (Filing Form No. 20110068);

(d) On August 2, 2011, the SASAC issued an approval (Guo Zi Chan Quan (2011) No. 783) approving the Reorganization of our Company as a joint stock limited company;

(e) On August 18, 2011, Huadian convened an inaugural meeting of the Company for the establishment of the Company as a joint stock limited company; and

(f) On August 19, 2011, a new business license was issued by the Administration for Industry and Commerce of Fujian province, whereupon we were formally established as a joint stock limited company.

2. OUR SUBSIDIARIES

Our principal subsidiaries (for the purpose of the Listing Rules) as of December 31, 2011 are set out under the financial information in the Accountants' Report as included in Appendix I to this prospectus. The following alterations in the registered capital of our principal subsidiaries have taken place within the two years preceding the date of this prospectus:

(a) on June 17, 2010, the then-existing shareholders of Yong'an Fenghai Power Generation Co., Ltd., namely Xiamen Yilong Investment Co., Ltd., Xiamen Yongzhan Group Co., Ltd., Xiamen You'en Power Development Co., Ltd. and

Yong'an Longxing Power Development Co., Ltd. transferred their respective interests in Yong'an Fenghai Power Generation Co., Ltd. to Huadian Fujian Power Generation Co., Ltd. and Mr. Huang Yaohong. Upon completion of the equity transfer, the equity interest of Yong'an Fenghai Power Generation Co., Ltd. was held as to 90% by Huadian Fujian Power Generation Co., Ltd. (the predecessor of Huadian Fuxin Energy Corporation Limited), 5% by Yong'an Caoyuan Mineral Product Development Co., Ltd. and 5% by Mr. Huang Yaohong, respectively;

(b) on June 30, 2010, Mr. Huang Yaohong transferred 5% equity interest in Yong'an Fenghai Power Generation Co., Ltd. to Huadian Fuxin Energy Corporation Limited. Upon completion of the equity transfer, the equity interest of Yong'an Fenghai Power Generation Co., Ltd. was held as to 95% by Huadian Fujian Power Generation Co., Ltd. and 5% by Yong'an Caoyuan Mineral Product Development Co., Ltd., respectively;

(c) on June 30, 2010, the registered capital of Inner Mongolia Huadian Jieji Wind Power Co., Ltd. was increased from RMB10,000,000 to RMB20,000,000;

(d) on June 30, 2010, the registered capital of Gansu Huadian Guazhou Wind Power Co., Ltd. was increased from RMB10,000,000 to RMB40,000,000;

(e) on July 22, 2010, the registered capital of Huadian New Energy Development Co., Ltd. was increased from RMB698,000,000 to RMB1,498,000,000;

(f) on August 5, 2010, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB30,000,000 to RMB40,000,000;

(g) on September 21, 2010, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB40,000,000 to RMB60,000,000;

(h) on September 25, 2010, the then-existing shareholders of Fujian Minxing Hydropower Co., Ltd., namely Fujian Minbei Yili Investment Joint Stock Company Limited and Fujian Yongfu Group Co., Ltd. transferred their respective interests in Fujian Minxing Hydropower Co., Ltd. to Huadian Fujian Power Generation Co., Ltd.. Upon completion of the equity transfer, the equity interest of Fujian Minxing Hydropower Co., Ltd. was held as to 69% by Fujian Huadian Electric Power Engineering Co., Ltd., 17% by Xiamen Wanxing Power Development Co., Ltd. and 14% by Huadian Fujian Power Generation Co., Ltd., respectively;

(i) on October 22, 2010, the then-existing shareholders of Xiamen Gaoleike Investment Co., Ltd., namely Mr. Huang Canghai, Mr. Xiao Shaoming, Mr. Luo Zuwei, Ms. Ye Meihong and Mr. Zhang Jianhua transferred their respective interests in Xiamen Gaoleike Investment Co., Ltd. to Mr. Xiong Xianghua. Upon completion of the transfer, the equity interest of Xiamen Gaoleike Investment Co., Ltd. was held as to 87.08% by Huadian Fuxin Energy Corporation Limited and 12.92% by Mr. Xiong Xianghua, respectively;

