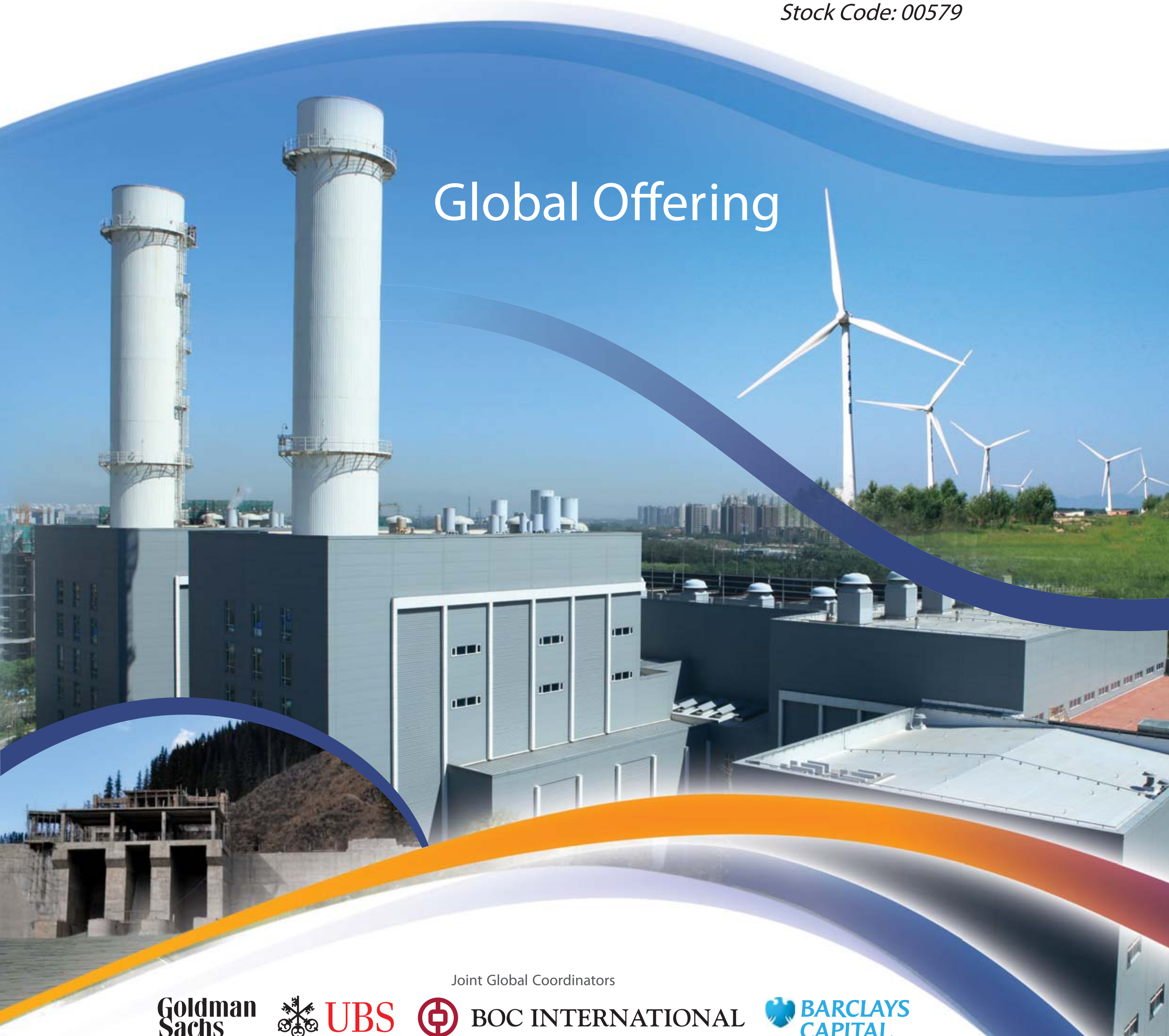
BJCE

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

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

Stock Code: 00579

Global Offering



Joint Global Coordinators

Goldman Sachs　UBS　BOC INTERNATIONAL　BARCLAYS CAPITAL

Joint Sponsors

Goldman Sachs　UBS　BOC INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

Goldman Sachs　UBS　BOC INTERNATIONAL　BARCLAYS CAPITAL

Daiwa Capital Markets　招商證券(香港)有限公司 CHINA MERCHANTS SECURITIES (HK) CO LTD　農銀國際 ABC INTERNATIONAL

IMPORTANT

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

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**1,135,420,000 H Shares (comprising 1,032,200,000 H Shares to be offered by the Company and 103,220,000 Sale Shares to be offered by the Selling Shareholders, subject to adjustment and the Over-allotment Option)**
Number of International Offer Shares	:	**1,021,876,000 H Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**113,544,000 H Shares (subject to adjustment)**
Maximum Offer Price	:	**HK$1.75 per H Share, plus brokerage of 1%, SFC transaction levy of 0.003%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund on final pricing)**
Nominal value	:	**RMB1.00 per H Share**
Stock Code	:	**00579**

Joint Global Coordinators

Goldman Sachs UBS BOC INTERNATIONAL BARCLAYS CAPITAL

Joint Sponsors

Goldman Sachs UBS BOC INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

Goldman Sachs UBS BOC INTERNATIONAL BARCLAYS CAPITAL

Daiwa Capital Markets 招商證券(香港)有限公司 CHINA MERCHANTS SECURITIES (HK) CO., LTD. 農銀國際 ABC INTERNATIONAL

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 the paragraph "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix X, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around December 15, 2011 and, in any event, not later than December 20, 2011. The Offer Price will be not more than HK$1.75 per Offer Share and is currently expected to be not less than HK$1.59 per Offer Share unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK$1.75 per Offer Share 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 as finally determined is less than HK$1.75 per Offer Share.

If, for any reason, the Offer Price is not agreed by December 20, 2011 between the Joint Global Coordinators (on behalf of the Underwriters) and us (on behalf of ourselves and the Selling Shareholders), the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section "Risk Factors".

We are incorporated, and 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 Shares. Such differences and risk factors are set out in the section "Risk Factors" and in "Appendix VII—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VIII—Summary of Articles of Association" in this prospectus.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent (on behalf of ourselves and the Selling Shareholders), reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that 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 Offer. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section "Underwriting—Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the Securities Act provided by, and in accordance with the restrictions of, Rule 144A or outside the United States in accordance with Rule 903 or Rule 904 of Regulation S.

December 12, 2011

Application lists open[2]	11:45 a.m. on December 15, 2011
Latest time to lodge **white** and **yellow** application forms	12:00 noon on December 15, 2011
Latest time to give **electronic application instructions** to HKSCC	12:00 noon on December 15, 2011
Latest time to complete electronic applications under **White Form eIPO** service through the designated website www.eipo.com.hk[3]	11:30 a.m. on December 15, 2011
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 December 15, 2011
Application lists close	12:00 noon on December 15, 2011
Expected Price Determination Date	December 15, 2011
Announcement of:	
• the Offer Price;	
• an indication of the level of interest in the International Offering;	
• the basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	December 21, 2011
• results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (see paragraph "**Publication of Results**" in the section "How to Apply for Hong Kong Offer Shares") from	December 21, 2011
Despatch of H share certificates/White Form e-Refund payment instructions/refund cheques (if applicable) on or before[4]	December 21, 2011
Dealings in H Shares on the Hong Kong Stock Exchange expected to commence on	December 22, 2011

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section "Structure of the Global Offering".

(2) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Thursday, December 15, 2011, the application lists will not open on that day. See the section "How to Apply for Hong Kong Offer Shares—X. Effect of Bad Weather on the Opening of the Application Lists".

(3) You will not be permitted to submit your application 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 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. You should read carefully the sections entitled "Underwriting", "How to Apply for Hong Kong Offer Shares" and "Structure of the Global Offering" for details relating to the structure of the Global Offering, how to apply for Hong Kong Offer Shares and the expected timetable, including, among other things, conditions, effect of bad weather and the despatch of refund cheques and H share certificates.

(4) H Share certificates are expected to be issued on Wednesday, December 21, 2011 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at or around 8:00 a.m. on Thursday, December 22, 2011. e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Beijing Jingneng Clean Energy Co., 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 offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit 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 made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

CONTENTS

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

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

OVERVIEW

We are the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects. According to Beijing Electric Power Industry Association (北京電力行業協會), we were the largest gas-fired power provider in Beijing, in terms of our consolidated installed capacity as at December 31, 2008, 2009 and 2010 which accounted for approximately 65%, 61% and 61%, respectively, of the total gas-fired power installed capacity in Beijing. As at June 30, 2011, we had two gas-fired cogeneration plants and a gas-fired heat energy generation plant in operation, all of which were located in Beijing, with a consolidated installed capacity of 1,190.00 MW and a consolidated installed heat energy generation capacity of 1,045.00 MW. As at June 30, 2011, we also had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and a heat energy generation capacity under construction of 592.00 MW.

As at December 31, 2009 and 2010, we were the sixth and eighth largest wind power operator in the PRC, respectively, in terms of consolidated connected capacity, according to the HydroChina Report. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 1.4%, 3.1%, and 2.4%, respectively, of China's total wind power installed capacity, according to WWEA. As at June 30, 2011, we had 17 wind farms in operation with a consolidated installed capacity of 1,094.75 MW and 11 wind farms under construction with a consolidated capacity under construction of 505.50 MW. As at June 30, 2011, our wind farms in operation and under construction were strategically located in Inner Mongolia, Beijing, Ningxia and Liaoning Province.

In addition, we also produce electricity through small to medium hydropower and other clean energy generation businesses with a consolidated installed capacity of 6.40 MW as at June 30, 2011.

We operate in the following two business segments:

Gas-fired Power and Heat Energy Generation	We develop, manage and operate gas-fired cogeneration plants as well as a gas-fired heat energy generation plant, and sell the electricity generated to local grid companies and the heat energy to customers in Beijing.
Wind Power	We develop, manage and operate wind farms, and sell the electricity generated by our wind farms to local grid companies.

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

During the Track Record Period, our business experienced significant growth in terms of consolidated installed capacity, which increased from 1,361.40 MW as at December 31, 2008 to 2,007.65 MW as at December 31, 2009, and to 2,255.15 MW as at December 31, 2010, representing a CAGR of 28.70%, and further to 2,291.15 MW as at June 30, 2011. As at June 30, 2011, we also had 1,568.10 MW of consolidated capacity under construction. We expect to have a total of 2,654.55 MW and 4,684.34 MW of consolidated installed capacity by the end of 2011 and 2012, respectively.

Gas-fired Power and Heat Energy Generation Business

In 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from our gas-fired power and heat energy generation business segment were RMB1,163.7 million, RMB1,893.1 million, RMB2,553.8 million and RMB1,281.6 million, representing 86.9%, 78.6%, 70.1% and 67.7% of our total reportable segment revenue, respectively.

As at June 30, 2011, our gas-fired power business had a consolidated installed capacity of 1,190.00 MW, representing 51.9% of the consolidated installed capacity of our total power portfolio. As at June 30, 2011, we also had a portfolio of pipeline gas-fired power projects suitable for future development with a consolidated estimated capacity of 2,440.00 MW. Please see the section headed "Business—Our Gas-fired Power and Heat Energy Generation Business—Our Pipeline Gas-fired Power and Heat Energy Generation Projects" for further details. These pipeline projects are all located in Beijing.

As at December 31, 2010, our total heat energy supply coverage area was 17 million m^2, accounting for 73.9% of the gas-fired cogeneration centralized heat energy supply in Beijing according to BDHG.

Our gas-fired cogeneration plants, namely the Taiyanggong Power Plant and the Jingfeng Power Plant, are equipped with gas-steam combined cycle cogeneration systems and generate electricity and heat energy. The Jingqiao Power Plant, which only generated heat energy as at the Latest Practicable Date, is expected to generate electricity in conjunction with heat energy by September 2012 upon the completion of its second phase development. The Jingqiao Power Plant Phase I has temporarily ceased producing heat energy due to its technical adjustment in connection with the construction of Jingqiao Power Plant Phase II and is expected to resume production prior to the heat supply period starting from late 2012 after this adjustment.

During the Track Record Period, we purchased natural gas from Beijing Gas Group, which was our only natural gas supplier. Revenue derived from the sales of heat energy (excluding fees for heat energy generated during testing period and tax) to BDHG were RMB55.8 million, RMB297.7 million, RMB313.7 million and RMB203.7 million, respectively, for the years ended December 31, 2008, 2009, 2010, and the six months ended June 30, 2011. During the Track Record Period, the Taiyanggong Power Plant and the Jingqiao Power Plant were within the centralized heat energy supply network, and sold all the heat energy they generated to BDHG, which distributed heat energy to industrial or residential end users within the coverage of its network in Beijing. The Jingfeng Power Plant is within the area of regional heat energy supply, and entered into HESAs with two major heat energy end users adjacent to the power plant which are not covered by the supply network of BDHG.

PPAs and HESAs

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

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

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

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

We expect our gas-fired power and heat energy generation business to have 2,228.20 MW of consolidated installed capacity by the end of 2012, representing approximately 47.6% of our expected consolidated installed capacity by the end of 2012.

Wind Power Business

In 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from our wind power business segment were RMB115.3 million, RMB367.8 million, RMB1,032.5 million and RMB608.7 million, representing 8.6%, 15.3%, 28.3% and 32.2% of our total reportable segment revenue (which excludes revenue from concession construction arrangements), respectively.

Our wind power business has experienced rapid growth in terms of consolidated installed capacity, which increased from 165.00 MW as at December 31, 2008 to 811.25 MW as at December 31, 2009, and to 1,058.75 MW as at December 31, 2010, representing a CAGR of 153.31%. It further increased to 1,094.75 MW as at June 30, 2011. As at June 30, 2011, the consolidated installed capacity of our wind power business represented 47.8% of the consolidated installed capacity of our total portfolio.

As at June 30, 2011, we also had a portfolio of pipeline wind power projects for future development with a consolidated estimated capacity of 4,791.00 MW, including two Tier 1 pipeline projects with a consolidated estimated capacity of 99.00 MW, 13 Tier 2 pipeline projects with a consolidated estimated capacity of 1,395.00 MW and 14 Tier 3 pipeline projects with a consolidated estimated capacity of 3,297.00 MW. Please see the section headed "Business—Our Wind Power Business—Our Pipeline Wind Power Projects" for further details. These pipeline projects are located in northern China, including Inner Mongolia, Beijing, Ningxia, Hebei Province and Liaoning Province.

We expect our wind power business to consist of a total of 25 wind farms with 1,451.75 MW of consolidated installed capacity by the end of 2011, representing approximately 54.7% of our expected consolidated installed capacity by the end of 2011; and a total of 36 wind farms with 2,146.75 MW of consolidated installed capacity by the end of 2012, representing approximately 45.8% of our expected consolidated installed capacity by the end of 2012.

PPAs

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

Transmission Limitations in the PRC Wind Power Industry

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

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

Concession Projects

While we developed most of our existing and pipeline wind power projects pursuant to investment and development agreements entered into with local governments, as at June 30, 2011, we had also been awarded and developed four concession projects. The consolidated installed capacity of our concession projects accounted for 7%, 25%, 22% and 22% of the consolidated installed capacity of our total portfolio as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively, and revenue from sales of electricity from these wind farms was RMB82.1 million, RMB183.7 million, RMB485.6 million and RMB246.2 million, accounting for 4%, 4%, 13% and 13% of our total revenue, for the years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011, respectively. Pursuant to the concession agreements, the on-grid tariff for our concession projects, Wulanyiligeng Wind Farm, Jixianghuaya Wind Farm Phase I, Zheligentu Wind Farm Phase I and Huitengxile Wind Farm Phase I is RMB0.4680 per kWh (VAT inclusive), RMB0.5790 per kWh (VAT inclusive), RMB0.5100 per kWh (VAT inclusive) and RMB0.3820 per kWh (VAT exclusive), respectively(1), during the first 30,000 hours of power generation at full load, after which the average prevailing market price shall apply. Our operating costs for these concession projects was RMB42.4 million, RMB87.6 million, RMB229.5 million and RMB110.0 million for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

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

Note:

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

right to operate these wind farms and our results of operations may be adversely affected. For risks related to the non-renewal of our concession arrangements, please see the section headed "Risk Factors—Risks Relating to Our Wind Power Business—The wind farms that we operate under service concession arrangements are for a period of 25 years and may not be renewed upon expiry".

In addition to revenue from sales of electricity generated by our concession projects, we also record service concession construction revenue and service concession construction costs in connection with the construction of our concession projects. According to International Financial Reporting Interpretation Committee—IFRIC-12 Service Concession Arrangement, revenue from providing construction services under concession arrangements are recognized by reference to the stage of completion of the concession arrangements at the end of each reporting period, as measured by contract cost incurred for work performed to date bear to the estimated total contract cost. Operation or service revenue is recognized in the period in which the services are provided. Also, an intangible asset arises from the concession arrangement when the operator in the concession arrangement has a right to charge for the usage of the concession infrastructure. Intangible assets received as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition if the financial assets cannot be recognized according to the definition in IAS 39—Financial Instruments: Recognition and Measurement. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses. We recognize service concession construction revenue at fair value and relevant intangible assets in respect of the construction work completed for concession projects pursuant to the relevant concession agreements between us and the relevant local government authorities. As we subcontract substantially all construction activities of our concession projects to third parties, we recognize total construction costs as the fair value of construction services. As a result, the service concession construction revenue is equal to the service concession construction cost recorded during the relevant period, and thus has no effect on our operating profit or net profit for the relevant period. The carrying value of concession projects as at December 31, 2008, 2009, 2010 and June 30, 2011 were RMB1,566.1 million, RMB3,866.9 million, RMB3,668.7 million and RMB3,577.8 million, respectively. The duration of the relevant concession arrangements is normally 25 years (including the construction period) and the useful lives of the wind farms and the concession rights are limited to such period. We had four concession arrangements with the provincial DRC of Inner Mongolia during the Track Record Period and all construction work were completed by the end of 2009. For more details, see the sections headed "Financial Information—Description of key statement of comprehensive income line items" and "Financial Information—Results of Operations" and "Appendix I—Accountants' Report".

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

Small to Medium Hydropower and Other Clean Energy Generation Businesses

In addition to our gas-fired power and heat energy generation business and wind power business, we are also engaged in other clean energy businesses, as a supplement to our two business segments, which enables us to take advantage of the favorable regulatory environment encouraging the development of clean energy business, including mandatory off-take of power generated using renewable energy, top dispatch priority, and hydropower and solar power being one of key renewable energy development sectors from 2010 to 2020.