(j) on October 28, 2010, the registered capital of Gansu Huadian Yumen Wind Power Co., Ltd. was increased from RMB10,000,000 to RMB20,000,000;

(k) on October 28, 2010, the registered capital of Inner Mongolia Huadian Jieji Wind Power Co., Ltd. was increased from RMB20,000,000 to RMB40,000,000;

(l) on October 28, 2010, the registered capital of Gansu Huadian Guazhou Wind Power Co., Ltd. was increased from RMB40,000,000 to RMB80,000,000;

(m) on November 2, 2010, Xiamen Wanxing Power Development Co., Ltd. transferred 17% equity interest in Fujian Minxing Hydropower Co., Ltd. to Huadian Fujian Power Generation Co., Ltd.. Upon completion of the equity transfer, the equity interest of Fujian Minxing Hydropower Co., Ltd. was held as to 69% by Fujian Huadian Electric Power Engineering Co., Ltd. and 31% by Huadian Fujian Power Generation Co., Ltd., respectively;

(n) on November 5, 2010, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB60,000,000 to RMB100,000,000;

(o) on November 8, 2010, Yiyang Group Co., Ltd. transferred 77% equity interest in Heilongjiang Huafu Power Investment Co., Ltd. to Huadian New Energy Development Co., Ltd.. Upon completion of the equity transfer, the equity interest of Heilongjiang Huafu Power Investment Co., Ltd. was held as to 77% by Huadian New Energy Development Co., Ltd., 11.5% by Yiyang Group Co., Ltd., 5% by Heilongjiang Electric Power Operating Co., Ltd., 2.5% by Huadian Energy Co., Ltd., 1% by Heilongjiang Electric Power Industrial Group Co., Ltd., 1% by Heilongjiang Longyuan Electric Power Fuel Co., Ltd., 1% by Heilongjiang Electric Power International Trading Co., Ltd. and 1% by Heilongjiang Longyuan Electric Power Technology Development Co., Ltd., respectively;

(p) on November 10, 2010, the registered capital of Gansu Huadian Yumen Wind Power Co., Ltd. was increased from RMB20,000,000 to RMB30,000,000;

(q) on December 22, 2010, the registered capital of Huadian (Fuqing) Wind Power Co., Ltd. was increased from RMB15,000,000 to RMB25,000,000;

(r) on January 7, 2011, the registered capital of Huadian (Fuqing) Wind Power Co., Ltd. was increased from RMB25,000,000 to RMB35,000,000;

(s) on April 22, 2011, the registered capital of Shanxi Huadian Guangling Wind Power Co., Ltd. was increased from RMB100,000,000 to RMB120,000,000;

(t) on May 25, 2011, Huadian Fuxin Energy Corporation Limited transferred 95% equity interest in Yong'an Fenghai Power Generation Co., Ltd. to Huadian (Xiamen) Energy Company Limited. Upon completion of the equity transfer, the equity interest of Yong'an Fenghai Power Generation Co., Ltd. was held as to 95% by Huadian (Xiamen) Energy Company Limited and 5% by Yong'an Caoyun Mineral Product Development Co., Ltd., respectively;

(u) on June 20, 2011, the registered capital of Huadian New Energy Development Co., Ltd. was increased from RMB1,498,000,000 to RMB2,398,000,000;

(v) on November 18, 2011, the registered capital of Jiangsu Huadian Guanyun Wind Power Co., Ltd. was increased from RMB90,000,000 to RMB176,000,000;

(w) on November 21, 2011, Yiyang Group Co., Ltd. transferred 3% equity interest in Heilongjiang Huafu Power Investment Co., Ltd. to Huadian New Energy Development Co., Ltd.. Upon completion of the equity transfer, the equity interest of Heilongjiang Huafu Power Investment Co., Ltd. was held as to 80% by Huadian New Energy Development Co., Ltd., 9.5% by Yiyang Group Co., Ltd., 5% by Heilongjiang Electric Power Operating Co., Ltd., 2.5% by Huadian Energy Co., Ltd., 1% by Heilongjiang Longyuan Electric Power Fuel Co., Ltd., 1% by Heilongjiang Electric Power International Trading Co., Ltd. and 1% by Heilongjiang Longyuan Electric Power Technology Development Co., Ltd., respectively;

(x) on December 13, 2011, Huadian New Energy Development Co., Ltd. transferred 48.86% equity interest in Jiangsu Huadian Guanyun Wind Power Co., Ltd.. Upon completion of the equity transfer, the equity interest of Jiangsu Huadian Guanyun Wind Power Co., Ltd. was held as to 51.14% by Huadian New Energy Development Co., Ltd. and 48.86% by CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd., respectively; and

(y) on December 23, 2011, the registered capital of Huadian (Fuqing) Wind Power Co., Ltd. was increased from RMB35,000,000 to RMB70,000,000.

3. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material:

(a) an equity transfer agreement dated August 31, 2010 (effective retrospectively from July 31, 2010), entered into between Fujian Minbei Yili Investment Joint Stock Company Limited and Huadian Fujian, whereby Fujian Minbei Yili Investment Joint Stock Company Limited agreed to transfer 9% equity interest in Fujian Minxing Hydropower Company Limited to Huadian Fujian for a consideration of RMB21.87 million;

(b) an equity transfer agreement dated August 31, 2010 (effective retrospectively from July 31, 2010), entered into between Fujian Yongfu Group Company Limited and Huadian Fujian, whereby Fujian Yongfu Group Company Limited agreed to transfer 5% equity interest in Fujian Minxing Hydropower Company Limited to Huadian Fujian for a consideration of RMB12.15 million;

(c) an equity transfer agreement dated September 17, 2010 (effective retrospectively from July 31, 2010), entered into between ten individuals (Li Xiangyang, Yue Kaiduan, Lin Chunying, Cao Yunwei, Wei Jiyan, Lv Yinqing, Wang Wenhua, Luo Lianghua, Qiu Mingzhong and Yuan Wenxing) and Huadian Fujian, whereby the ten individuals agreed to transfer their respective equity interest (which added up to 100%) in Sanming Boyuan Investment Company Limited to Huadian Fujian for a total contractual consideration of RMB40.12 million (subject to adjustment);

(d) an equity transfer agreement dated September 27, 2010, entered into between Xiamen Wanxing Power Development Joint Stock Company Limited and Huadian Fujian, whereby Xiamen Wanxing Power Development Joint Stock Company Limited agreed to transfer 17% equity interest in Fujian Minxing Hydropower Company Limited to Huadian Fujian for a consideration of RMB41.31 million;

(e) an equity transfer agreement dated September 30, 2010, entered into between Xiamen Yilong Investment Company Limited and Huadian Fujian, whereby Xiamen Yilong Investment Company Limited agreed to transfer 30.78% equity interest in Yong'an Yinhe Power Company Limited to Huadian Fujian for a contractual consideration of RMB10.00 million (subject to adjustment);

(f) an equity transfer agreement dated September 30, 2010, entered into between 24 individuals (Huang Yaozhong, Wang Xuewu, Huang Zuming, Li Yuansheng, Lin Xingji, Lin Xiangrong, Zhan Xionglian, Peng Guoqing, Xie Jinfang, Huang Liming, Lin Chenchang, Wen Xinglu, Zhu Hengchao, Huang Zongren, Xia Shuguang, Huang Songqing, Zheng Zhenbo, Li Lianxian, Yao Rongzhen, Zeng Jiansheng, Chen Weihou, Lin Changzheng, Lian Zhenlin and Du Min) and Huadian Fujian, whereby the 24 individuals agreed to transfer their respective equity interest (which added up to 69.22%) in Yong'an Yinhe Power Company Limited to Huadian Fujian for a total contractual consideration of RMB22.00 million (subject to adjustment);