In 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from hydropower and others were RMB59.5 million, RMB148.9 million, RMB56.6 million and RMB1.9 million, representing 4.4%, 6.2%, 1.6% and 0.1% of our total reportable segment revenue, respectively.

Revenue from hydropower and others increased by 150.2% from RMB59.5 million in 2008 to RMB148.9 million in 2009, primarily due to the full-year operation of two additional power plants in 2009, compared to the partial year operation of those power plants in 2008. Our bio-mass power plant (Shandong Jingneng Straw-fired Biomass Power Plant) commenced operations in September 2008 and our hydropower plant (Heishui Sanlian—Zhawo Grade I Hydropower Plant) commenced operations in July 2008. However, revenue from hydropower and others decreased to RMB56.6 million in 2010 primarily due to the divestiture of four subsidiaries that do not conduct clean or renewable energy generation business, namely Beijing Yuanshen Energy-saving Technology Co., Ltd., Beijing Boer Energy-saving Equipment Technology Development Co., Ltd., Beijing Huayuangaojie Energy Supplying Technology Co., Ltd. and Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd. In January 2011, we transferred our entire interest in Shandong Jingneng Straw-fired Biomass Power Plant to BEIH. See the section headed "Our History, Reorganization and Corporate Structure—Acquisitions and Transfers". Revenue from hydropower and others decreased from RMB36.1 million in the six months ended June 30, 2010 to RMB1.9 million in the six months ended June 30, 2011, primarily due to the divestiture of Shandong Jingneng Straw-fired Biomass Power Plant in the first half of 2011.

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

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

The reportable segment loss of hydropower and others slightly increased from RMB14.1 million in the six months ended June 30, 2010 to RMB14.3 million in the six months ended June 30, 2011.

As at June 30, 2011, we had one small to medium hydropower project in operation in Sichuan Province, with a consolidated installed capacity of 6.40 MW, and four small to medium hydropower projects under construction in Sichuan province and Yunnan province, with a consolidated capacity under construction of 224.40 MW.

As at June 30, 2011, we also had two pipeline small to medium hydropower projects in Yunnan Province with a consolidated estimated capacity of 34.00 MW. Please see the section headed "Business—Our Small to Medium Hydropower and Other Clean Energy Generation Businesses—Our Pipeline Small to Medium Hydropower and Other Clean Energy Power Projects" for further details.

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

As at June 30, 2011, our small to medium hydropower and other clean energy generation businesses had 6.40 MW of consolidated installed capacity, representing 0.3% of the consolidated installed capacity of our total power portfolio. We also had pipeline projects for other clean energy businesses such as solar power. We expect to have 12.80 MW and 309.39 MW of consolidated installed capacity for our small to medium hydropower and other clean energy generation businesses by the end of 2011 and 2012, respectively.

Our Power Plants

The table below illustrates all of our power (including heat energy generation) plants in operation as at June 30, 2011:

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

Notes:

(1) As at June 30, 2011, the installed heat energy generation capacity for the Taiyanggong Power Plant, the Jingfeng Power Plant and the Jingqiao Power Plant were 465.00 MW, 116.00 MW and 464.00 MW, respectively.

(2) As at June 30, 2011, our Jingqiao Power Plant was a heat energy generation plant, and did not generate any electricity.

Wind Power Business	Location	Installed Capacity *(MW)*	Ownership	Warranty Period *(months)*
Wulanyiligeng Wind Farm[(1)] (烏蘭伊力更風電場)	Inner Mongolia	300.00	100%	24
Huitengxile Wind Farm Phase I[(1)] (輝騰錫勒風電場一期)	Inner Mongolia	100.50	100%	24
Chayouzhong Wind Farm Phase II (察右中風電場二期)	Inner Mongolia	50.00	100%	24
Lumingshan Guanting Wind Farm Phase I (鹿鳴山官廳風電場一期)	Beijing	49.50	100%	48
Lumingshan Guanting Wind Farm Phase II (鹿鳴山官廳風電場二期)	Beijing	49.50	100%	24
Chayouzhong Wind Farm Phase I (察右中風電場一期)	Inner Mongolia	49.50	100%	24
Jixianghuaya Wind Farm Phase I[(1)] (吉相華亞風電場一期)	Inner Mongolia	49.50	100%	24
Jixianghuaya Wind Farm Phase II (吉相華亞風電場二期)	Inner Mongolia	49.50	100%	24
Shangdu Wind Farm Phase I (商都風電場一期)	Inner Mongolia	49.50	100%	24
Saihan Wind Farm Phase I (賽汗風電場一期)	Inner Mongolia	49.50	100%	24
Saihan Wind Farm Phase II (賽汗風電場二期)	Inner Mongolia	49.50	100%	24
Zheligentu Wind Farm Phase II (哲里根圖風電場二期)	Inner Mongolia	49.50	100%	24
Huolinhe Wind Farm Phase I (霍林河風電場一期)	Inner Mongolia	49.50	100%	24
Changtu Taiyangshan Wind Farm (昌圖太陽山風電場)	Liaoning province	49.50	100%	24
Zheligentu Wind Farm Phase I[(1)] (哲里根圖風電場一期)	Inner Mongolia	48.75	100%	24
Lumingshan Guanting Wind Farm Phase II (Density Increased) (鹿鳴山官廳風電場二期加密)	Beijing	36.00	100%	24
Yanqing Wind Farm (延慶風電場)	Beijing	15.00	100%	48
Subtotal		**1,094.75**		

Small to Medium Hydropower and Other Businesses	Location	Installed Capacity *(MW)*	Ownership
Heishui Sanlian—Zhawo Grade I Hydropower Plant (黑水三聯 — 紮窩一級水電站)	Sichuan province	6.40	100%
Subtotal		**6.40**	
TOTAL		**2,291.15**	

Note:

(1) This project is a concession project.

Projects Under Construction

The table below illustrates our projects under construction as at June 30, 2011:

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

Wind Power Business	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
Chifengqigan Wind Farm Phase I (赤峰旗杆風電場一期)	Inner Mongolia	49.50	100.00
Xinganmeng Keyouzhongqi Wind Farm Phase I (興安盟科右中旗風電場一期)	Inner Mongolia	49.50	100.00
Ningxia Taiyangshan Wind Farm Phase I (寧夏太陽山風電場一期)	Ningxia	49.50	100.00
Ningxia Taiyangshan Wind Farm Phase II (寧夏太陽山風電場二期)	Ningxia	49.50	100.00
Balinyou Wind Farm Phase I (巴林右風電場一期)	Inner Mongolia	49.50	100.00
Shangdu Wind Farm Phase II (商都風電場二期)	Inner Mongolia	49.50	100.00
Xianghuangqi Wind Farm Phase I (鑲黃旗風電場一期)	Inner Mongolia	49.50	100.00
Ningxia Lingwu Wind Farm Phase I (寧夏靈武風電場一期)	Ningxia	49.50	100.00
Ningxia Lingwu Wind Farm Phase II (寧夏靈武風電場二期)	Ningxia	49.50	100.00
Huitengxile Wind Farm Phase II (輝騰錫勒風電場二期)	Inner Mongolia	30.00	100.00
Huolinhe Wind Farm Phase II (霍林河風電場二期)	Inner Mongolia	30.00	100.00
Subtotal		**505.50**	

Small to Medium Hydropower and Other Businesses	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
Na Bang Hydropower Plant (那邦水電站)	Yunnan province	180.00	100.00
Heishui Sanlian—Deng Peng Grade I Hydropower Plant (黑水三聯 — 登棚一級水電站)	Sichuan province	20.00	100.00
Heishui Sanlian—Deng Peng Grade II Hydropower Plant (黑水三聯 — 登棚二級水電站)	Sichuan province	18.00	100.00
Heishui Sanlian—Zhawo Grade II Hydropower Plant (黑水三聯 — 紮窩二級水電站)	Sichuan province	6.40	100.00
Subtotal		**224.40**	

Pipeline Projects

The table below illustrates our pipeline projects as at June 30, 2011:

	Location	Number of Projects	Consolidated Estimated Capacity	Estimated Capital Expenditure
			(MW)	*(RMB in millions)*
Gas-fired Power and Heat Energy Generation Business				
	Beijing	4[(1)]	2,440.00	11,002.0
Total		**4**	**2,440.00**	**11,002.0**
Wind Power Business				
Tier 1[(2)] Pipeline Wind Power Projects				
	Ningxia	1	49.50	346.5
	Liaoning Province	1	49.50	321.8
Subtotal		**2**	**99.00**	**668.3**
Tier 2[(2)] Pipeline Wind Power Projects				
	Inner Mongolia	8	1,147.50	7,533.0
	Ningxia	4	198.00	1,287.0
	Beijing	1	49.50	346.5
Subtotal		**13**	**1,395.00**	**9,166.5**
Tier 3[(2)] Pipeline Wind Power Projects				
	Inner Mongolia	10	2,998.00	19,587.0
	Beijing	3	199.00	1,318.3
	Hebei Province	1	100.00	650.0
Subtotal		**14**	**3,297.00**	**21,555.3**
Total		**29**	**4,791.00**	**31,390.1**
Small to Medium Hydropower and Other Businesses				
	Beijing	2	34.59	553.4
	Yunnan Province	2	34.00	272.0
	Ningxia	1	10.00	160.0
Total		**5**	**78.59**	**985.4**

Notes:

(1) These include two pipeline projects that were assigned to us by BEIH pursuant to an undertaking by BEIH.

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

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

	As at December 31,			As at June 30,	CAGR
	2008	2009	2010	2011	2008 to 2010
		(in MW)			*(%)*
Total installed capacity[1]					
Gas-fired Power and Heat Energy Generation[4]	1,190.00	1,190.00	1,190.00	1,190.00	—
Wind Power	165.00	811.25	1,058.75	1,094.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation[5]	6.40	6.40	6.40	6.40	—
Total	**1,361.40**	**2,007.65**	**2,255.15**	**2,291.15**	**28.70%**
Consolidated installed capacity[2]					
Gas-fired Power and Heat Energy Generation[4]	1,190.00	1,190.00	1,190.00	1,190.00	—
Wind Power	165.00	811.25	1,058.75	1,094.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation[5]	6.40	6.40	6.40	6.40	—
Total	**1,361.40**	**2,007.65**	**2,255.15**	**2,291.15**	**28.70%**
Attributable installed capacity[3]					
Gas-fired Power and Heat Energy Generation[4]	987.20	987.20	987.20	987.20	—
Wind Power	165.00	811.25	1,058.75	1,094.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation[5]	6.40	6.40	6.40	6.40	—
Total	**1,158.60**	**1,804.85**	**2,052.35**	**2,088.35**	**33.09%**

Notes:

(1) Total installed capacity represents the aggregate installed capacity of our project companies or individual projects under one project company, which is calculated by including 100% of the installed capacity of the project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Total installed capacity includes the capacity of our associated companies.

(2) Consolidated installed capacity represents the aggregate installed capacity of our project companies that we fully consolidate in our consolidated financial statements. This is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity does not include the capacity of our associated companies.

(3) Attributable installed capacity represents the aggregate installed capacity of our project companies or individual projects under one project company in which we have an interest in proportion to the level of ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity. It includes the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership in such companies.

(4) These figures do not include the installed heat energy generation capacity for the Taiyanggong Power Plant, the Jingfeng Power Plant and the Jingqiao Power Plant.

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

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

Gas-fired Power and Heat Energy Generation Business

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Beijing					
Consolidated Installed Capacity (MW)	1,190.00	1,190.00	1,190.00	1,190.00	1,190.00
Average Consolidated Installed Capacity (MW)	865.00	1,190.00	1,190.00	1,190.00	1,190.00
Consolidated Capacity Under Construction (MW)	—	—	838.20	—	838.20
Average Utilization Hours	3,575	3,239(1)	4,237	2,277	1,997(2)

Wind Power Business

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Inner Mongolia					
Consolidated Installed Capacity (MW)	100.50	697.25	895.25	895.25	895.25
Average Consolidated Installed Capacity (MW)	100.50	273.69	854.00	812.75	895.25
Consolidated Capacity Under Construction (MW)	695.75	198.00	258.00	129.00	307.50
Average Utilization Hours	2,157	2,376	2,408	1,188	1,211
Beijing					
Consolidated Installed Capacity (MW)	64.50	64.50	114.00	64.50	150.00
Average Consolidated Installed Capacity (MW)	24.75	64.50	78.25	64.50	144.00
Consolidated Capacity Under Construction (MW)	—	85.50	36.00	85.50	—
Average Utilization Hours	2,153	1,895(3)	2,359	1,427	1,398
Liaoning Province					
Consolidated Installed Capacity (MW)	—	49.50	49.50	49.50	49.50
Average Consolidated Installed Capacity (MW)	—	19.25	49.50	49.50	49.50
Consolidated Capacity Under Construction (MW)	49.50	—	—	—	—
Average Utilization Hours	—	1,515	1,717	929	922
Ningxia					
Consolidated Installed Capacity (MW)	—	—	—	—	—
Average Consolidated Installed Capacity (MW)	—	—	—	—	—
Consolidated Capacity Under Construction (MW)	—	—	99.00	—	198.00
Average Utilization Hours	—	—	—	—	—

Small to Medium Hydropower and Other Businesses[4]

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Sichuan Province					
Consolidated Installed Capacity (MW)	6.40	6.40	6.40	6.40	6.40
Average Consolidated Installed Capacity (MW)	2.67	6.40	6.40	6.40	6.40
Consolidated Capacity Under Construction (MW)	44.40	44.40	44.40	44.40	44.40
Average Utilization Hours	892	3,529	3,438	1,358	1,451
Yunnan Province					
Consolidated Installed Capacity (MW)	—	—	—	—	—
Average Consolidated Installed Capacity (MW)	—	—	—	—	—
Consolidated Capacity Under Construction (MW)	180.00	180.00	180.00	180.00	180.00
Average Utilization Hours	—	—	—	—	—

Notes:

(1) This decrease was due to our Jingfeng Power Plant returning to its normal power generation volume. As a gas-fired power plant and a clean energy provider, the Jingfeng Power Plant was requested to generate a larger portion of the electricity needed in Beijing so as to safeguard the air quality for the 2008 Beijing Olympic Games.

(2) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period, during which we installed on-time compressor blade cleaning devices to increase the gas consumption efficiency at our Taiyanggong Power Plant, which accounted for approximately 66% of the consolidated installed capacity of our gas-fired power business.

(3) This decrease was due to power grid upgrades to increase transmission capacity that affected our wind farms in Beijing. The power grid upgrade took several months, during which operations of our wind farms in Beijing were partially affected, resulting in such decrease of average utilization hours.

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

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

Key Operational Data	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
Consolidated gross power generation*[1] *(GWh)					
Gas-fired Power and Heat Energy Generation	3,092	3,855	5,042	2,710	2,376[4]
Wind Power	270	802	2,326	1,103	1,331
Small to Medium Hydropower and Other Clean Energy Generation	6	23	22	9	9
Consolidated net power generation*[2] *(GWh)					
Gas-fired Power and Heat Energy Generation	3,044	3,748	4,906	2,641	2,317[4]
Wind Power	266	787	2,288	1,087	1,307
Small to Medium Hydropower and Other Clean Energy Generation	6	23	22	9	9
Consolidated heat energy generation (kGJ)	1,123.2	5,114.8	5,625.1	4,060.8	3,394.6
***Average utilization hours*[3]**					
Gas-fired Power and Heat Energy Generation	3,575	3,239	4,237	2,277	1,997[4]
Wind Power	2,156	2,243	2,369	1,190	1,223
Small to Medium Hydropower and Other Clean Energy Generation	892[5]	3,529	3,438	1,358	1,451

Notes:

(1) Consolidated gross power generation represents the aggregate gross power generation of our project companies that we fully consolidate in our financial statements for a specified period.

(2) Consolidated net power generation represents the aggregate net power generation of our project companies that we fully consolidate in our financial statements for a specified period, which is the amount of electricity we sold to local grid companies which contributes to our revenue and equals to gross power generation less (i) auxiliary electricity usage and (ii) transmission loss. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment.
(3) Average utilization hours represents the consolidated gross power generation in a specified period divided by the average consolidated installed capacity in the same period.
(4) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period, during which we installed on-time compressor blade cleaning devices to increase the gas consumption efficiency at our Taiyanggong Power Plant, which accounted for approximately 66% of the consolidated installed capacity of our gas-fired power business.
(5) The low average utilization hours in 2008 for our small to medium hydropower and other clean energy generation businesses was caused by the Sichuan earthquake, which has caused significant damage to the power grid system in Sichuan province, where our hydropower plant was located. As a result, our hydropower plant suffered significant limitations on grid connection in 2008 as the local grid could not be connected to the regional master grid.

Our revenue was RMB2,256.7 million, RMB4,785.5 million and RMB3,642.8 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 27.05%. Our revenue was RMB1,892.3 million for the six months ended June 30, 2011. Our Adjusted Revenue was RMB1,809.8 million, RMB2,844.1 million and RMB4,063.3 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 49.83%. Our Adjusted Revenue was RMB2,221.5 million for the six months ended June 30, 2011. Please see the section headed "Financial Information—Basis of Presentation" on how Adjusted Revenue is calculated. Our profit attributable to the equity owners of our Company was RMB45.0 million, RMB179.6 million and RMB488.9 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 229.61%. Our profit attributable to the equity owners of our Company was RMB403.9 million for the six months ended June 30, 2011.