(g) an equity transfer agreement dated October 8, 2010, entered into between nine individuals (Deng Jie, Guo Shengbo, Lin Wensheng, Huang Jianmu, Lei Canrong, Huang Anju, Fan Lanying, Wang Anlin and Chen Shuihua) and Huadian Fujian, whereby the nine individuals agreed to transfer their respective equity interest (which added up to 98.6%) in Longyan Wanye Investment Company Limited to Huadian Fujian for a total contractual consideration of RMB22.00 million (subject to adjustment);

(h) an equity transfer agreement dated October 21, 2010, entered into between Dai Xueji and Dai Shuiming and China Huadian Group New Energy Development Co., Ltd., whereby Dai Xueji and Dai Shuiming agreed to transfer 1% and 50% equity interest in Maoming Zhong'ao Wind Power Company Limited, respectively, to China Huadian Group New Energy Development Co., Ltd. for a consideration of approximately RMB0.81 million (to Dai Xueji) and approximately RMB40.57 million (to Dai Shuiming), respectively;

(i) an equity transfer agreement dated October 22, 2010, entered into between five individuals (Huang Canghai, Xiao Shaoming, Luo Zuwei, Ye Meihong and Zhang Jianhua) and Huadian Fujian, whereby the five individuals agreed to transfer their respective equity interest (which added up to 87.08%) in Xiamen Gaoleike Investment Company Limited to Huadian Fujian for a total contractual consideration of RMB78.37 million (subject to adjustment);

(j) the Reorganization Agreement dated October 29, 2010, entered into between Huadian, Huadian International, Huadian Energy, Wujiang Hydropower, Huadian Engineering and Huadian Fuxin Energy Co., Ltd. in respect of the Reorganization as detailed in the section headed "History, Reorganization and Corporate Structure" in this prospectus;

(k) an equity transfer agreement dated November 8, 2010, entered into between Yiyang Group Corporation Limited, China Huadian Group New Energy Development Co., Ltd. and Heilongjiang Huafu Power Investment Company Limited, whereby Yiyang Group Corporation Limited agreed to transfer 77% equity interest in Heilongjiang Huafu Power Investment Company Limited to China Huadian Group New Energy Development Co., Ltd. for a consideration of RMB599.21 million;

(l) an equity transfer agreement dated December 27, 2010, entered into between Zou Shilin, Fang Yuxi and Chi Bing and Yong'an Yinhe Power Company Limited, whereby Zou Shilin, Fang Yuxi and Chi Bing agreed to transfer their respective equity interest (which added up to 100%) in Fujian Jinxi Investment Company Limited to Yong'an Yinhe Power Company Limited for a total contractual consideration of RMB20.34 million (subject to adjustment);

(m) a capital increase agreement dated December 29, 2010, entered into between Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital, Datong Capital and Huadian Fuxin Energy Co., Ltd. in respect of the strategic investment as detailed in the section headed "History, Reorganization and Corporate Structure" in this prospectus;

(n) an equity transfer agreement dated December 30, 2010, entered into between Beijing Beifang Qide Energy Equipment Company Limited and Huadian New Energy, whereby Beijing Beifang Qide Energy Equipment Company Limited agreed to transfer 80% equity interest in Inner Mongolia Fulida Wind Power Company Limited to Huadian New Energy for a consideration of RMB12.00 million;

(o) an equity transfer agreement dated January 31, 2011, entered into between Huadian Fuxin Energy Co., Ltd. and Huadian, whereby Huadian Fuxin Energy Co., Ltd. agreed to transfer 100% equity interest in Fujian Huadian Kemen II Power Generation Co., Ltd. to Huadian for a consideration of RMB206.50 million;

(p) an equity transfer agreement dated March 31, 2011, entered into between Xiamen Youyuan Investment Company Limited, Xiamen Hangshun Investment Company Limited, nine individuals (Cai Huaiyin, Zeng Shoulin, Zhang Songhui, Li Jun, Wu Wengui, Wang Zhiqing, Cai Huaizao, Zheng Laican and Lin Kunyao) and Fujian Mianhuatan Hydropower Development Company Limited, whereby Xiamen Youyuan Investment Company Limited, Xiamen Hangshun Investment Company Limited and the nine individuals agreed to transfer their respective equity interest (which added up to 100%) in Zhangping Yongfu Hydropower Development Company Limited to Fujian Mianhuatan Hydropower Development Company Limited for a total contractual consideration of RMB245.00 million (subject to adjustment);

(q) an equity transfer agreement dated August 20, 2011, entered into between Huadian New Energy and Huadian, whereby Huadian New Energy agreed to transfer 12% equity interest in Guangzhou University Town Huadian New Energy Co., Ltd. to Huadian for a contractual consideration of RMB38.75 million (subject to adjustment);

(r) an asset sale agreement dated August 31, 2011, entered into between Fujian Huadian Yong'an Power Generation Company Limited and Fujian Jiaojian Group Engineering Company Limited, whereby Fujian Huadian Yong'an Power Generation Company Limited agreed to sell certain assets of two shutdown power generation units to Fujian Jiaojian Group Engineering Company Limited for a consideration of RMB23.50 million;

(s) an equity transfer agreement dated March 28, 2012, entered into between the Company and Shanxi Coal Import and Export Group Company Limited, whereby the Company agreed to transfer 28% equity interest in Fujian Kemen Harbour Shipping and Forwarding Company Limited to Shanxi Coal Import and Export Group Company Limited for a consideration of RMB256.00 million;

(t) an indemnity agreement dated April 18, 2012, entered into between Huadian and the Company, whereby Huadian agreed to indemnify the Company such losses, claims, charges and expenses directly or indirectly incurred by the Company arising from the relocation and resettlement of and reimbursement to local residents in relation to the Mianhuatan hydropower project which exceed the provision which had been made by the Company as of the date of the indemnity agreement for nil consideration, as detailed in the section headed "Business – Recent disputes involving the Mianhuatan Hydropower Project" in this prospectus;

(u) the Non-Competition Agreement;

(v) a trademark licensing agreement dated June 4, 2012, entered into between Huadian and the Company (effective retrospectively from August 19, 2011), whereby Huadian granted the Group a non-exclusive license for the use of certain trademarks registered under Huadian as at the date of the agreement with an annual royalty of RMB1, as detailed in the section headed "Connected Transactions – Exempt Connected Transactions" in this prospectus;

(w) a cornerstone investment agreement dated June 7, 2012, entered into among CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited, CSR Group, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD50,000,000, as detailed in the section headed "Cornerstone Investors" in this prospectus;

(x) a cornerstone investment agreement dated June 7, 2012, entered into among GE Pacific Private Limited, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which GE Pacific Private Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of US$10 million, as detailed in the section headed "Cornerstone Investors" in this prospectus;

(y) a cornerstone investment agreement dated June 7, 2012, entered into among Huaneng Renewables (Hong Kong) Limited, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which Huaneng Renewables (Hong Kong) Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD30,000,000, as detailed in the section headed "Cornerstone Investors" in this prospectus;

(z) a cornerstone investment agreement dated June 8, 2012, entered into among State Grid International Development Limited, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which State Grid International Development Limited agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD30,000,000.00, as detailed in the section headed "Cornerstone Investors" in this prospectus;

(aa) a cornerstone investment agreement dated June 7, 2012, entered into among Shanxi Lu'an Mining Industry Group Co., Ltd., CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which Shanxi Lu'an Mining Industry Group Co., Ltd. agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD30,000,000.00, as detailed in the section headed "Cornerstone Investors" in this prospectus;

(bb) a cornerstone investment agreement dated June 7, 2012, entered into among Sinovel Wind Group Co., Ltd, CITIC Securities Corporate Finance (HK) Limited, UBS AG, Hong Kong Branch, Merrill Lynch International, CLSA Limited and us, pursuant to which Sinovel Wind Group Co., Ltd agreed to subscribe for our H Shares in the amount of the Hong Kong dollars equivalent of USD58,800,000, as detailed in the section headed "Cornerstone Investors" in this prospectus; and

(cc) the Hong Kong Underwriting Agreement.