The following table sets forth certain selected financial information relating to our business for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 and 2011:

Key Financial Data	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Segment revenue (RMB'000)[1]					
Gas-fired Power and Heat Energy Generation	1,163,718	1,893,108	2,553,763	1,443,978	1,281,642[3]
Wind Power	115,305	367,800	1,032,494	492,584	608,719
Hydropower and Others	59,495	148,864	56,561	36,076	1,894
Total reportable segment revenue	**1,338,518**	**2,409,772**	**3,642,818**	**1,972,638**	**1,892,255**
Service concession construction revenue	918,135	2,375,681	—	—	—
Revenue (RMB'000)	**2,256,653**	**4,785,453**	**3,642,818**	**1,972,638**	**1,892,255**
Adjusted Revenue (RMB'000)[2]	1,809,845	2,844,062	4,063,305	2,097,101	2,221,490
Reportable segment profit / (loss) (RMB'000)	**239,780**	**469,653**	**971,401**	**549,455**	**706,806**
Gas-fired Power and Heat Energy Generation	186,108	286,542	466,490	295,744	382,420
Wind Power	32,340	184,289	556,838	267,802	338,728
Hydropower and Others	21,332	(1,178)	(51,927)	(14,091)	(14,342)
Adjusted Segment Operating Profit / (Loss) (RMB'000)[2]	**208,865**	**323,697**	**782,844**	**452,554**	**606,740**
Gas-fired Power and Heat Energy Generation	185,104	190,430	324,008	212,449	286,668
Wind Power	8,336	144,984	521,543	257,133	336,510
Hydropower and Others	15,425	(11,717)	(62,707)	(17,028)	(16,438)
Adjusted Segment Operating Profit / (Loss) Margin (%)[2]	**11.5**	**11.4**	**19.3**	**21.6**	**27.3**
Gas-fired Power and Heat Energy Generation	11.3	8.2	10.9	13.5	18.0
Wind Power	7.2	38.6	49.9	52.2	53.9
Hydropower and Others	25.9	(7.9)	(110.9)	N/A[4]	N/A[4]

Notes:

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

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

(3) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period at our Taiyanggong Power Plant.

(4) Adjusted Segment Operating Profit Margin for the six months ended June 30, 2010 and 2011 for hydropower and others are not comparable due to the divestiture of Shandong Jingneng Straw-fixed Biomass Power Plant in January 2011.

In addition, as at the Latest Practicable Date, we owned a 20% equity interest in Beijing Jingneng International, which contributed nil, nil, 14.53% and 19.62% to our profit for the years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011. Beijing Jingneng International is mainly engaged in the investment and operation of coal-fired power plants. As at June 30, 2011, the total installed capacity of Beijing Jingneng International was 6,040.47 MW, and the installed capacity attributable to us from Beijing

Jingneng International was 1,208.09 MW. In 2010, Beijing Jingneng International divested its Zhangshan Power Plant which was not profitable, and in 2011 it commenced commercial operation of its Daihai Power Plant Phase II with a total installed capacity of 1,200.00 MW and gradually commenced operation of its Ningdong Power Plant with two units and a total installed capacity of 1,320.00 MW. As a result, the installed capacity attributable to us from Beijing Jingneng International is expected to reach 1,229.43 MW and 1,229.43 MW by the end of 2011 and 2012, respectively.

Government Grants and Subsidies

We rely in part on government grants and subsidies to fund our gas and wind power operations. Our historical profitability was impacted by the government grants and subsidies, without which we would have incurred losses or our profitability would have been substantially reduced during the Track Record Period. The following table provides a breakdown of our government grants and subsidies related to clean energy production.

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB million)		
Gas-fired					
Taiyanggong Power Plant	**181.2**	**280.3**	**299.6**	**95.9**	**201.4**
Electricity price subsidy	181.2	280.3	245.9	95.9	105.5
Natural gas price subsidy	—	—	53.7	—	95.9
Jingfeng Power Plant	**290.1**	**146.5**	**109.1**	**28.6**	**112.2**
Electricity price subsidy	290.1	146.5	84.2	28.6	54.7
Natural gas price subsidy	—	—	24.9	—	57.5
Sub-total	**471.3**	**426.8**	**408.7**	**124.5**	**313.6**
Wind					
Lumingshan Guanting Wind Farms	—	7.5	11.8	—	15.6
Total	**471.3**	**434.3**	**420.5**	**124.5**	**329.2**

For the six months ended June 30, 2011, government grants and subsidies increased significantly to RMB329.2 million as compared to RMB124.5 million for the six months ended June 30, 2010. This increase reflected (i) an increase in power generation volume as we commenced operations of Lumingshan Guanting Wind Farm Phase II in September 2010 (as well as the subsequent increase in the density of wind turbines at this wind farm in January 2011) and (ii) the grant of natural gas price subsidies of RMB153.4 million in order to compensate us for an increase in natural gas price of RMB0.33 per cubic meter starting from September 28, 2010, partially offset by the NDRC on-grid tariff increase effective as at April 10, 2011.

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

We believe that government grants and subsidies are recurring in nature. The purpose of such grants and subsidies by the government is to (i) compensate clean energy producers like us for the difference between the controlled price of on-grid tariffs and the reasonable cost of the production of energy and (ii) provide clean energy public utilities like us with a reasonable income and return (and not merely to compensate for losses). Such grants and subsidies are expected to continue until the controlled price of on-grid tariffs reaches a level which provides us with a reasonable income and return. Accordingly, there is generally an inverse correlation between the amount of government grants and subsidies we receive and the on-grid tariffs for the sale of electricity. The government grants and subsidies that we receive primarily relate to our clean energy production and were mainly provided by the Beijing municipal government. Government grants and subsidies relating to electricity generation are calculated by reference to the amount of on-grid electricity we generated annually as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. On December 6, 2011, the Beijing Development and Reform Commission issued the Letter from the Beijing Development and Reform Commission regarding Certain Issues on the Gas-fired Power Tariff Subsidy Mechanism (《北京市發展和改革委員會關於燃氣電價補貼機制有關問題的函》), providing that our gas-fired power plants in Beijing will continue to receive subsidies from the Beijing municipal government for the gap between the provisional settlement tariffs as stipulated by the NDRC and the on-grid tariff as examined and approved by the Beijing municipal government. The letter further states the tariff subsidy in Beijing will continue until a formal tariff for gas-fired power plants is issued by the Chinese government and the gap between the aforementioned tariffs is closed. Government grants and subsidies for gas price increases are calculated by reference to the amount of gas consumption as well as the actual gas price increase as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. Please also see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies".

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

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

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

COMPETITIVE STRENGTHS

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

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

BUSINESS STRATEGIES

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

- Increase the scale of our gas-fired power and heat energy generation business to strengthen our dominant leading position of our gas-fired power business in Beijing
- Continue to expand our wind power operation in strategically selected locations with abundant wind resources and attractive returns
- Develop other renewable energy businesses to capture suitable value creation opportunities

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

- Diversify financing sources and reduce financing costs

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

BEIH is our controlling shareholder and will, immediately upon completion of the Global Offering, remain as our controlling shareholder, and will beneficially own, directly and through BIEE, approximately 69.91% of our Shares (assuming no exercise of the Over-allotment Option). BEIH, a wholly-owned subsidiary of BSAMAC, is a large state-owned investment enterprise and is principally engaged in the investment in energy, real estate, infrastructure, high-tech and financial sectors in the PRC.

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

RISK FACTORS

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

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

- Increases in natural gas costs may materially and adversely affect our operating results if we are unable to pass on such increases to our customers in a timely manner

- Our natural gas is currently provided by only one supplier and our operations may be materially and adversely affected by shortages or interruptions in the supply of qualified natural gas in Beijing

- Our gas-fired power and heat energy generation business is concentrated in Beijing

- If government policies or the gas-fired power on-grid tariff pricing mechanism change in the future, resulting in a reduction or discontinuance of the government grants and subsidies we receive for our gas-fired power business or there occurs any unfavorable change to the current tax refund policy for our heat energy supply business, our results of operations could be materially and adversely affected

Risks Relating to Our Wind Power Business

- The commercial viability and profitability of our wind power business depend on PRC government policies that support renewable energy

- The commercial viability and profitability of our wind farms depend on wind and weather conditions as well as our ability to assess such conditions when selecting new wind farm sites

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

- Our electricity generation, financial condition and results of operations depend on the operating performance of our wind turbines

- Price fluctuations of wind turbines could adversely affect our results of operations

- Our wind power business relies on the sufficient supply of qualified wind turbines

- Any reduction in the on-grid tariffs of our wind farms could materially and adversely affect our results of operations

- If we are unable to obtain rights to develop wind power projects at locations suitable for the development of wind farms, the expansion plan for our wind power business could be materially and adversely affected

- The wind farms that we operate under service concession arrangements are for a period of 25 years and may not be renewed upon expiry

- We may need to purchase and install additional equipment to comply with grid safety and stability requirements

- The basis and underlying assumptions we adopt to classify our wind power projects are internally developed, and have not been audited or verified by any third party

- Nearby objects may interfere with the operation of our wind farms

Risks Relating to Our Overall Business

- Any subsidy currently or previously available to our subsidiaries in the PRC could be reduced or discontinued

- We rely heavily on a limited number of local grid companies and one heat energy distributor

- We may not be able to execute our business strategy successfully or manage our growth effectively

- Sales of CERs depend on the CDM arrangements under the Kyoto Protocol, and any change of or expiration of these arrangements could limit our income from the sales of CERs and VERs

- We operate in a capital-intensive business, and our business, financial condition and results of operations are subject to the availability of external financing as well as fluctuations in the costs of external financing

- We may be unable to complete the construction of our projects within our estimated budget and time frame, which could materially and adversely affect our business, financial condition, results of operations and prospects

- We recorded net current liabilities during the Track Record Period

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

- Our current hydropower plant and future hydropower and solar power plants are or will be dependent upon natural conditions

- Future acquisitions may be expensive or unsuccessful

- We depend on our senior management team and key employees

- We do not possess title certificates in respect of some of the properties we own, and some of the landlords lack relevant title certificates for properties leased to us, which may materially and adversely affect our right to use such properties

- The regulatory framework in the PRC for clean energy projects is relatively new and evolving

- Regulatory changes and the uncertainties associated with the reform of the PRC power industry may adversely affect our business and results of operations

- Potential competition from BEIH may adversely affect the Group's business

- We will continue to be controlled by BEIH, whose interests may differ from yours or those of our other shareholders

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

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

- We are subject to stringent environmental laws and regulations. Failure to comply with these laws and regulations could materially and adversely affect our business, results of operations and financial condition

- We may incur additional costs or capital investments should the PRC government adopt stricter or additional environmental laws or requirements

- We must comply with laws and regulations in the PRC relating to the development, construction and operation of power plants

- We may experience a shortage of labor or labor dispute or an increase in labor costs which would materially and adversely affect our business and results of operations

- Our special distribution is not an indication of our future dividend policy

Risks Relating to the PRC

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, results of operations and business development plan

- An adverse change in the PRC's economic conditions may adversely affect us and the future growth of our business and operations

- The legal system of the PRC is still evolving, and inherent uncertainties may affect the protection afforded to our business and our shareholders

- Fluctuations in exchange rates and government control of currency conversion may adversely affect our business and results of operations

- Our business and results of operations may, directly or indirectly, be materially and adversely affected by natural disasters, social disruptions or the occurrence of epidemics in China

- It may be difficult to effect service of process upon, or to enforce judgments obtained outside the PRC against us, our Directors or our senior management members who reside in the PRC

- Foreign individual holders of our H Shares may become subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares

- Payment of dividends is subject to restrictions under PRC laws

Risks Relating to the Global Offering

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

- Investors will experience an immediate dilution to their attributable net tangible book value as the Offer Price of our Shares is higher than our net tangible book value per Share

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

- Forward-looking statements contained in this prospectus are subject to risks and uncertainties

- Certain facts and statistics in this prospectus relating to the PRC, the Chinese economy and the PRC power industry derived from official government background publications may not be reliable

- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information of our Group. We have derived the consolidated financial information for the years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011 from our audited consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,						Six months ended June 30,			
	2008		2009		2010		2010		2011	
	(RMB in millions)	*(%*)*	*(RMB in millions)*	*(%*)*	*(RMB in millions)*	*(%*)*	*(RMB in millions) (unaudited)*	*%*	*(RMB in millions)*	*%*
Revenue	2,256.7	100.0	4,785.5	100.0	3,642.8	100.0	1,972.6	100.0	1,892.3	100.0
Other income	502.2	22.3	580.2	12.1	609.0	16.7	221.4	11.2	429.3	22.7
Gas consumption	(1,008.5)	(44.7)	(1,458.6)	(30.5)	(1,970.5)	(54.1)	(1,048.8)	(53.2)	(1,027.2)	(54.3)
Service concession construction costs	(918.1)	(40.7)	(2,375.7)	(49.6)	—	—	—	—	—	—
Depreciation and amortization	(253.6)	(11.2)	(496.5)	(10.4)	(758.1)	(20.8)	(362.9)	(18.4)	(391.6)	(20.7)
Personnel costs	(72.1)	(3.2)	(119.4)	(2.5)	(184.3)	(5.1)	(64.7)	(3.3)	(81.2)	(4.3)
Repairs and maintenance	(76.0)	(3.4)	(98.7)	(2.1)	(104.5)	(2.9)	(42.6)	(2.2)	(36.2)	(1.9)
Other expenses	(196.8)	(8.7)	(335.9)	(7.0)	(253.2)	(7.0)	(113.5)	(5.8)	(76.7)	(4.1)
Other gains and losses	10.3	0.5	(3.6)	(0.1)	27.8	0.8	(11.2)	(0.6)	0.3	0.0
Profit from operations	244.1	10.8	477.3	10.0	1,009.0	27.7	550.3	27.9	709.0	37.5
Interest income	21.9	1.0	18.0	0.4	12.7	0.3	6.4	0.3	9.2	0.5
Financial costs	(214.3)	(9.5)	(299.2)	(6.3)	(500.2)	(13.7)	(255.8)	(13.0)	(283.8)	(15.0)
Share of results of associates	9.9	0.4	15.6	0.3	55.2	1.5	53.3	2.7	78.3	4.1
Share of results of jointly controlled entities	7.6	0.3	5.1	0.1	0.4	0.0	0.4	0.0	(1.3)	(0.1)
Profit before taxation	69.2	3.1	216.8	4.5	577.1	15.8	354.6	18.0	511.4	27.0
Income tax expense	(20.0)	(0.9)	(17.8)	(0.4)	(56.3)	(1.5)	(47.8)	(2.4)	(76.3)	(4.0)
Profit for the year/period	49.2	2.2	199.0	4.2	520.8	14.3	306.8	15.6	435.1	23.0
Other comprehensive income										
Share of other comprehensive income of a jointly controlled entities	(2.4)	(0.1)	2.2	0.0	—	—	—	—	—	—
Other comprehensive income for the year/period	(2.4)	(0.1)	2.2	0.0	—	—	—	—	—	—
Total comprehensive income	46.8	2.1	201.2	4.2	520.8	14.3	306.8	15.6	435.1	23.0
Profit for the year/period attributable to:										
Equity owners of the Company	44.9	2.0	179.6	3.8	488.9	13.4	285.4	14.5	403.9	21.4
Non-controlling interests	4.3	0.2	19.4	0.4	31.9	0.9	21.4	1.1	31.2	1.6
	49.2	2.2	199.0	4.2	520.8	14.3	306.8	15.6	435.1	23.0
Total comprehensive income for the year/period attributable to:										
Non-controlling interests	4.3	0.2	19.4	0.4	31.9	0.9	21.4	1.1	31.2	1.6
Equity owners of the Company	42.5	1.9	181.8	3.8	488.9	13.4	285.4	14.5	403.9	21.4

Note:

* Represents a percentage of each item to our total revenue

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Year ended December 31,			At June 30
	2008	2009	2010	2011
	(RMB in millions)	*(RMB in millions)*	*(RMB in millions)*	*(RMB in millions)*
Non current assets				
Property, plant and equipment	8,162.6	11,104.1	11,812.7	12,703.6
Intangible assets	1,757.6	3,996.0	3,806.3	3,714.8
Goodwill	12.6	—	—	—
Prepaid lease payments	21.6	44.1	58.7	85.8
Investment in associates	186.9	1,291.0	1,120.4	1,198.6
Loans to associates	84.9	110.6	110.0	123.4
Investments in jointly controlled entities	155.3	106.9	200.7	199.5
Loans to jointly controlled entities	56.8	47.0	—	—
Deferred tax assets	4.9	30.7	82.7	63.9
Loan receivables	56.0	—	—	
Available-for-sale financial assets	692.6	88.0	98.0	98.0
Value-added tax recoverable	—	535.6	562.5	494.7
Restricted bank deposits	87.1	2.2	—	—
Deposit paid for acquisition of property, plant and equipment	—	—	474.3	300.2
	11,278.9	17,356.2	18,326.3	18,982.5
Current assets				
Inventories	85.8	35.0	35.1	37.3
Trade and bill receivables	301.7	849.8	1,157.4	732.9
Other receivables, deposits and prepayments	126.5	85.4	105.7	191.7
Current tax assets	—	—	—	32.7
Amounts due from related parties	14.8	100.5	16.2	3.7
Loans to jointly controlled entities	—	—	40.6	—
Prepaid lease payments	0.7	1.0	1.3	3.0
Value-added tax recoverable	2.6	178.8	245.5	258.3
Held-to-maturity financial asset	20.0	—	—	—
Restricted bank deposits	0.1	14.0	—	—
Cash and cash equivalents	569.5	753.9	638.8	1,196.5
	1,121.7	2,018.4	2,240.6	2,456.1
Assets classified as held for sale	—	—	282.4	—
	1,121.7	2,018.4	2,523.0	2,456.1
Current liabilities				
Trade and other payables	1,317.3	1,563.4	1,644.4	719.2
Amounts due to related parties	246.3	97.6	157.6	364.9
Bank and other borrowings-due within one year	2,718.2	3,599.1	2,731.3	5,416.0
Income tax payable	2.0	9.3	43.5	15.1
Deferred income-current portion	19.9	27.9	90.6	3.4
	4,303.7	5,297.3	4,667.4	6,518.6
Liabilities associated with assets classified as held for sale	—	—	176.1	—
	4,303.7	5,297.3	4,843.5	6,518.6
Net current liabilities	(3,182.0)	(3,278.9)	(2,320.5)	(4,062.5)(1)
Total assets less current liabilities	8,096.9	14,077.3	16,005.8	14,920.0
Non-current liabilities				
Bank and other borrowings-due after one year	3,794.7	8,461.1	8,883.4	7,432.6
Deferred tax liabilities	—	—	4.2	4.0
Deferred income	47.4	50.7	44.7	43.4
Other non-current liabilities	99.7	—	—	—
	3,941.8	8,511.8	8,932.3	7,480.0
Net assets	4,155.1	5,565.5	7,073.5	7,440.0
Capital and reserves				
Registered capital/Share capital	500.0	1,006.4	5,000.0	5,000.0
Reserves	3,214.7	4,270.1	1,764.2	2,122.5
Equity attributable to equity holders of the Company	3,714.7	5,276.5	6,764.2	7,122.5
Non-controlling interests	440.4	289.0	309.3	317.5
Total equity	4,155.1	5,565.5	7,073.5	7,440.0

Note:

(1) The increase in net current liabilities as at June 30, 2011 was mainly due to the repayment of borrowings from our ultimate shareholder, BEIH, and a related non-bank financial institution, BEIH Finance, which were replaced by short-term borrowings from another commercial bank, Shanghai Pudong Development Bank Co., Ltd..

DIVIDEND POLICY

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

Going forward, we expect to distribute no less than 20% of our annual distributable earnings as dividends. However, we cannot assure you that we will be able to declare or distribute dividends in any amount each year or in any year. In addition to the aforementioned limitations, the declaration and payment of dividends may be limited by legal restrictions or financing agreements that we may enter into in the future. Dividends paid by us to foreign individual shareholders of our H shares were historically exempted from individual income tax in China. However, the tax regulation prescribing such exemption was repealed and pursuant to a recent tax circular, dividends paid by a PRC company that is not a foreign invested enterprise on its H shares are subject to individual income tax in China generally at a rate of 10%, unless the tax treaty or agreement that China concluded with relevant jurisdictions provides otherwise. It is not clear whether the dividends paid by us to foreign individual shareholders will remain exempted from individual income tax in China. If such exemption does not apply, the individual shareholders of our H shares would be generally subject to individual income tax in China at a rate of 10% unless the tax treaty or agreement that China concluded with relevant jurisdictions provides otherwise (capped at 20% of the dividends as provided by the Chinese tax law). Further, it is unclear whether capital gains realized by individual shareholders of our H Shares upon their disposition of our H Shares would be considered as income sourced from within China, and as a result, would be subject to individual income tax in China of 20% on such gains, although such tax has generally not been collected by the PRC tax authorities in practice. Dividends paid by us to the shareholders of our H Shares that are Non-PRC Resident Enterprises are generally subject to the PRC enterprise income tax at a rate of 10%, subject to reduction pursuant to applicable treaties on avoidance of double taxation. Furthermore, capital gains realized by Non-PRC Resident Enterprise shareholders of our H Shares are generally subject to PRC enterprise income tax at a rate of 10%, unless stipulated otherwise in applicable tax treaties. Please also see "Risk Factors—Risks Relating to the PRC—Foreign individual holders of our H Shares may become subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares" for details regarding potential PRC tax implications.

SPECIAL DISTRIBUTION

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

Assuming the Listing Date is on December 22, 2011, we estimate that the Special Distribution will not exceed RMB580 million, by reference to our Group's expected unaudited net profit attributable to equity owner of the Company from April 30, 2010 to September 30, 2011.

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

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

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

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

DISTRIBUTABLE RESERVES

The aggregate amount of distributable reserves of our Group as at June 30, 2011 was RMB671.4 million.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,561 million (assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range), before any exercise of the Over-allotment Option and after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

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

- approximately 50% of net proceeds to us (approximately HK$781 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for investing in the construction of wind power and gas-fired power projects, among which (i) approximately 62% will mostly be used within 2012 for the construction of gas-fired power projects in the PRC; and (ii) approximately 38% will mostly be used within 2012 for the construction of wind power projects in the PRC;

- approximately 20% of net proceeds to us (approximately HK$312 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for purchasing key equipment and parts and technological consultancy for maintenance as well as equipment improvement for existing projects;

- approximately 20% of net proceeds to us (approximately HK$312 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used to repay certain amounts of the following bank loans (as detailed below); and

Name of Bank	Maturity Date	Principal Amount	Balance	Interest Rate as at the Latest Practicable Date	Loan Purpose
		(RMB in million)	*(RMB in million)*		
Agricultural Bank of China	9/8/2016	200	200	6.555%	Construction of power projects
Shanghai Pudong Development Bank . .	12/21/2018	160	160	6.345%	Construction of power projects
	Total:	360			

- approximately 10% of net proceeds to us (approximately HK$156 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for working capital.

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

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

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

Forecasted consolidated profit attributable to owners of our Company(1)	not less than RMB801.9 million (approximately HK$984.2 million)(3)
Unaudited pro forma forecasted earnings per Share(2)	not less than RMB13.29 cents (approximately HK$16.31 cents)(3)

Notes:

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

(2) The calculation of the unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 is based on the above forecasted consolidated profit attributable to our owners for the year ending December 31, 2011, assuming that a total of 6,032,200,000 Shares were in issue during the year ending December 31, 2011, without taking into account any H Shares issued may be upon exercise of the Over-allotment Option.

(3) The forecasted consolidated profit attributable to owners of our Company and unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 are converted at the PBOC Rate from Renminbi into Hong Kong dollars at an exchange rate of RMB0.8148 to HK$1.00 prevailing on December 2, 2011.

Profit Forecast Sensitivity Analysis

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

On-grid tariff change	Changes in net profit after tax in 2011 (RMB '000)
+5%	146,606
-5%	(146,606)
+10%	293,212
-10%	(293,212)

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

Gas price change	Changes in net profit after tax in 2011 (RMB '000)
+5%	(76,058)
-5%	76,058
+10%	(152,116)
-10%	152,116

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

OFFERING STATISTICS

	Based on an Offer Price of HK$1.59	Based on an Offer Price of HK$1.75
Market capitalization of our Shares(1)	HK$9,591.2 million	HK$10,556.4 million
Pro forma adjusted estimated price/earnings multiple(2)	9.7 times	10.7 times
Unaudited pro forma adjusted net tangible asset value per Share(3)	RMB0.77 (HK$0.95)	RMB0.79 (HK$0.97)

Notes:

(1) The calculation of market capitalization is based on 1,032,200,000 H Shares and a total of 6,032,200,000 Shares expected to be in issue immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The calculation of the pro forma adjusted estimated price/earnings multiple is based on the unaudited pro forma adjusted forecast earnings per Share for the year ending December 31, 2011 at the respective Offer Prices of HK$1.59 and HK$1.75.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in the section "Unaudited Pro Forma Financial Information" in Appendix II, on the basis of a total of 6,032,200,000 Shares expected to be in issue and taking into account the indicative Offer Prices of HK$1.59 and HK$1.75 per Offer Share.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** applications form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of the Company adopted on November 16, 2010, which shall take effect on the Listing Date, and as amended from time to time, a summary of which is set out in Appendix VIII
"ABCI"	ABCI Securities Company Limited
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Balinyou Wind Power"	內蒙古京能巴林右風力發電有限責任公司 (Inner Mongolia Jingneng Balinyou Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"Barclays"	Barclays Bank PLC, a public limited company registered in England and Wales. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of Barclays Bank PLC and its subsidiary undertakings
"Barclays Hong Kong"	Barclays Bank PLC, Hong Kong Branch
"Bayin Wind Power"	內蒙古京能巴音風力發電有限公司 (Inner Mongolia Jingneng Bayin Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"BDHG"	北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd.*), a state-owned company incorporated in the PRC, which holds a 19.97% equity interest in Jingqiao Power with the remaining 80.03% equity interest of Jingqiao Power being held by the Company. BDHG is a Shareholder and a connected person of the Company
"BEETI"	Beijing Enterprises Energy Technology Investment Co. Limited (北控能源科技投資有限公司), a company incorporated in Hong Kong and a Shareholder

"BEIH"	北京能源投資(集團)有限公司 (Beijing Energy Investment Holding Co., Ltd.*), a limited liability company incorporated in the PRC and the controlling shareholder of the Company
"BEIH Finance"	京能集團財務有限公司 (BEIH Finance Co., Ltd.*), a limited liability company incorporated in the PRC and a connected person of our Group, with 2% of its equity interest being held by the Company and 98% of its equity interest being held by BEIH
"Beijing"	the Municipality of Beijing (北京市) and the capital city of the PRC
"Beijing Electric Power Industry Association"	北京電力行業協會, a non-profit association founded in August 2000, and is supervised by the Beijing Municipal Commission of Development and Reform. It has 241 members, including power generation companies, power project construction companies, power electric manufacturing companies and major power consumer companies in Beijing, which join the association on a voluntary basis. Its main function is assisting the government in strengthening the power industry management and securing the power supply safety, acting as the bridge between Beijing municipal government, power companies, and power consumer companies. It is the only municipal-level power industry authority in Beijing
"Beijing Electricity Power"	北京市電力公司 (Beijing Electricity Power Company Limited*), a company incorporated in the PRC and an Independent Third Party
"Beijing Energy Investment"	北京市能源投資公司 (Beijing Energy Investment Company*), the predecessor of Beijing Jingneng Technology
"Beijing Gas Group"	北京市燃氣集團有限責任公司 (Beijing Gas Group Co., Ltd.*), a company incorporated in the PRC and an Independent Third Party
"Beijing Huafu Energy"	北京華富能源諮詢有限公司 (Beijing Huafu Energy Consultancy Co., Ltd.*), formerly known as 北京華富能源投資有限公司 (Beijing Huafu Energy Investment Co., Ltd.*) which changed to its present name on April 29, 2010, a company incorporated in the PRC and a wholly owned subsidiary of the Company

"Beijing Jingneng International"	北京京能國際能源股份有限公司 (Beijing Jingneng International Power Co., Ltd.*), a coal-fired power company and a subsidiary of BEIH, thus a connected person of the Company
"Beijing Jingneng Technology"	北京京能能源科技投資有限公司 (Beijing Jingneng Energy Technology Investment Co., Ltd.*), a company incorporated in the PRC and the predecessor of the Company
"Beijing Olympic Games"	Games of the XXIX Olympiad that took place in Beijing, PRC in August 2008
"Beijing Petrochemical"	北京市石油化工產品開發供應有限公司 (Beijing Petrochemical Products Development and Supply Co., Ltd*), a company incorporated in the PRC with 50% of its equity interest being held by a wholly-owned subsidiary of BEIH
"BIEE"	北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd.*), a company incorporated in the PRC and a Shareholder which is a wholly-owned subsidiary of BEIH
"Board of Directors" or "Board"	our board of Directors
"Board of Supervisors"	our board of Supervisors
"BOCI"	BOCI Asia Limited
"BSAMAC"	北京國有資本經營管理中心 (Beijing State Assets Management and Administration Center*), a Shareholder
"Business Day" or "business day"	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 or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Changtu Energy"	京能昌圖新能源有限公司 (Jingneng Changtu New Energy Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Chayouzhong Energy"	內蒙古京能察右中風力發電有限責任公司 (Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"China" or "PRC"	the People's Republic of China, but for the purposes of this prospectus and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
"CMS"	China Merchants Securities (HK) Co., Limited
"Company," "our Company," "we" or "us"	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited*), a foreign-invested joint stock limited company incorporated in the PRC on August 25, 2010, and except where the context indicates otherwise, include (i) all of its subsidiaries and (ii) with respect to the period before the Company became the holding company of its present subsidiaries, the businesses operated by its present subsidiaries or (as the case may be) their predecessors
"Company Law"	中華人民共和國公司法 (Company Law of the PRC), as amended and adopted by the Standing Committee of National People's Congress on October 27, 2005 and became effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"CSRC"	中國證券監督管理委員會 (China Securities Regulatory Commission)
"Daiwa"	Daiwa Capital Markets Hong Kong Limited
"Director(s)"	director(s) of our Company
"Domestic Shares"	ordinary Shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up by domestic investors in RMB

"Electric Power Law"	中華人民共和國電力法 (Electric Power Law of the PRC), adopted by the Standing Committee of the Eighth National People's Congress on December 28, 1995, and effective as of April 1, 1996, as amended by the Standing Committee of the Eleventh National People's Congress on August 27, 2009
"euros" or "EUR"	the lawful currency of the member states of the European Union
"Feed-in tariffs"	a policy mechanism to pay a premium price to eligible power generators for any electricity they generate using methods encouraged by the government
"Gaoantun Power"	北京京能高安屯燃氣熱電有限責任公司 (Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"GDP"	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
"GD Power Development"	國電電力發展股份有限公司 (GD Power Development Co., Ltd.*), a company listed on the Shanghai Stock Exchange and a subsidiary of China Guodian Corporation which is a state-owned company. GD Power Development is a connected person of our Group
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Goldman Sachs"	Goldman Sachs (Asia) L.L.C.
"GREEN application form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"Group"	the Company and its subsidiaries
"Guodian Tangyuan"	國電湯原生物質發電有限公司 (Guodian Tangyuan Biomass Power Co., Ltd.*), a company incorporated in the PRC with 40% of its equity interest being held by BEIH and the remaining 60% being held by 國電科技環保集團股份有限公司 (Guodian Technology & Environment Group Corporation Limited*) which is owned as to 51% by China Guodian Corporation, a state-owned company, and as to 49% by GD Power Development

"H Shares"	ordinary shares of our Company, with a nominal value of RMB1.00 each, to be traded in Hong Kong dollars and listed on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hanjiang Hydro"	漢江水電開發有限責任公司 (Hanjiang Hydro Development Co., Ltd.*), a company incorporated in the PRC with 16% of its equity interest being held by BEIH and the remaining 84% being owned by Independent Third Parties
"HK GAAP"	Hong Kong Financial Reporting Standards and other generally accepted accounting principles in 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
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"Hohhot Pumped-Storage HydroPower"	內蒙古呼和浩特抽水蓄能發電有限責任公司 (Inner Mongolia Hohhot Pumped-storage HydroPower Co., Ltd.*), a company incorporated in the PRC with 4.54% of its equity interest being held by New Energy
"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 113,544,000 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering") for cash at the Offer Price on the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting—Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 9, 2011 relating to the Hong Kong Public Offering and entered into by, among others, the Joint Bookrunners, the Hong Kong Underwriters and us as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering"
"Huayuan Heating"	北京華源熱力管網有限公司 (Beijing Huayuan Heating Pipeline Co., Ltd.*), a company incorporated in the PRC with 50% of its equity interest being held by our Company
"Huayuan Huizhong"	北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd.*), a company incorporated in the PRC with 50% of its equity interest being held by the Company
"Huayuan Shengshi"	廊坊市華源盛世熱力有限公司 (Langfang Huayuan Shengshi Heating Co., Ltd.*), a company incorporated in the PRC with 65% of its equity interest being held by Huayuan Heating
"Huolinguole Power"	內蒙古京能霍林郭勒風力發電有限責任公司 (Inner Mongolia Jingneng Huolinguole Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"HydroChina Corporation"	中國水電工程顧問集團公司, the entity in China responsible for setting forth the technical standards and procedures for the construction of hydropower and wind power projects in China, and responsible for setting the standards of wind farm planning, survey, design and operation management. Since the end of 2006, it has established over 130 national and industrial standards for the development and construction of hydropower and wind power projects in China.
"HydroChina Report"	《2009年度中國風電建設成果統計報告》 (China Wind Power Construction Achievements Statistical Report 2009*) and 《2010年度中國風電建設成果統計報告》 (China Wind Power Construction Achievements Statistical Report 2010*), as the case may be, issued in March 2010 by

	HydroChina Corporation and in March 2011 by 國家風電信息管理中心 (National Wind Power Information Management Center*) and 水電水利規劃設計總院 (Hydropower and Water Resources Planning and Design General Institute*), respectively. 水電水利規劃設計總院 (Hydropower and Water Resources Planning and Design General Institute*) is a public sector organization under HydroChina Corporation
"IFRSs"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	any individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any Directors, supervisors, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"Inner Mongolia"	中國內蒙古自治區 (Inner Mongolia Autonomous Region of the PRC)
"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", 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"
"International Offer Shares"	the H Shares offered pursuant to the International Offering
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or before December 15, 2011 by, among others, the Joint Bookrunners, the International Underwriters and us in respect of the International

	Offering, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—The International Offering"
"Jingfeng Power"	北京京豐燃氣發電有限責任公司 (Beijing Jingfeng Natural Gas-fired Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"Jingfeng Power Plant"	Beijing Jingfeng Gas-fired Power Plant, the gas-fired cogeneration plant managed and operated by Jingfeng Power
"Jingfeng Thermal Power"	北京京豐熱電有限責任公司 (Beijing Jingfeng Thermal Power Co., Ltd.*), a wholly owned subsidiary of BEIH and thus a connected person of the Company
"Jingke Power"	內蒙古京科發電有限公司 (Inner Mongolia Jingke Power Co., Ltd.*), a company incorporated in the PRC and an indirect non-wholly owned subsidiary of BEIH
"Jingqiao Power"	北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd.*), a company incorporated in the PRC with 80.03% of its equity interest being held by our Company and the remaining 19.97% being held by BDHG
"Jingqiao Power Plant"	Beijing Jingqiao Gas-fired Power Plant, the gas-fired heat energy generation plant managed and operated by Jingqiao Power, as well as its second phase development project which is a gas-fired cogeneration plant
"Joint Bookrunners"	Goldman Sachs, UBS, BOCI, Barclays Hong Kong, Daiwa, CMS and ABCI for the Hong Kong Public Offering; or Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS and ABCI for the International Offering
"Joint Global Coordinators"	Goldman Sachs, UBS, BOCI and Barclays Hong Kong
"Joint Lead Managers"	Goldman Sachs, UBS, BOCI, Barclays Hong Kong, Daiwa, CMS and ABCI for the Hong Kong Public Offering; or Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS and ABCI for the International Offering
"Joint Sponsors"	Goldman Sachs, UBS and BOCI

“Keyouzhong Energy”	內蒙古京能科右中風力發電有限責任公司 (Inner Mongolia Jingneng Keyouzhong Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“Latest Practicable Date”	December 5, 2011, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
“Lingwu Wind Power”	寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
“Listing”	listing of our H Shares on the Stock Exchange
“Listing Date”	the date, expected to be on or about December 22, 2011, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the Main Board of the Stock Exchange
“Mandatory Provisions”	到境外上市公司章程必備條款 (the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former 國務院證券委員會 (State Council Securities Committee) and other PRC government departments on August 27, 1994, as amended, supplemented or otherwise modified from time to time
“MEP”	中華人民共和國環境保護部 (Ministry of Environmental Protection of the PRC, formerly known as State Environmental Protection Administration (“國家環境保護總局, SEPA”))
“MLR”	中華人民共和國國土資源部 (Ministry of Land and Resources of the PRC)
“MOF”	中華人民共和國財政部 (Ministry of Finance of the PRC)
“MOFCOM”	中華人民共和國商務部 (Ministry of Commerce of the PRC)

"NDRC"	中華人民共和國國家發展和改革委員會 (National Development and Reform Commission of the PRC)
"New EIT Law"	中華人民共和國企業所得稅法 (The Enterprise Income Tax Law of the PRC) adopted by the Tenth National People's Congress on March 16, 2007, and became effective January 1, 2008
"New Energy"	北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Ningxia"	中國寧夏回族自治區 (Ningxia Hui Autonomous Region of the PRC)
"Ningxia New Energy"	寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"Non-Competition Agreements"	the non-competition agreement dated June 13, 2011 and the supplemental non-competition agreement dated December 2, 2011 entered into between BEIH and us
"Non-PRC Resident Enterprise"	as defined under the New EIT Law, means an enterprise established under the law of a foreign country (region), whose actual institution of management is not within the PRC but has offices or establishments within the PRC, or which does not have any office or establishment within the PRC but has income sourced from within the PRC
"North China Grid"	華北電網有限公司 (North China Grid Company Limited*)
"NSSF"	全國社會保障基金理事會 (National Council for Social Security Fund of the PRC*)
"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 of the Global Offering"
"Offer Share(s)"	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

"Offshore wind power project"	the wind power project constructed in bodies of sea water off the coast
"Onshore wind power project"	the wind power project constructed on the land
"Over-allotment Option"	the option granted by us to the International Underwriters, exercisable by Goldman Sachs on behalf of the International Underwriters pursuant to the International Underwriting Agreement
"PBOC"	中國人民銀行 (People's Bank of China)
"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" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Price Determination Agreement"	the agreement to be entered into by the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about December 15, 2011 (Hong Kong time) on which the Offer Price is to be determined, or such later time as the Joint Global Coordinators (on behalf of the Underwriters) and us may agree, but in any event no later than December 20, 2011
"Promoters"	the promoters of the Company, namely BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Provincial DRC"	provincial development and reform commission of the PRC
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Qigan Power"	內蒙古京能旗杆風力發電有限公司 (Inner Mongolia Jingneng Qigan Wind Power Co., Ltd.*), a company

	incorporated in the PRC and a wholly-owned subsidiary of the Company
"Quanzhou Liupu"	全州柳鋪水電有限公司 (Quanzhou Liupu Hydropower Co. Ltd.*), a company incorporated in the PRC with 40% of its equity interest being held by the Company
"Regulation S"	Regulation S under the Securities Act
"Renewable Energy Law"	中華人民共和國可再生能源法 ("Renewable Energy Law of the PRC"), adopted by the Standing Committee of the Tenth National People's Congress on February 28, 2005, and became effective as of January 1, 2006; and as amended by the Standing Committee of the Eleventh National People's Congress on December 26, 2009, with such amendment taking effect since April 1, 2010
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the Listing as described in the section headed "Our History, Reorganization and Corporate Structure—Reorganization"
"Reorganization Agreement"	the agreement dated June 13, 2010 entered into between BEIH and Beijing Jingneng Technology relating to our Reorganization
"Rule 144A"	Rule 144A under the Securities Act
"SAFE"	國家外匯管理局 (State Administration of Foreign Exchange of the PRC)
"Sale Shares"	the 103,220,000 H Shares to be converted from an equal number of Domestic Shares with a nominal value of RMB1.00 each held by the Selling Shareholders to be offered for sale by the Selling Shareholders as part of the Global Offering at the Offer Price, subject to any adjustments as mentioned in the section headed "Structure of the Global Offering—The Selling Shareholders" and, where relevant, any additional H Shares which may be sold pursuant to the exercise of the H Share Over-Allotment Option, and references to "Sale Shares" shall include, where the context requires, the Domestic Shares from which the Sale Shares are converted

"Sanlian Power"	黑水縣三聯水電開發有限責任公司 (Heishui County Sanlian HydroPower Development Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"SASAC"	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
"SAT"	國家税務總局 (State Administration of Taxation of the PRC)
"SAWS"	國家安全生產監督管理總局 (State Administration of Work Safety)
"Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated under it
"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
"Selling Shareholders"	collectively, BEIH, BIEE, BDHG and BSAMAC, only to the extent and in the context of the Sale Shares, holding the Sale Shares as registered holders on behalf of the NSSF, as further described in "Structure of the Global Offering—The Selling Shareholders"
"SERC"	國家電力監管委員會 (State Electricity Regulatory Commission of the PRC)
"SETC"	中華人民共和國國家經濟貿易委員會 (State Economic and Trade Commission of the PRC), a former ministry of the PRC government which was dissolved in 2003
"SFC"	the Securities and Futures Commission of Hong Kong
"Shandong Jingneng Energy"	山東京能生物質發電有限公司 (Shandong Jingneng Biomass Power Co., Ltd.*), a company incorporated in the PRC with 60% of its equity interest being held by BEIH and the remaining 40% being held by 國電科技環保集團股份有限公司 (Guodian Technology & Environment Group Corporation Limited*) which is owned as to 51% by China Guodian Corporation, a state-owned company, and as to 49% by GD Power Development
"Shangdu Power"	內蒙古京能商都風力發電有限責任公司 (Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd.*), a

	company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Shaanxi-Beijing Gas Pipeline Project"	陝京線, a natural gas pipeline project in China which runs from Shaanxi province to Beijing and Tianjin
"Shareholder(s)"	holder(s) of our Shares
"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each
"Shenghui"	北京升輝科技開發有限責任公司 (Beijing Shenghui Science and Technology Development Co., Ltd.*), a company incorporated in the PRC and a Shareholder
"Special Regulations"	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 (Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies), promulgated by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
"Stabilizing Manager"	Goldman Sachs or one of its affiliates
"State Council"	中華人民共和國國務院 (State Council of the PRC)
"State Grid Corporation of China" or "SGCC"	國家電網公司 (State Grid Corporation of China*)
"Supervisor(s)"	one (or all) of our supervisors
"Taiyanggong Power"	北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Power Company*), a company incorporated in the PRC with its 74% equity interest being held by our Company and the remaining 26% being held by GD Power Development
"Taiyanggong Power Plant"	the gas-fired cogeneration plant managed and operated by Taiyanggong Power
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Tengchong HydroPower"	騰沖縣猴橋永興河水電開發有限公司 (Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Tian Yin Di Re"	北京市天銀地熱開發有限責任公司 (Beijing Tian Yin Di Re Development Co., Ltd.*), a company incorporated in

	the PRC with 42.86% of its equity interest being held by our Company
"Track Record Period"	the three years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011
"UBS"	UBS AG, Hong Kong Branch
"Underwriters"	the International Underwriters and the Hong Kong Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"UNFCCC"	United Nations Framework Convention on Climate Change
"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 for the time being of the United States
"VAT"	value-added tax
"Wengong Wula Wind Power"	內蒙古京能文貢烏拉風力發電有限公司 (Inner Mongolia Jingneng Wengong Wula Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"West-East Gas Pipeline Project"	西氣東輸管線工程, a natural gas pipeline project in China which runs from 新疆維吾爾自治區 (Xinjiang Uygur Autonomous Region) to Shanghai
"West Inner Mongolia"	the west part of Inner Mongolia where the power grid is under the coverage of 內蒙古電力（集團）有限責任公司 (Inner Mongolia Power (Group) Co., Ltd.*)
"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
"Wulan Wind Power"	內蒙古京能烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wulan Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company

"Wulanyiligeng Power"	內蒙古京能烏蘭伊力更風力發電有限責任公司 (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"WWEA"	World Wind Energy Association (www.wwindea.org), a non-profit organization which works for a world energy system fully based on various renewable energy technologies, with wind energy as one cornerstone. It acts as a communication platform for all wind energy actors worldwide, and advises national governments and international organizations on favorable policies for wind energy implementation.
"Xilinguole Power"	錫林郭勒吉相華亞風力發電有限責任公司 (Xilinguole Jixianghuaya Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"Xinjiang"	中國新疆維吾爾族自治區 (Xinjiang Uygur Autonomous Region of the PRC)
"Xinjiang Goldwind"	新疆金風科技股份有限公司 (Xinjiang Goldwind Science & Technology Co., Ltd.*), an Independent Third Party
"Xinyuan Heating"	三河新源供熱有限公司 (Sanhe Xinyuan Heating Co., Ltd.*), a company incorporated in the PRC with 30% of its equity interest being held by Huayuan Heating
"Yingjiang Huafu"	盈江華富水電開發有限公司 (Yingjiang Huafu HydroPower Development Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
Zuoyun Power	左雲京能風力發電有限責任公司 (Zunyun Jingneng Wind Power Co., Ltd.*), a company incorporated in the PRC and a wholly owned subsidiary of the Company
"%"	per cent.

The terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless otherwise defined above or where the context otherwise requires.

* *denotes English translation of the name of a Chinese company, entity or publication, or vice versa, and is provided for identification purpose only.*

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

"approved capacity"	the capacity of our projects approved by NDRC or the relevant provincial DRC based on the estimated capacity to be reached after construction work of the projects is completed and the projects become fully operational
"attributable installed capacity" or "attributable capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"attributable installed heat energy generation capacity" or "attributable heat energy generation capacity under construction"	the aggregate installed heat energy generation capacity or heat energy generation capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed heat energy generation capacity or total heat energy generation capacity under construction (as the case may be). Both attributable installed heat energy generation capacity and attributable heat energy generation capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership

"auxiliary electricity"	electricity consumed by a power plant in the course of generation and transmission
"availability factor"	(Available Hours/Total Hours) × 100%. Available Hours means the hours when the wind turbine or the power plant is considered as available to produce power; Total Hours means the total hours during the availability measurement period
"average consolidated installed capacity"	the aggregate amount of consolidated installed capacity by the end of each month in a specified period (in MW) divided by the number of months in the same period
"average consolidated installed heat energy generation capacity"	the aggregate amount of consolidated installed heat energy generation capacity by the end of each month in a specified period (in MW) divided by the number of months in the same period
"average utilization hours"	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"capacity under construction"	the capacity of our power plants where construction work has commenced and where we have obtained project approval from the NDRC or the relevant provincial DRC but which have not commenced commercial operation
"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 CDM under the authority and guidance of the Conference of the Parties to the United Nation 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 DOE under the Kyoto Protocol

"clean energy"	energy, that when generated, causes little or no harm to the environment, including, among others, wind, natural gas and hydropower energy generated using fuel efficient technologies that reduce pollutants
"coal heat value"	the amount of potential energy in coal that can be converted into heat energy
"cogeneration" or "cogen"	the use of a heat engine or a power plant to simultaneously generate both electricity and heat
"combined cycle"	a gas turbine generator generates electricity and the heat is used to make steam to generate additional electricity via a steam turbine, thereby increasing the efficiency of electricity generation
"commercial operation date" or "COD"	the date a power plant commences commercial operations; usually determined following the end of construction and acceptance test to confirm plant actual generating capacity and operating characteristics; and upon the issuance of certificates/ consent by regulators
"connected capacity"	the capacity of those wind turbines or power generators that have been completely assembled and erected and which have been connected to the power grid or the construction of the auxiliary power transmission project within its power plant or wind farm has been completed and ready to be connected; connected capacity is used to provide an understanding of both China's wind farm construction and the status of development of its corresponding power grid constructions, in light of the currently noteworthy grid congestion problems throughout China. Compared to connected capacity, installed capacity is used to measure the capacity of the Company's power generating projects, and is the basis of the Company's measurement of its operational data
"consolidated gross power generation" or "consolidated net power generation"	the aggregate gross power generation or net power generation (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements for a specified period

"consolidated installed capacity," "consolidated capacity under construction", "consolidated connected capacity" or "consolidated estimated capacity"	the aggregate installed capacity, capacity under construction, connected capacity or estimated capacity (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements only. It is calculated by including 100% of the installed capacity, capacity under construction, connected capacity or estimated capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity, consolidated capacity under construction, consolidated connected capacity and consolidated estimated capacity do not include the capacity of our associated companies
"consolidated installed heat energy generation capacity" or "consolidated heat energy generation capacity under construction"	the aggregate installed heat energy generation capacity or heat energy generation capacity under construction (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements only. It is calculated by including 100% of the installed heat energy generation capacity or heat energy generation capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed heat energy generation capacity and consolidated heat energy generation capacity under construction do not include the capacity of our associated companies
"desulphurization"	chemical process, to remove sulphur dioxide (SO_2) during fuel combustion
"dispatch"	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 dispatch a plant means to direct the plant to operate
"dispatch priority"	the ranking or preference of one producer or source of electricity generation capacity over other available producers or sources of electricity generation capacity
"DOE"	designated operating entity accredited for monitoring CDM projects under the Kyoto Protocol

"electricity sale"	the actual amount of electricity sold by a power plant in a particular period of time, which equals gross power generation less auxiliary electricity and transmission loss
"estimated capacity"	the capacity of those wind turbines or power generators of our pipeline projects that we estimate
"excess output"	the amount by which the total output of a power plant in a particular year exceeds its planned output for such year
"g"	metric gram
"gangue"	waste substances in metallic ore
"gross power generation"	for a specified period, the total amount of electricity produced by a power plant in that period, including auxiliary electricity
"GW"	unit of energy, gigawatt. 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1,000 MWh
"heat energy generation capacity under construction"	the capacity to generate heat energy of our gas-fired cogeneration plants and heat energy generation plant where the construction work has commenced and where we have obtained project approval from the NDRC or the relevant provincial DRC but which have not commenced commercial operation
"HESA"	heat energy supply agreements
"installed capacity"	the capacity of those wind turbines or power generators that have been completely assembled and erected and which have been commissioned and started commercial production of electricity
"installed heat energy generation capacity"	the capacity to generate heat energy of those gas-steam combined cycle cogeneration systems (including boiler) that have been completely assembled and which have been commissioned and started commercial production of heat energy
"IPP"	independent power producer
"Kcal"	unit of energy, kilocalorie. 1 Kcal = 1,000 calorie
"kg"	unit of weight, kilogram. 1 kg = 1,000 g

"KGJ"	unit of energy, kilo gigajoule. 1 KGJ = 10^{12} joule
"KJ"	unit of energy, kilojoule. 1 KJ = 1,000 joule
"kV"	unit of voltage, kilovolt. 1 kV = 1,000 volts
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. 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 generator producing one thousand watts for one hour
"Kyoto Protocol"	a protocol to the United Nations Framework Convention on Climate Change and was adopted on December 11, 1997
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"net power generation"	for a specified period, the total amount of electricity delivered by a seller to the agreed delivery points in that period, which equals to gross power generation less (i) auxiliary electricity and (ii) transmission loss. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment
"net standard coal consumption rate"	measured in grams/kWh and represents the weight of standard coal consumed in a year or period divided by net power generation in that year or period
"net steam extraction"	the actual amount of steam sold by a plant in a particular period of time, which equals total steam output less losses incurred during the transmission from the plant to the steam customer
"operating projects"	projects that the construction work has been fully completed, and all the generators or wind turbines installed in the project have started commercial production of electricity

"peak shaving"	as the electricity load in a power grid varies frequently, the power plants within the grid coverage are required to alter their generator output accordingly to maintain the stability of the grid, which is known as "peak shaving"
"pipeline projects"	power projects that have been identified and reserved for future development pursuant to the energy investment and development agreements that (i) we entered into with various levels of local government under which we are authorized to develop wind farms or power plants at specified sites with certain estimated total capacity or (ii) third parties entered into with various levels of local government under which such third parties are authorized to develop wind farms or power plants at specified sites with certain estimated total capacity; such third parties having undertaken to assign the development rights to us. We classify our wind power pipeline projects into "Tier 1," "Tier 2" and "Tier 3"
"planned output"	the amount of power sold by a power plant in accordance with annually determined target gross power generation level in a particular year, which equals total output less excess output and output subject to competitive bidding
"PPA"	power purchase agreement
"projects under construction"	projects for which the construction work on the roads, foundations or electrical infrastructure has commenced, and the project company has received the project approval from the NDRC or provincial DRC
"rated wind speed"	the minimum wind speed below which a wind turbine cannot achieve its maximum capacity under standard circumstances
"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"sq. m." or "m^2"	square meters
"standard coal"	coal with an energy content of 7,000 Kcal/kg
"ton"	metric ton

"total installed capacity" or "total capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company, which is calculated by including 100% of the installed capacity or capacity under construction of the project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Both total installed capacity and total capacity under construction include the capacity of both our subsidiaries and associated companies
"total installed heat energy generation capacity" or "total heat energy generation capacity under construction"	the aggregate installed heat energy generation capacity or heat energy generation capacity under construction (as the case may be) of our project companies or individual projects under one project company, which is calculated by including 100% of the installed heat energy generation capacity or heat energy generation capacity under construction of the project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Both total installed heat energy generation capacity and total heat energy generation capacity under construction include the capacity of both our subsidiaries and associated companies
"total technically exploitable capacity"	the amount of the gross theoretical capacity that can be exploited within the limits of current technology
"TWh"	unit of energy, terawatt-hour. 1 TWh = 1 billion kWh
"utilization hours"	The gross electricity generation in a specified period divided by the average installed capacity in the same period. Utilization hours is a way of measuring the volume of energy generated
"VERs"	Voluntary Emission Reductions that are carbon credits which are not mandated by any law or regulation, but originate from an organization's desire to take active part in climate change mitigation efforts
"wind power density"	measured in watts per square meter (W/m^2) and is an indication of how much energy is available at the site for conversion by a wind turbine

FORWARD-LOOKING STATEMENTS

This prospectus contains certain statements that are, or may be deemed to be, "forward-looking statements" which are by their nature, subject to significant risks and uncertainties. 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, our capacity expansion plans including our pipeline projects we are developing and plan to develop, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "would" 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 business strategies;
- the competitive markets for our products and the actions and development of our competitors;
- our ability to maintain and enhance our market position;
- our ability to successfully implement our business plan and strategies, including obtaining any necessary governmental approvals;
- changes in government policies and regulations;
- financial condition and performance;
- future development, trends and conditions in the industry in which we operate;
- our operations and business prospects, including our production processes and service systems;
- cost, fluctuations in the price and availability of fuel;
- regulations and restrictions, including tariffs and environmental regulations;
- our dividend policy;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- our expansion and capital expenditure plans;

- certain statements in the sections headed “Business” and “Financial Information” with respect to trends in prices, volumes, operations, margins, overall markets trends and risk management;

- the regulatory environment as well as the general outlook of the PRC economy; and

- other factors beyond our control.

Investors should specifically consider the factors identified in this prospectus, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the Listing Rules and except as may be required by applicable law, we undertake no obligation to revise any forward-looking statements that appear in this prospectus to reflect any change in our expectations, or any events or circumstances, that may occur or arise after the date of this prospectus. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements set forth in this section and the risk and uncertainties discussed in the section headed “Risk Factors”.

An investment in our H Shares involves risks. Before deciding to invest in the Offer Shares, you should carefully consider all of the information in this prospectus, including the following risk factors, in light of the circumstances and your own investment objectives. The occurrence of any of the following events could materially and adversely affect our business, financial condition or results of operations, in which case the trading price of the Offer Shares could also decline, and you could lose part or all of your investment. You should note that our Company is a PRC company and is governed by a legal and regulatory environment that may differ significantly from what prevails in other countries. For more information concerning the PRC and certain related matters discussed below, see "Regulatory Overview" and "Appendix VII—Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions".

The risks described below are those that we believe are material, but these may not be the only risks and uncertainties that we face. Additional risks we have not identified or which we currently deem immaterial may nevertheless materially and adversely affect our business, financial condition or results of operations, or result in other events that could lead to a decline in the value of the Offer Shares.

RISKS RELATING TO OUR GAS-FIRED POWER AND HEAT ENERGY GENERATION BUSINESS

Increases in natural gas costs may materially and adversely affect our operating results if we are unable to pass on such increases to our customers in a timely manner.

We use natural gas to fuel our gas-fired cogeneration plants. Therefore, our results of operations depend substantially on our gas consumption costs, which represented approximately 63.2%, 58.1%, 60.8% and 63.7% of our total Adjusted Operating Expenses for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Please see the section headed "Financial Information—Basis of Presentation—Supplemental measures for the Group" for the definition of Adjusted Operating Expenses. The price of natural gas is determined by the NDRC based on a number of factors, including but not limited to well-head price, cost of transportation, general market conditions and applicable VAT and taxes. The weighted average on-grid tariff (including VAT) applicable to our gas-fired cogeneration plants increased from RMB0.4202 per kWh for the year ended December 31, 2008 to RMB0.4825 per kWh for the year ended December 31, 2009, to RMB0.5211 per kWh for the year ended December 31, 2010 and further to RMB0.5224 per kWh for the six months ended June 30, 2011, while the weighted average natural gas price applicable to our gas-fired cogeneration plants (including VAT) increased from RMB1.82 per m^3 for the year ended December 31, 2008 to RMB1.87 per m^3 for the year ended December 31, 2009, to RMB1.97 per m^3 for the year ended December 31, 2010 and further to RMB2.21 per m^3 for the six months ended June 30, 2011. If the PRC government increases the price of natural gas without providing a corresponding increase in subsidies, and/or without making corresponding adjustments to the on-grid tariffs for gas-fired power plants so that we would be able to pass on the increase in the cost of natural gas to our customers, our business, financial condition and results of operations may be materially and adversely affected.

Our natural gas is currently provided by only one supplier and our operations may be materially and adversely affected by shortages or interruptions in the supply of qualified natural gas in Beijing.

Our gas-fired power and heat plants rely exclusively on natural gas as a fuel source. During the Track Record Period, we purchased all of the natural gas we used from Beijing Gas Group, the major supplier of natural gas to Beijing and its surrounding area. The natural gas we use is transported to Beijing mainly through the Shaanxi-Beijing Gas Pipeline. The Shaanxi-Beijing Gas Pipeline was connected to the West-East Gas Pipeline in 2009, and this has further improved the stability of the gas supply to Beijing by introducing other gas sources. However, the supply of natural gas to Beijing may not be sufficient in the future. Furthermore, we cannot assure you that the natural gas supplied by our supplier will meet the quality standards specified in our natural gas supply agreements. If we are unable to obtain sufficient supply of qualified natural gas to satisfy our production requirements, our financial performance may be adversely affected. In addition, the Shaanxi-Beijing Gas Pipeline, which transmits natural gas to our power plants, may experience construction delays or breakdowns due to natural disasters, accidents, unforeseen engineering, environmental or geological problems. Beijing Gas Group may also conduct unexpected repairs and maintenance and/or major inspections on gas pipelines, which may interrupt our supply of qualified natural gas and materially and adversely affect our business, financial condition and results of operations.

Our gas-fired power and heat energy generation business is concentrated in Beijing.

During the Track Record Period, all of our gas-fired power and heat energy generation plants were located in Beijing and all of our revenue from our gas-fired power and heat energy generation business was derived from sales in Beijing. As such, the operations of our gas-fired power and heat energy generation business are subject to risks specific to the Beijing municipal region, including, but not limited to, decreases in transmission capacity, changes to on-grid tariffs for electricity or sales prices for heat energy, climate change and change in overall governmental policies. The occurrence of any of these events could materially and adversely affect our gas-fired power and heat energy generation business.

If government policies or the gas-fired power on-grid tariff pricing mechanism change in the future, resulting in a reduction or discontinuance of the government grants and subsidies we receive for our gas-fired power business or there occurs any unfavorable change to the current tax refund policy for our heat energy supply business, our results of operations could be materially and adversely affected.

The pricing mechanism for the on-grid tariff of gas-fired power is subject to change in China. Our gas-fired power business is entitled to loss-based government subsidies pursuant to the Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》) and the Notice on Improving the Management on Subsidy to Power Enterprises (《北京市財政局關於加強電力企業補貼資金管理的通知》) issued by the Finance Bureau of Beijing. Under the current regulatory framework, the actual amount of subsidies relating to electricity generation that we are entitled to is subject to annual review by the Finance Bureau of Beijing based on the approved generation amount or actual generation amount (whichever is lower) in that year and taking into consideration various factors including the on-grid tariffs for gas-fired power plants; and the actual amount of subsidies relating to gas price increases is calculated by reference to the amount of gas consumption and the actual gas price increase as confirmed by government authorities. The PRC Government provides relevant financial subsidies through feed-in tariffs, which are higher than the temporary on-grid tariff for electricity generated by gas-fired power plants. Please refer to the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies" for details of subsidies that we received from the Beijing government. In addition, in accordance with Circular of the Ministry of Finance and State Administration of Taxation on Continuously Enforcing Preferential Policies on Value-Added Tax, Real Estate Tax and Urban Land Use Tax for Heat-supply Enterprises (《財政部、國家稅務總局關於繼續執行供熱企業增值稅、房產稅、城鎮土地使用稅優惠政策的通知》), our gas-fired power and heat plants enjoy VAT exemptions for revenue generated from sales of heat energy to residential end users in Beijing. See the section headed "Regulatory Overview—VII. Taxation—2. Value Added Tax" for further details. However, government grants and subsidies may not recur and may not be sustainable due to changes in government policy. If the current favorable government policies and incentives that we enjoy are reduced or eliminated due to any change in government policies or the gas-fired power on-grid tariff pricing mechanism, our results of operations may be materially and adversely affected. Please also see the section headed "Financial Information—Significant factors affecting our results of operations and financial condition—Government grants and subsidies" for details.

RISKS RELATING TO OUR WIND POWER BUSINESS

The commercial viability and profitability of our wind power business depend on PRC government policies that support renewable energy.

The development and profitability of wind power projects in the PRC, including our wind farms, significantly depend on favorable government policies and regulatory framework. The PRC government has adopted policies and established a regulatory framework to encourage the development of renewable energy power projects. For example, the Renewable Energy Law and other regulations provide economic incentives to companies like us that are engaged in the development of power generation projects utilizing renewable sources. Such incentives include mandatory grid connection, purchase of 100% of electricity generated from renewable sources, and various tax benefits.

For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, we received government grants and subsidies of nil, RMB7.5 million, RMB11.8 million and RMB15.6 million, respectively, for our wind-power business. The PRC government has publicly stated its intention to continue to encourage the development of renewable energy power projects and, as of the Latest Practicable Date, our Directors were not aware of any indication to the contrary. However, the PRC government may in the future change or abolish the present incentives and favorable policies that are currently available to us, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

The commercial viability and profitability of our wind farms depend on wind and weather conditions as well as our ability to assess such conditions when selecting new wind farm sites.

Our wind power business generates revenue primarily from the sale of electricity from our wind farms. The amount of electricity generated by, and the profitability of, our wind farms depend on weather conditions, particularly wind conditions, which vary across seasons and locations. Wind turbines can only operate within certain wind speed ranges that vary by turbine model and manufacturer. If the wind speed falls outside of the operational range, electricity output from our wind farms could either decrease or cease altogether.

During the project development phase and before construction of any wind farm, we conduct wind tests to evaluate the site's potential electricity output, and we base our core operational and investment decisions on the results of these tests. We cannot assure you that the actual climatic conditions at any project site will conform to the assumptions that we made during the project development and testing phase. As a result, we cannot guarantee that our wind farms will be able to meet their anticipated electricity output. Historically, our revenue has experienced seasonal fluctuations as our wind farms usually reach peak electricity output from October to April, and lowest electricity output from July to August. If the seasonal variations and fluctuations in wind conditions differ from our historical observations or our assumptions, we could experience unexpected fluctuations in the electricity output of our wind farms and consequently, fluctuations in our results of operations. For instance, the electricity generated by our Changtu Taiyangshan Wind Farm was lower than targeted generation, because the wind speed during its operational period was lower than the long-term average wind speed as estimated in the feasibility study report. Similarly, extreme wind or weather conditions, particularly those affecting Inner Mongolia, where a majority of our operating wind farms are located, could lead to downtime of our wind turbines and therefore reduce our operational efficiency and electricity generation, which could materially and adversely affect our business, financial condition and results of operations. Please see "Appendix V—Technical Report" for details.

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

We rely on local grid companies to construct and maintain grid and related infrastructure. For our wind power projects, prior to obtaining project approval from the NDRC or its local counterparts, we need to obtain consent from the relevant local grid company to connect our wind farms to its grid. According to the Renewable Energy Law and the relevant implementation rules, grid companies are required to provide grid connection support to renewable energy producers within their coverage. In practice, however, local grid companies may consider a number of factors when granting consents, including the availability and stability of the existing grids, progress of construction and upgrade of local grids and the cost of grid connections. Many of these factors are beyond our control. We cannot assure you that we will be able to obtain the necessary consents from local grid companies in a timely manner, or at all. Failure or delays in obtaining such consents may prevent us from developing our wind power projects as planned, which may materially and adversely affect our business, financial condition and results of operations.

We also rely on local grid companies for electricity transmission and dispatch services. Our revenue and profitability depend, to a large extent, upon the sale of electricity which is subject to dispatch to power grids. The dispatch of electricity generated by our wind farms is controlled by the dispatch centers of the relevant local grid companies pursuant to dispatch agreements between local grid companies and us as well as applicable laws and regulations. Pursuant to the Renewable Energy Law related regulations, grid companies in China are required to purchase the full amount of on-grid electricity generated by wind power projects that meet the grid connection technical standards in the areas covered by their power grids. Furthermore, wind power projects are entitled to the highest dispatch priority pursuant to the Provisional Measures on the Dispatch of Energy Saving Power Generation (《節能發電調度辦法(試行)》) enacted by the State Council in August 2007. Notwithstanding these favorable laws and regulations, dispatch centers consider a variety of factors when dispatching electricity, including, among others, local demand for electricity, interconnection agreements between power grids and the actual conditions of the grid such as equipment capacity and safety reserve margins. Moreover, the applicable laws and regulations 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 farms may be curtailed as a result of various grid constraints, such as grid congestion, restrictions on the transmission capacity of the grid and restrictions on electricity dispatch during certain periods.

In recent years, primarily due to the rapid growth of wind power installed capacity outpacing the development of local grids, the local grid companies in northern China, especially in West Inner Mongolia, have imposed restrictions on wind power generation companies like us, especially during the winter season, to give priority to heat-electricity cogeneration companies and to secure the voltage stability and safety of local grids. This restriction was particularly severe in Inner Mongolia in the winter of 2009 to early 2010. As electricity generated from our wind farms cannot be stored and must be transmitted or used once generated, a number of our wind farms, especially in West Inner Mongolia, temporarily shut down some of their wind turbines. Grid curtailment affected the performance of some of our wind farms in terms of potential power output loss. The PPAs we entered into with local grid companies do not specifically provide for any compensation by local grid companies for any financial loss caused by grid congestion or any failure to purchase full amount of electricity generated by our wind farms. During the Track Record Period, we did not receive any compensation from grid companies for the loss of actual power generation due to grid congestion. Please see “Appendix V—Technical Report” for details.

Depending on the progress of construction and upgrades to the grid infrastructure in West Inner Mongolia, we expect that some of our wind farms in the area will continue to occasionally experience limited output due to grid congestion. Such limited output could reduce the actual net power generation of our wind farms and thus may materially and adversely affect our business, financial condition and results of operations.

Our electricity generation, financial condition and results of operations depend on the operating performance of our wind turbines.

The profitability of our wind power business depends substantially on the operating performance of our wind turbines. Non-performance or under-performance of a wind turbine will negatively affect a wind farm’s results of operations and financial condition.

Our contracts with turbine suppliers typically provide for the production, transportation, installation and commissioning of wind turbines and include performance warranties ranging from two to four years. The standard performance warranties provide performance levels for our wind turbines under which the suppliers shall indemnify us for losses based on (1) the turbine purchase price, or (2) the loss in electricity sales, usually up to a percentage of the total purchase price. Although our wind turbine supply agreements provide us with limited indemnities for defects and availability shortfalls, we cannot assure you that such indemnities will be sufficient to cover our losses due to non-performance or under-performance of our wind turbines. Furthermore, we cannot assure you that when we negotiate new turbine supply agreements, we will be able to secure any warranty and other terms comparable to those in our existing supply agreements. As a result, our project costs could increase due to shorter warranty periods or more restrictive warranties, any of which could increase our operational risks.

As at June 30, 2011, a majority of our wind turbines were within the warranty periods provided by our wind turbine suppliers. We believe most of the defects and quality problems of our wind turbines can be discovered and addressed by our wind turbine suppliers within the warranty period. However, after the expiration of their warranties, we are no longer entitled to free repair and parts replacement. As a result, our repair and maintenance cost may increase once the warranties of our wind turbines expire.

Price fluctuations of wind turbines could adversely affect our results of operations.

During the Track Record Period, the cost of purchasing wind turbines represented approximately 55-70% of the upfront construction cost for a wind power project. In line with the development of the wind power industry in China, an increasing number of wind turbine manufacturers have entered the Chinese market. In addition, prices of wind turbines have declined in recent years due to what is believed to be an over-supply of wind turbines as a result of rapid expansion of production capacity coupled with the global economic downturn. However, prices of wind turbines may increase in the future. We are exposed to changes in the market prices of wind turbines when we negotiate new supply agreements, and the price trend of wind turbines directly affects on our results of operations by influencing our level of capital expenditures and increasing depreciation expenses. See the section headed "Financial Information—Significant Factors Affecting Our Results of Operations And Financial Condition—Price of Wind Turbines" for further information. If the prices of wind turbines increase significantly or if we are unable to manage our purchases of wind turbines at prices commercially acceptable to us, our expansion plans could be adversely affected, the profit margins of our wind power business may decrease and our results of operations would be materially and adversely affected.

Our wind power business relies on the sufficient supply of qualified wind turbines.

Our wind turbine suppliers have been relatively concentrated in recent years. As of June 30, 2011, our four largest wind turbine suppliers, Xinjiang Goldwind, Suzlon, Sinovel and Nordex, supplied 54.8%, 9.1%, 9.0% and 9.0%, respectively, of the total installed capacity of our wind farms. We cannot assure you that we will continue to be able to purchase a sufficient quantity of wind turbines or other necessary equipment that meet our quality requirements on commercially acceptable terms, or in a timely manner. Furthermore, our wind turbine suppliers may delay delivery to us or prioritize delivery to other market participants, including our competitors. Any significant delay by our major wind turbine suppliers in performing their contractual obligations, or inability of our major suppliers to meet their own quantity commitments or our quality requirements, could interrupt our operations and hinder the execution of our business plan, which in turn could materially and adversely affect our business, financial condition and results of operations. Even though we would expect our suppliers to compensate us for delays in delivery or other failures to perform their contractual obligations, we cannot assure you that such compensation would be adequate to cover the shortfall in our revenue as a result of such delays or failures.

Any reduction in the on-grid tariffs of our wind farms 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 onshore 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 the geographically unified tariff, a form of 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. For wind farms spanning across areas with different fixed on-grid tariffs, the higher tariff applies. Although we believe that the new on-grid tariffs are generally more favorable than the previously approved tariffs for wind farms in similar locations, government mandated on-grid tariffs for wind farms may decrease in the future due to currently unforeseeable reasons including any decrease in the cost of wind power. Any future reductions in the on-grid tariffs of our existing and future wind farms, or our failure to mitigate the possible decrease in on-grid tariffs by increasing installed capacity and/or improving operational efficiency, could materially and adversely affect our business, financial condition and results of operations.

If we are unable to obtain rights to develop wind power projects at locations suitable for the development of wind farms, the expansion plan for our wind power business could be materially and adversely affected.

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 capacity. In addition, our ability to obtain rights to develop wind power projects at suitable sites is subject to growing competition from existing and new wind power producers.

If we are unable to find, or obtain rights to develop wind power projects at, suitable new sites, we may be unable to expand in a timely manner or at all, which could materially and adversely affect our growth.

The wind farms that we operate under service concession arrangements are for a period of 25 years and may not be renewed upon expiry.

We currently operate four wind farms through service concession arrangements, with a total installed capacity of 498.75 MW, accounting for 45.6% of the consolidated installed capacity of our wind power business and 21.8% of the consolidated installed capacity of the Group as at June 30, 2011. Revenue from sales of electricity from these wind farms accounted for 4%, 4%, 13% and 13% of our total revenue for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Our service concession arrangements for these four wind farms were entered into with the provincial DRC of Inner Mongolia. Under the arrangements, we have a right to operate these wind farms for a period of 25 years, at the end of which we will need to dismantle the wind farms unless the concession period is extended. Also, the concession agreements may be terminated for reasons including abandoning the wind farm construction or operation, bankruptcy of our project companies, and material breach. There is no guarantee that we can successfully renew any service concession arrangements when they expire. Should we lose the right to operate these wind farms, our financial condition and operating results may be adversely affected. For more details about the concession projects, please see the section headed "Business—Our Wind Power Business—Our Concession Projects".

We may need to purchase and install additional equipment to comply with grid safety and stability requirements.

According to relevant power grid safety regulations, wind power companies are required to assist grid companies in ensuring grid safety and stability. As such, local power grids may require us to purchase, install and maintain, at our cost, additional equipment for our wind farms even after they are constructed and connected to the grid. We may be subject to stricter grid safety and stability requirements, the occurrence of which could cause us to incur additional expenses and materially and adversely affect our business, financial condition and results of operations.

The basis and underlying assumptions we adopt to classify our wind power projects are internally developed, and have not been audited or verified by any third party.

The development stages of our wind power projects disclosed in this prospectus are only used for our internal planning purposes, may materially differ from those used by other companies in the same industry, and have not been verified or audited by any third party. Our project classification system divides our wind power projects into three categories based on their development stages: projects in operation, projects under construction and pipeline projects. We further divide our pipeline projects into three tiers using objective milestones we have set based on our development experience. See the section headed "Business—Our Wind Power Business—Our Pipeline Wind Power Projects". No single project classification methodology is generally accepted in our industry. As such, our project descriptions and our historical or projected operating results may not be comparable with those of other companies in the industry.

Nearby objects may interfere with the operation of our wind farms.

The operational performance of our wind farms depends on wind speeds and other climatic conditions. However, objects such as buildings, trees or other wind turbines near our wind farms may reduce our wind resources due to the disruption of wind flows, known as "wake effects." Although we select our wind farm sites after conducting analyses and tests, we typically only acquire land use rights for the land immediately underlying our wind turbine pylons and adjacent infrastructure. The PRC government could grant land use rights for nearby land which, when developed, would have a wake effect on our wind farms. Furthermore, the holders of the land use rights for land near our wind farm sites may lease or transfer their land use rights to other developers that may construct wind turbines or other structures which could produce wake effects. In addition, in some cases there were either further extensions to some of our wind farms or other wind farms in the vicinity, and our feasibility studies may not have considered their presence at the time it was prepared, which may cause us to underestimate the extent of wake losses. Such developments may reduce the performance of our wind farms, which could interfere with the power generation of our wind farms. Please see "Appendix V—Technical Report" for details.

RISKS RELATING TO OUR OVERALL BUSINESS

Any subsidy currently or previously available to our subsidiaries in the PRC could be reduced or discontinued.

Pursuant to the New EIT Law and its implementing regulations, which came into effect on January 1, 2008, an enterprise will be exempted from the PRC income tax for three years starting from the tax year it first generates revenue and will receive a 50% reduction in such tax for the subsequent three years, provided that the enterprise engages in public infrastructure projects that is supported by the government and provided in relevant government documents. Most of our operating wind power companies currently satisfy this requirement and consequently are eligible to enjoy this tax exemption. In addition, our gas-fired power companies are entitled to 100% exemption of the VAT levied on heat generation for residential end users.

Moreover, during the Track Record Period, our wind power and gas-fired power projects were granted subsidies by the PRC government as a financial incentive to encourage our development and investment in China's clean energy industry. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the Group recorded other net income, representing the government grants related to clean energy production of about RMB471.3 million, RMB434.3 million, RMB420.5 million and RMB329.2 million, respectively.

We cannot assure you that the PRC government will continue its favorable tax treatment and subsidies indefinitely. Government grants and subsidies may not recur and may not be sustainable due to changes in government policy, and when the PRC government discontinues the preferential tax treatment and subsidy programs that our companies currently enjoy, we may be subject to the standard EIT rate of 25% in the PRC. Any increase in the EIT rate applicable to us or discontinuation or reduction of any preferential tax treatment or financial incentives we enjoy could materially and adversely affect our business, results of operations or financial condition. Please see the section headed "Financial Information—Significant Factors Affecting Our Results of Operations And Financial Condition—Government grants and subsidies" for details.

We rely heavily on a limited number of local grid companies and one heat energy distributor.

Each of our operating power plants and wind farms has entered into a power purchase agreement with relevant local grid company. Our power plants and wind farms sell substantially all the electricity that they generate to the grid companies to which they are connected, and do not sell electricity directly to any industrial or residential end users. During the Track Record Period, our electricity sales to local grid companies accounted for substantially all of our revenue from sales of electricity, representing 91.2%, 81.8%, 89.8% and 86.9% of our total revenue (excluding revenue generated from concession construction agreements) for each respective period.

In addition, both our Taiyanggong Power Plant and our Jingqiao Power Plant have entered into heat energy supply agreements, or HESAs, with BDHG. During the Track Record Period, the Taiyanggong Power Plant and the Jingqiao Power Plant sold all of the heat energy that they generated to BDHG, which then distributed the heat directly to industrial or residential end users in Beijing. The Jingfeng Power Plant entered into HESAs with two major heat end users. During the Track Record Period, our heat energy sales to BDHG and those two major heat end users accounted for substantially all of our revenue from sales of heat energy, representing 5.1%, 14.2%, 10.0% and 12.9% of our total reportable segment revenue for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

We cannot assure you that the grid companies or heat energy customers will purchase all of the electricity or heat generated by us and make full and timely payments. In addition, we cannot assure you that these grid companies or our heat energy customers will comply with their other contractual obligations under the relevant power purchase or heat energy supply agreements or avoid insolvency or liquidation proceedings during the terms of the relevant power purchase or heat energy supply agreements. Any significant non-purchase, non-payment, non-compliance, insolvency or liquidation of our grid company customers or heat energy customers could materially and adversely affect our business, financial condition and results of operations.

We may not be able to execute our business strategy successfully or manage our growth effectively.

We are experiencing a period of rapid growth and expansion that has placed significant demands on our management resources, financial and human capital. We plan to strengthen our position in the PRC gas-fired power industry and wind power industry by completing projects under development, increasing consolidated installed capacity and maximizing operational efficiency, while developing other clean energy sources, such as hydropower and waste-to-energy. We have also commenced our efforts in developing offshore wind power projects. However, our ability to successfully execute our business strategy depends on a variety of factors, including our ability to develop and expand our existing portfolio of projects (including obtaining the necessary financing for projects under construction and pipeline projects), our ability to manage our administrative and human resources to meet the expansion of our business, our capability to operate our existing and future assets, and certain factors that are beyond our control, such as the ability of our suppliers and contractors to supply and install turbines and other equipment on schedule and changes to the government policy promoting the utilization of clean and renewable energy. If we are unable to execute our business strategy fully or successfully, or we are unable to adjust our project portfolio in response to changes in certain important elements such as government policy, our development may be hindered and our business, financial condition or results of operations may be materially and adversely affected. Furthermore, we must address risks frequently encountered by companies that experience significant growth within a short period of time, including our ability to effectively manage large-scale projects, maintain adequate control over our expenses and obtain sufficient financing on favorable terms. Therefore, we cannot assure you that we will be able to execute our business plan successfully within the expected timetable or at all, or that we will be able to manage our growth effectively, and our failure to do so could materially and adversely affect our business, financial condition, results of operations and prospects.

Sales of CERs depend on the CDM arrangements under the Kyoto Protocol, and any change of or expiration of these arrangements could limit our income from the sales of CERs and VERs.

Pursuant to the Kyoto Protocol, which the PRC government ratified in August 2002, public or private entities can purchase the CERs that we generate from our CDM projects and use these CERs to comply with their domestic emission reduction targets or sell them in the open market. VERs are voluntary and are not mandated by any law or regulation but originate from a purchaser's desire to take an active part in climate change mitigation efforts. The VERs market is an emerging market for carbon credits outside the Kyoto Protocol regime. We sell VERs attributable to electricity output from our projects before these projects are registered as CDM projects with the CDM EB and from other projects which are not eligible to be registered as CDM projects. Our proceeds from the sales of CERs and VERs help improve the economic viability of these projects. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, we derived other net income from the sale of these CERs and VERs of RMB12.7 million, RMB120.6 million, RMB156.3 million and RMB95.6 million, respectively, representing 5.2%, 25.3%, 15.5% and 13.5% of our profit from operations, respectively.

If the Kyoto Protocol is not renewed before its expiration on December 31, 2012 or if the PRC government discontinues its support for these CDM arrangements, our income from sales of CERs and VERs could be negatively impacted. It is uncertain whether the Kyoto Protocol will be renewed prior to its expiration on December 31, 2012 particularly given the failure of countries participating in the 2009 United Nations Climate Change Conference, commonly known as the "Copenhagen Summit", to reach a legally binding agreement and to commit countries to agree to a binding successor to the Kyoto Protocol.

In addition, the process to register CDM projects with the CDM EB is relatively complicated and the CDM EB has historically declined to register certain projects of other power companies as CDM projects. Although the CDM EB had not historically declined to register any of our projects, the timing and outcome of our registration applications are uncertain. We cannot assure you that the CDM EB will approve all of our pending applications for CDM project registration in a timely manner, or at all. Furthermore, should the verification standards in the registration progress or the registration policy materially change, we may be unable to register our wind and gas-fired power projects and other clean energy projects as CDM projects, which in turn could materially and adversely affect our income from the sales of CERs and VERs. Furthermore, given that substantially all of our income derived from sales of sale of CERs and VERs is denominated in Euro or U.S. dollar, appreciation of the RMB may adversely affect such income.

We operate in a capital-intensive business, and our business, financial condition and results of operations are subject to the availability of external financing as well as fluctuations in the costs of external financing.

The operation and development of our businesses require significant capital expenditures. The capital investment for developing and constructing power plants varies based on the cost of fixed assets and the cost of construction works. A significant increase in the costs of developing and constructing our wind farms or other clean energy facilities could materially and adversely affect our business, financial condition and results of operations.

Other factors affecting capital investment include, among other things, finance expenses. We are exposed to fluctuations in interest rates affecting our finance expenses and, ultimately, our results of operations. As we rely heavily on external financing to secure investment capital to finance the expansion of our business, we are sensitive to the cost of capital in securing these loans. Our finance expenses amounted to RMB214.3 million, RMB299.2 million, RMB500.3 million and RMB283.8 million, for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Since the beginning of 2010, the PRC government started to tighten its monetary policy. In 2010 and early 2011, the PBOC increased several times the reserve requirement ratio for PRC financial institutions. Furthermore, in 2010 and early 2011, the PBOC raised the benchmark lending rates for several times. The lending interest rates may be further increased in the future if the PRC government decides to further tighten its monetary policy. If the PBOC were to significantly tighten lending or raise benchmark lending rates, our business, financial condition or results of operations may be materially and adversely affected.

We require external financing to support the growth and expansion of our business. Our ability to obtain external financing in the future is subject to a variety of factors, including (i) obtaining the necessary PRC government approvals to raise capital for projects; (ii) our future financial condition, operating results and cash flows; and (iii) the general condition of the global and domestic financial markets, changes in the monetary policy, bank interest rates and lending policies. In the event that our current resources are not sufficient for our needs, we may have to seek additional financing, including equity or debt financing. If we decide to raise additional funds through the issuance of equity or equity-linked instruments, our Shareholders may experience dilution in their shareholding. If we use debt financing, we may be subject to covenants or other restrictions. We cannot assure you that we will be able to raise the necessary capital to finance our planned capital expenditures on acceptable terms or at all. If we are unable to secure such funding, we may have to reduce our planned capital expenditures and delay or abandon our expansion plan, which in turn could materially and adversely affect our business and results of operations.

We may be unable to complete the construction of our projects within our estimated budget and time frame, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The construction of our power plants, including ancillary facilities such as transmission lines or substations, may be adversely affected by many factors commonly associated with the construction of infrastructure projects that are beyond our control, including but not limited to:

- adverse trends in the construction industry;
- adverse general economic and financial conditions in the PRC;
- delays in receiving requisite approvals, licenses or permits;
- shortage of equipment, material or labor;
- adverse weather conditions or other acts of nature;

- work stoppages and labor disputes;
- unforeseen engineering, design, delivery, environmental or geological problems; or
- unanticipated cost increases.

The occurrence of any of these events could give rise to delays or cost overruns, which could in turn result in loss or delayed receipt of revenue, increase in financing costs, or failure to meet profit and earnings projections, and consequently, materially and adversely affect our business, financial condition or results of operations.

We recorded net current liabilities during the Track Record Period.

The expansion of our business has been capital intensive. We recorded net current liabilities of RMB3,182.2 million, RMB3,278.9 million, RMB2,320.5 million, RMB4,259.2 million as of December 31, 2008, 2009 and 2010, and October 31, 2011, respectively. The net current liabilities were mainly due to our high levels of current bank borrowings to finance the expansion of our gas-fired power business and wind power business and trade and other payables mainly related to the purchase of wind turbines in connection with the expansion of our wind farms. For further information about the net current liabilities position, see the section headed "Financial Information—Liquidity and Capital Resources—Net Current Liabilities". We may continue to have net current liabilities in the future as our business expands. In the future, if we are unable to obtain sufficient funds to meet our needs or refinance our loans on commercially acceptable terms, or if at all, then we may not be able to repay our borrowings, particularly our short-term borrowings, upon maturity. This could materially and adversely affect our expansion plans, financial condition and results of operations.

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

We generally contract with third-party contractors, suppliers and civil engineering firms with established track records for the construction of our power plants. The successful completion of our projects depends on the ability of these suppliers, contractors and engineers to perform their contractual obligations, and is subject to factors beyond our control, including actions or omissions by these suppliers, contractors and engineers. Any setbacks, delays in construction or the delivery of supplies, or any problems relating to the work performed by contractors and 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 plant efficiency, higher operating costs and reduced or delayed earnings.

We rely on suppliers of gas-fired power generators and wind turbines to provide part of the operational and maintenance services after each turbine commences operation. According to our equipment purchase agreements, the suppliers generally undertake to conduct (i) inspection and maintenance services and/or instructions, and (ii) 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 operation 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.

Our current hydropower plant and future hydropower and solar power plants are or will be dependent upon natural conditions.

Our current hydropower plant and future hydropower and solar power plants rely on natural conditions, such as rainfall or sunlight conditions, for the production of electricity. In selecting sites for the development of our hydropower or solar power projects, we base our decisions in part on the meteorological and topographical data of the proposed area as well as the on-site exploration conducted by our technicians. We cannot assure you that the actual natural conditions will conform to the historical measured data or that the assumptions we make during our assessment are correct. Moreover, even if actual natural conditions are consistent with our assessment, such conditions may be affected by variations in weather patterns which may change over time to the detriment of our projects. As a result, the electricity generated by our hydropower and solar power projects may fall below our expectations, which could in turn materially and adversely affect our business, financial condition and results of operations.

Future acquisitions may be expensive or unsuccessful.

In addition to organic growth, we may also acquire complementary technologies, businesses and services, and enter into strategic alliances when there are opportunities we deem appropriate. Any potential acquisitions or alliances may result in material transaction expenses, increased interest and amortization expenses, increased depreciation expenses and increased operating expenses, any of which could materially and adversely affect our operating results. Acquisitions may entail integration and management of the new businesses to realize economies of scale and cost control, 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. We may be unable to identify suitable acquisition targets, obtain financing on acceptable terms or complete 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 could dilute the investment of our shareholders. Any of these events could materially and adversely affect our business, financial condition and results of operations.

We depend on our senior management team and key employees.

Our historical success is substantially attributable to the contributions of our senior management and key employees, including those personnel listed in the section headed "Directors, Supervisors, Senior Management and Employees". We have strengthened our team by recruiting several senior executives and employees who have years of business and administrative experience and clean energy industry expertise. Our future success depends significantly on the continued services of these key executives and employees and our ability to continue to retain and recruit senior personnel. Furthermore, competition for qualified personnel with relevant expertise is intense due to the scarcity of qualified individuals in the rapidly growing clean energy industry. We may need to offer higher levels of compensation and other benefits to attract and retain key personnel. Our inability to retain such key executives and employees or hire qualified new executives and employees as our business grows, could adversely affect our ability to achieve our objectives and business strategy, and materially and adversely affect our business, financial condition and results of operations.

We do not possess title certificates in respect of some of the properties we own, and some of the landlords lack relevant title certificates for properties leased to us, which may materially and adversely affect our right to use such properties.

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 right and building ownership certificates where obtaining such certificates involves government approvals at different levels of government. As of September 30, 2011, we did not hold the necessary land use right certificates in relation to approximately 10.78% of the aggregate area of the land we used for our operating projects including Saihan Wind Farm Phase I and Changtu Taiyangshan Wind Farm, and 83.28% of the land we used for projects under construction including our Xinganmeng Keyouzhongqi Wind Farm Phase I, Balinyou Wind Farm Phase I, Ningxia Taiyangshan Wind Farm Phase I and Phase II, Huitengxile Wind Farm Phase II, Shangdu Wind Farm Phase II, Huolinhe Wind Farm Phase II, Chifeng Qigan Wind Farm Phase I, Ningxia Lingwu Wind Farm Phase I and II, Xianghuangqi Wind Farm Phase I, Jingqiao Power Plant Phase II, Heishuisanlian-Zhawo Grade II Hydropower Plant and Heishuisanlian-Dengpeng Grade I and Grade II Hydropower Plants. In addition, as of September 30, 2011, we or our landlords did not hold the necessary building ownership certificates to 13.23% of the total gross floor area of the buildings we owned or leased, as the case may be. See the section headed "Business—Properties" for further details, including the potential penalties. As a result, our rights to use such land or buildings may be challenged and we may have to vacate the relevant premises should any challenge succeed. To our Directors' knowledge, as at September 30, 2011, we had not received any notice from the relevant authority for any penalties.

Although we believe it is unlikely that third-parties could successfully challenge our use of these premises, there remains a risk that such can occur. Should third parties successfully challenge our use of these premises (including those we leased from landlords for which they do not hold the necessary building ownership certificates) and we are forced to relocate, our operations or construction on the affected premises could be interrupted, which in turn could materially and adversely affect our business, financial condition and results of operations.

In addition, we may not transfer, lease, mortgage or otherwise dispose of properties that we own until we obtain the relevant land use right certificates and/or building ownership certificates. We will also need to pay transfer fees and incur other relevant expenses in order to obtain the full title certificates to such properties. Although we are applying for title certificates for the land and buildings that we own, we cannot assure you that we will be able to obtain all the land use right or building ownership certificates in a timely manner, or at all.

The regulatory framework in the PRC for clean energy projects is relatively new and evolving.

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 power plants could materially and adversely affect our business, financial condition, results of operations and prospects. Furthermore, if these favorable policies and incentives were changed or discontinued to our detriment before our wind farms or gas-fired cogeneration plants 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 power companies, which may enjoy sizable cost advantages over us. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Regulatory changes and the uncertainties associated with the reform of the PRC power industry may adversely affect our business and results of operations.

Our power plants are subject to PRC government and power grid regulations, which include elements such as quantity and timing of electricity generation, on-grid tariffs, performance of scheduled maintenance, and compliance with power grid control and dispatch directives. Our operations and profitability will be affected by any material changes in PRC laws and regulations relating to the power industry. In addition, the PRC power industry has experienced and may continue to experience regulatory reforms. For instance, in July 2003, the State Council issued the Tariff Reform Scheme (《電價改革方案》) which sets forth the target, principle and main reform measures for the electricity tariff, and three of its corresponding implementation regulations were issued in March 2005. In January 2006, the NDRC issued The Trial Measure for the Renewable Resources Tariff and Cost Sharing (《可再生能源發電價格和費用分攤管理試行辦法》) which provided for the reasonable distribution of on-grid tariff for power generated utilizing renewable energy. In July 2009, the NDRC issued the Circular regarding the Furtherance of On-grid Pricing Policy of Wind Power (《關於完善風力發電上網電價政策的通知》) which changed the pricing mechanism from government guided price to government fixed price and divided China into four wind resource zones to apply a fixed benchmark tariff in each respective zone for all onshore wind power projects approved after August 1, 2009. Further in December 2009, China revised the Renewable Energy Law and further specified the mechanism for purchasing 100% of the power generated using renewable energy, which became effective in April 2010. Since these regulatory reforms have been promulgated only recently, we cannot accurately predict their impact on our businesses. The uncertainties associated with these reforms and any corresponding regulatory changes resulting in the loss of any currently available favorable treatment may adversely affect our business performance. In addition, the PRC government may adopt more stringent laws and regulations to regulate the power industry, compliance with which may be expensive, and may adversely affect our financial condition or results of operations.

Potential competition from BEIH may adversely affect the Group's business.

BEIH is our controlling shareholder and will through its subsidiaries or associates retain certain clean energy businesses after the Global Offering. Currently we face little competition from BEIH. Furthermore, BEIH has given a non-competition undertaking in favor of the Group and has granted the Company, subject to certain conditions and exclusions, options for new business opportunities, options for acquisitions and pre-emptive rights in connection with BEIH's clean energy business. Please see the section headed "Relationship with Our Controlling Shareholder" for details. However, if the Company fails or chooses not to exercise such options or rights for whatever reasons including but not limited to that the Company considers the exercise of such options or rights is not financially viable or commercially justifiable, the Company may face intensified competition with BEIH. In addition, in the event of grid congestion or other situations that limit the local grid's dispatch or transmission capacity, we may need to compete with other power generation companies in the affected areas, which may include BEIH. Moreover, if the PRC government changes the currently favorable policies and regulations toward the clean energy industry, we may need to compete with non-clean power generators, including BEIH. If the competition with BEIH is intensified, the business of the Group may be adversely affected.

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

Upon completion of the Global Offering, BEIH, our principal shareholder, directly and through BIEE, will own an aggregate of approximately 69.91% of our Shares assuming no exercise of the Over-allotment Option (or approximately 67.93% if the Over-allotment Option is exercised in full). Subject to the Articles of Association and applicable laws and regulations, BEIH will, through its representatives on our Board, be able to influence our major policy decisions, including our management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment of our Articles of Association and other actions that require the approval of our directors and shareholders. Differences in opinion may arise between BEIH and any of our remaining shareholders. We cannot guarantee that BEIH will influence the Company to pursue actions in the best interests of our remaining shareholders.

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

During the Track Record Period, we derived substantially all of our revenue from our gas-fired power business and wind power business. 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 elects to strengthen its support of such clean energy sources. While we are actively exploring opportunities in other clean energy sectors, such as hydro, solar power and waste-to-energy, 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 gas-fired power, and renewable energy resources, such as wind power, compete with conventional energy resources, including nuclear power, 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, which could render 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 electricity generation industry, and we may not have adequate insurance to cover all these hazards.

Our assets, including, among other things, gas-fired generators, wind turbines, blades, transformers and interconnection infrastructure, could be damaged by fire, earthquake, flood, acts of terrorism and other hazards. These and other hazards can cause personal injury or death, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of 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 plants may be interrupted upon the occurrence of any of the following events:

- inaccuracy of our assumptions with respect to the timing and amount of anticipated revenue;
- supply interruptions;
- 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;
- unanticipated cost overruns;

- adverse weather conditions and catastrophic events such as fires, earthquakes, droughts and floods; and
- performance that is below expected levels of output or efficiency.

We cannot assure you that we will be able to adequately control the impact of these events.

In accordance with industry practice in the PRC, 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 are subject to stringent environmental laws and regulations. Failure to comply with these laws and regulations could materially and adversely affect our business, results of operations and financial condition.

Our operations are subject to numerous environmental laws and regulations promulgated by the PRC government. Please see the section headed "Regulatory Overview" for a description of the laws and regulations to which we are subject. Given the magnitude, complexity and frequency of amendments to these laws and regulations, compliance may be onerous or it may take substantial financial and other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Noncompliance with relevant industry regulations as well as the environmental laws and regulations applicable to our operations may result in substantial penalties or fines, suspension or revocation of our licenses or permits, stoppage of plant constructions or suspension of our operations. Such events could materially and adversely impact our operating results, financial condition and reputation. In addition, the PRC government may impose laws or regulations which impose higher standards or implement the relevant laws and regulation more stringently, which may cause us to incur significant expenses. Any changes or amendments to such laws or regulations may cause us to incur additional capital expenditures or other obligations or liabilities.

We may incur additional costs or capital investments should the PRC government adopt stricter or additional environmental laws or requirements.

The existing Environmental Protection Law and related regulations require us to establish an environmental protection and management system, which includes adopting effective measures to prevent and control exhaust gas, sewage, waste residues, dust or other waste materials, to discharge waste properly and payment of certain discharge fees. If the

PRC government introduces more stringent environmental laws or requirements, we may need to incur additional cost and/or capital investment in order comply with such new laws and regulations, which could materially and adversely affect our financial condition and results of operations.

We must comply with laws and regulations in the PRC relating to the development, construction and operation of power plants.

Our wind farms, gas-fired cogeneration plants and other clean energy projects are subject to strict PRC laws and regulations relating to their development, construction, licensing and operation. These laws and regulations relate to, among other things, project approval and other government approval and licensing requirement for power companies, building and construction of new projects, environment conservation and power dispatch and transmission. In particular, before we construct and operate our gas-fired cogeneration plants or wind farms, we must first obtain operational and construction permits from various authorities. Procedures for granting operational and construction permits vary among different local areas, and certain provinces may reject our applications for permits. Furthermore, third parties may challenge a decision to grant us operational and construction permits in some provinces even after we have obtained the permits. We cannot assure you that we will be able to obtain all the approvals and permits necessary for the development and operation of new projects in a timely manner, or at all. Finally, we must comply with laws, regulations and the conditions contained in the operational and construction permits, and failure to do so may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licenses or permits. These factors could materially and adversely affect our business, financial condition and results of operations.

We may experience a shortage of labor or labor dispute or an increase in labor costs which would materially and adversely affect our business and results of operations.

While we believe we have a satisfactory working relationship with our employees, we remain subject to the risk of labor disputes and adverse employee relations. These potential disputes and adverse relations could result in work stoppage or other events that could disrupt our business operations, which could materially and adversely affect our business, financial condition and results of operations.

Our special distribution is not an indication of our future dividend policy.

We agreed to declare a special distribution to BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays in an amount equal to our Group's net profit attributable to equity owner of the Company derived from the period from April 30, 2010, the date on which our assets were valued for establishment as a joint stock limited company, to the end of the quarter immediately prior to the Listing (the "Special Distribution"). The actual amount of the Special Distribution will be determined based on a special audit of our consolidated financial statements of the Group for the period from April 30, 2010 to the end of the quarter immediately prior to the Listing. See the section headed "Financial Information—Special Distribution" for details. The Special Distribution was not determined in accordance with our dividend policy as described in the section headed "Financial Information—Dividend Policy." Investors of H Shares in the Global Offering will not be entitled to participate in the Special

Distribution. The amount of the Special Distribution is not indicative of the dividends that our Company may declare or pay in the future.

RISKS RELATING TO THE PRC

Changes in the political and economic policies of the PRC government may materially and adversely affect our business, results of operations and business development plan.

As of the Latest Practicable Date, all of our business assets were located in, and all of our revenue was derived from, the PRC. Accordingly, our business, financial condition or results of operations are subject to economic and political developments in the PRC. Political and economic policies of the PRC government could affect our business and results of operations and may result in our being unable to sustain our growth.

The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign currency exchange and allocation of resources. Before the adoption of its reform and opening-up policies beginning in 1978, the PRC was primarily a planned economy. Since that time, the PRC government has implemented a series of economic and, to a lesser extent, political reforms. Although in recent years the PRC government has focused on the use of market forces to reform its economic system, reduce state ownership of productive assets and establish sound corporate governance in business enterprises, the PRC government still owns a substantial portion of productive assets in the PRC. In addition, the PRC government continues to play a significant role in regulating industrial development. It also exercises significant control over the economy's growth trajectory through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven across regions and economic sectors. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Changes in the PRC's political, economic and social conditions may negatively impact our ability to execute our expansion plans and materially and adversely affect our business, results of operations and financial condition.

An adverse change in the PRC's economic conditions may adversely affect us and the future growth of our business and operations.

Although the PRC's economy continues to grow more quickly than most developed economies, its real GDP growth rate declined from 13.0% in 2007 to 9.6% in 2008, to 9.2% in 2009, while it increased to 10.3% in 2010. A number of factors have contributed to this slowdown, including the appreciation of the Renminbi, which has adversely affected China's exports, and the PRC government's tightening macroeconomic measures and monetary policies aimed at preventing overheating of the PRC's economy, calming inflation fears and addressing the risk of a property bubble in major cities. The slowdown has been further exacerbated by challenging global economic conditions in the financial services and credit markets, which in recent years have experienced extreme volatility.

It is uncertain whether the challenging global economic conditions in the financial services and credit markets will reoccur and how much of an adverse effect this will have on the global economy in general, and the PRC economy in particular. In response to challenging global financial conditions, in September 2008 the PRC government began to loosen economic measures and monetary policies by reducing interest rates and decreasing the statutory reserve ratio for banks. On November 5, 2008, the State Council announced an economic stimulus plan in the amount of US$585 billion to stimulate economic growth and bolster domestic demand. The economic stimulus plan includes, among others, increased spending on basic infrastructure construction projects for water, electricity, gas and heat to improve the standard of living in China and protect the environment. However, it also raised the risk of inflation and the PRC government, since 2010, has decreased liquidity in the market through raising interest rates and the statutory reserve ratio for banks several times which may lead to difficulties in borrowing and a significant slowdown in the PRC economy.

The legal system of the PRC is still evolving, and inherent uncertainties may affect the protection afforded to our business and our shareholders.

We and all of our subsidiaries through which we conduct our operations, are organized under PRC laws. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organization and governance, commerce, taxation and trade. However, many of these laws and regulations, in particular, the regulatory regime relating to clean energy projects, are relatively new and are likely to continue to evolve, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, only limited volumes of published court decisions may be cited for reference, and such cases have limited precedential value, as they are not binding on subsequent decisions. The uncertainties relating to the interpretation, implementation and enforcement of PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections that are available to you, and can adversely affect the value of your investment. In particular, the PRC power industry, including the clean energy sector, remains highly regulated. Many aspects of our business, such as the amount and timing of electricity generation and the setting of tariffs, depend upon the receipt of the relevant government authority's approval. As the PRC legal system and the PRC power industry develop, changes in such laws and regulations, or in their interpretation or enforcement, may materially and adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates and government control of currency conversion may adversely affect our business and results of operations.

We receive our revenue in Renminbi, which is currently not a freely convertible currency. A portion of these revenue must be converted into other currencies in order to meet our foreign currency obligations. For example, we may need foreign currency to purchase and import certain equipment and parts, and make payments of declared dividends, if any, on our H shares. The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in domestic and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of 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 and reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2.1% against the U.S. dollar. In August 2008, China revised the PRC Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例) to promote the reform of its exchange rate regime. From July 21, 2005 to December 31, 2009, the value of the Renminbi appreciated by approximately 15.8% against the U.S. dollar. On June 19, 2010, the PBOC announced that it would allow Renminbi to further appreciate against the U.S. dollar, though the subsequent appreciation has been modest.

It is likely that the exchange rates of the U.S. dollar and Hong Kong dollar against the Renminbi will continue to fluctuate. Accordingly, our financial condition and results of operations could also be adversely affected. In addition, any dividends in respect of our H Shares will be declared in Renminbi and paid in Hong Kong dollars. Accordingly, holders of H Shares in countries other than the PRC are subject to risks arising from adverse movements in the value of the Renminbi against the Hong Kong dollar, which may reduce any dividends paid in respect of the H Shares. PRC authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange market. To date, we have not entered into any hedging transactions to reduce our exposure to foreign currency exchange risk.

Additionally, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. The Renminbi generally cannot be freely converted into any other foreign currency. Pursuant to the PRC's current foreign currency exchange control system, there may not be sufficient foreign exchange activity to meet our foreign exchange requirements. Under the PRC's current foreign currency exchange control system, foreign currency exchange transactions under the current account, including the payment of dividends, do not require advance approval from SAFE. However, foreign exchange transactions on a capital account must be approved in advance by SAFE. We may be unable to secure sufficient foreign currency to pay dividends to shareholders or satisfy any other foreign exchange requirements. If we were to fail to obtain the approval from SAFE to convert Renminbi into any foreign currency for any of the above purposes, our capital expenditure plans and our business may be materially and adversely affected.

Our business and results of operations may, directly or indirectly, be materially and adversely affected by natural disasters, social disruptions or the occurrence of epidemics in China.

Any future occurrence of natural disasters, acts of war or civil unrest, or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, or SARS, or H1N1 flu, may materially and adversely affect our business and results of operations. In 2009, there were reports on the occurrences of H1N1 flu in certain regions of the world, including the PRC, where we operate our principal 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 our business. Moreover, China has experienced natural disasters such as earthquakes, floods and droughts in recent years. For example, in May 2008 and April 2010, China experienced earthquakes with reported magnitudes of 8.0 and 7.1 on the Richter scale in Sichuan Province and Qinghai Province, respectively. In March 2011, China also experienced earthquakes with a reported magnitude of 5.8 on the Richter scale in Yunnan Province. As at December 31, 2010, we had a hydropower plant in operation with an installed capacity of 6.40 MW and three hydropower plants under construction with a consolidated capacity under construction of 44.40 MW in Sichuan Province, as well as a hydropower plant under construction with a capacity under construction of 180.00 MW in Yunnan Province. These regions may experience earthquakes again in the future which may affect our hydropower plants. In addition, during the year 2010, severe droughts and floods occurred in some provinces, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in China may adversely affect its economy and our business. China has also experienced occasional episodes of civil unrest, including rioting in the city of Urumqi, the capital city of the Xinjiang Uyghur Autonomous Region in north-western China. Similar incidents may occur in areas where we operate and our business may be materially and adversely affected. Our operations or the communities we serve may be interrupted by any future occurrence of acts of war and civil unrest, natural disasters or outbreak of avian influenza, SARS, H1N1 flu or other epidemics, or the measures taken by the PRC government or other countries in response to a future outbreak of avian influenza, SARS, H1N1 flu or other epidemics. Under such circumstances, our results of operations could be materially and adversely affected.

It may be difficult to effect service of process upon, or to enforce judgments obtained outside the PRC against us, our Directors or our senior management members who reside in the PRC.

Most of our Directors, Supervisors and executive officers reside within the PRC. Substantially all of our assets and those of our Directors, Supervisors and executive officers are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. As a result, it may not be possible for investors to effect service of process upon us or those persons in the PRC, or to enforce against us or them in the PRC, any judgments obtained from non-PRC courts. In addition, judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or impossible to enforce. Our Articles of Association and the Hong Kong Listing Rules provide that most disputes between holders of H Shares and our Company, our Directors, Supervisors or executive officers arising out of the Articles of Association or the Company Law and related regulations concerning our Company's affairs, are to be resolved through arbitration. Under the current arrangement for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by the PRC arbitral authorities that are recognized under the Arbitration Ordinance can be enforced in Hong Kong. Hong Kong arbitration awards are also enforceable in the PRC. On July 14, 2006, the Supreme People's Court of the PRC and the Hong Kong Government signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Under this arrangement, where any designated People's Court or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Foreign individual holders of our H Shares may become subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares.

Under applicable PRC tax laws, dividends paid by us to foreign individual shareholders of our H Shares are generally subject to PRC individual income tax at a rate of 20%, although such taxes have historically been exempted under the Circular of the SAT on Issues Concerning the Taxation of Profits from the Transfer of Stocks (Stock Rights) and Dividend Income of Foreign-invested Enterprises, Foreign Enterprises and Foreign Individuals (《國家稅務總局關於外商投資企業、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》, Guo.Shui.Fa [1993] No. 045) as promulgated by the SAT on July 21, 1993, and the Letter of the SAT on Taxation Issues regarding Dividends Received by Foreign Individuals Holding Shares of China-based Listed Companies (《國家稅務總局關於外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函》, Guo.Shui.Han.Fa ([1994] No. 440) as promulgated by the SAT on July 26, 1994. However, Circular Guo Shui Fa [1993] No.045 was repealed by the SAT Public Notice on Issuing the List of Tax Regulations that are Fully or Partially Repealed (《國家稅務總局關於公佈全文失效廢止部分條款失效廢止的稅收規範性檔目錄的公告》, "Public Notice 2011 No.2"), issued by the SAT on January 4, 2011. Further, the Notice on Issues relating to Administration of Individual income Tax after the Repeal of Guo Shui Fa 1993 No.045 (《國家稅務總局關於國稅發 [1993] 045 號檔廢止後有關個人所得稅征管問題的通知》, Guo.Shui.Han [2011] No.348), was promulgated by the SAT, on June 28, 2011, to require that dividends paid by a PRC company that is not a Foreign Invested Enterprise on its H shares are subject to individual income tax in China generally at a rate of 10%, unless the tax treaty or agreement that China concluded with relevant jurisdictions provides otherwise. It is now unclear whether the above exemption remains applicable to the dividends to be paid by us to the individual shareholders of our H shares. If such exemption does not apply, the individual shareholders of our H shares would be generally subject to individual income tax in China at a rate of 10% unless the tax treaty or agreement that China concluded with relevant jurisdictions provides otherwise (capped at 20% of the dividends as provided by the Chinese tax law). It is unclear whether capital gains realized by individual shareholders of our H Shares upon their disposition of our H Shares would be considered as income sourced from