B. Our intellectual property rights

Patents

a) Patents

Based on the information provided by the Company and pursuant to due examination by the Company's PRC legal advisers, as of December 31, 2011, the Group did not own any patent which is within the period of validity or under application.

b) Proprietary Technology

Based on the information provided by the Company and pursuant to due examination by the Company's PRC legal advisers, as of December 31, 2011, the Group did not have any self-owned proprietary technology or any licensed proprietary technology.

Trademarks

a) Self-owned Registered Trademarks

Based on the information provided by the Company and pursuant to due examination by the Company's PRC legal advisers, as of December 31, 2011, the Group did not own any registered trademark which is within the period of validity or under application.

b) Licensed Registered Trademarks

Based on the information provided by the Company and pursuant to due examination by the Company's PRC legal advisers, as of December 31, 2011, the Group did not have any licensed registered trademark.

c) Trademarks under the Trademark Licensing Agreement

	Trademark	Registration number	Period of the non-exclusive license granted
1		3539089	2005.02.07-2015.02.06
2		3538481	2005.02.21-2015.02.20
3	CHD	3538484	2005.02.07-2015.02.06
4	CHD	3538486	2005.02.21-2015.02.20
5	中国华电	3538467	2005.03.28-2015.03.27
6	中国华电	3539086	2005.05.14-2015.05.13
7	中国华电集团	3669906	2005.09.07-2015.09.06
8	中国华电集团	3669913	2006.02.07-2016.02.06
9	华电集团	3670016	2005.08.07-2015.08.06
10	华电集团	3670023	2006.02.07-2016.02.06
11	华 电	3670026	2005.08.07-2015.08.06
12	华 电	3670033	2005.06.21-2015.06.20
13	中国华电集团公司 CHINA HUADIAN CORPORATION	6594031	2010.12.28-2020.12.27
14	中国华电 CHINA HUADIAN	6594035	2011.01.14-2021.01.13
15	中国华电 CHINA HUADIAN	6594048	2010.11.28-2020.11.27
16	CHD 中国华电	6594071	2011.02.07-2021.02.06

4. DISCLOSURE OF INTERESTS

A. Substantial Shareholders

So far as our Directors are aware, immediately following the Global Offering (without taking into account any H Shares that may be issued upon the exercise of the Over-allotment Option and any additional H Shares that may be converted from the transfer of certain Shares by Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital to the NSSF for the Over-allotment Option), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in any circumstance at general meetings of our Company:

Shareholder	Number of Shares held after the Global Offering(1)	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering(2)
Huadian(3)	5,019,300,000 Domestic Shares	Beneficial interest and interest of controlled corporation	85.80%	66.93%
Wujiang Hydropower(3)	189,540,000 Domestic Shares	Beneficial interest and interest of controlled corporation	3.24%	2.53%
Huadian Engineering(3)	78,975,000 Domestic Shares	Beneficial interest and interest of controlled corporation	1.35%	1.05%

(1) The calculation is based on the percentage of shareholding in Domestic Shares (excluding the 150,000,000 H Shares to be held by NSSF after the Global Offering).

(2) The calculation is based on the total number of 7,500,000,000 Shares in issue after the Global Offering.

(3) Huadian holds 51% of the equity interest of Wujiang Hydropower and is interested in 100% of the equity interest of Huadian Engineering. Therefore, Huadian is deemed to be interested in the 189,540,000 Domestic Shares and 78,975,000 Domestic Shares held by Wujiang Hydropower and Huadian Engineering, respectively, as set out above.

B. Disclosure of our Directors' and Supervisors' interests in the registered capital of associated corporations of the Company

Immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, none of our Directors, Supervisors and chief executive of our Company has any interest and/or short position in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

C. Particulars of Service Contracts

Each of the executive Directors and non-executive Directors, has entered into a service contract with our Company on December 14, 2011. The principal particulars of these service agreement are (a) for a term of three years commencing from the Listing Date and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable laws, rules or regulations.

Each of the Supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with our Company on December 14, 2011.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

D. Directors' and Supervisors' remuneration

For the three years ended December 31, 2009, 2010 and 2011, the aggregate amount of salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Directors and Supervisors were approximately RMB2.911 million, RMB3.332 million and RMB3.340 million respectively. Save as disclosed under Note 8 to the financial information in the Accountants' Report set out in Appendix I to this prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2009, 2010 and 2011.

Under the current arrangements, our Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2012 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB2.250 million in aggregate.

Under the current arrangements, the Supervisors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2012 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB0.720 million in aggregate.

E. Personal Guarantees

Our Directors and Supervisors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

F. Agency Fees or Commissions Paid or Payable

Save as disclosed in the section headed "Underwriting" in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this prospectus.

G. Related Party Transactions

During the two years preceding the date of this prospectus, we have engaged in the material related party transactions as described in Note 35 to the financial information in the Accountants' Report set out in Appendix I to this prospectus.

H. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Companies to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) in connection with the Underwriting Agreements, none of our Directors or Supervisors nor any of the parties listed in the paragraph headed "Qualification of experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(c) none of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange; save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors or Supervisors nor any of the parties listed in paragraph headed "Qualification of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(d) in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "Qualification of experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

(e) none of our Directors or Supervisors or their respective associates or any shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

5. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

B. Litigation

As of the Latest Practicable Date, our Company is not involved in any material litigation, arbitration or administrative proceedings. So far as we are aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

C. Sponsors

The Sponsors have declared their independence pursuant to Rule 3A.07 of the Listing Rules.

The Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

D. Preliminary expenses

Our estimated preliminary expenses are approximately HK$650,000. All preliminary expenses and all expenses relating to the Global Offering will be borne by the Company.

E. Qualification of experts

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
CITIC Securities Corporate Finance (HK) Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
UBS AG, Hong Kong Branch	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO
Merrill Lynch Far East Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer and consultant in relation to the Group's property interests
Jia Yuan Law Offices	PRC legal advisers
Mott MacDonald Limited	Independent technical consultant
Frost & Sullivan	Industry consultant

Note: experts are ranked randomly.

F. No material adverse change

Our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2011.

G. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

H. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

I. Miscellaneous

Save as disclosed in this prospectus,

(a) within the two years preceding the date of this prospectus, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) the Company has no outstanding convertible debt securities or debentures;

(e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of the Company;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(i) there is no subsidiary in our Group which is a Sino-foreign equity joint venture or which operates as or under a cooperative or contractual joint venture; and

(j) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

J. Consents

Each of the experts as referred to in the paragraph headed "Qualification of experts" in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this prospectus, none of the experts named above has any shareholding interests in any member of our Group or the right (other than the penal provisions) of sections 44A and 44E of the Hong Kong Companies Ordinance so far as applicable.

K. Promoters

The promoters of our Company are Huadian, Wujiang Hydropower, Huadian Engineering, CPECG, Kunlun Trust, Xingye Capital and Datong Capital.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given to the promoters named above in connection with the Hong Kong Public Offering or the related transactions described in this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus registered by the Registrar of Companies in Hong Kong were copies of the **WHITE**, **YELLOW**, and **GREEN** Application Forms, the written consents referred to in the paragraph entitled "Consents" in Appendix IX to this prospectus, and copies of the material contracts referred to in the paragraph entitled "Summary of Our Material Contracts" in Appendix IX to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Clifford Chance at 28th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the accountants' report on our Group prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information prepared by KPMG, the text of which is set out in Appendix II to this prospectus;

(d) the letter from each of KPMG and the Sponsors relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;

(e) the technical report prepared by Mott MacDonald Limited, the text of which is set out in Appendix V to this prospectus;

(f) the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix IV to this prospectus;

(g) the material contracts referred to in the paragraph headed "Summary of Our Material Contracts" in Appendix IX to this prospectus;

(h) the service contracts referred to in the paragraph headed "Particulars of Service Contracts" in Appendix IX to this prospectus;

(i) the written consents referred to in the paragraph headed "Consents" in Appendix IX to this prospectus;

(j) the PRC legal opinions dated June 14, 2012 and issued by Jia Yuan Law Offices, the PRC legal advisers of the Company; and

(k) the Company Law, the Mandatory Provisions and the Special Regulations together with their unofficial translation.

華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED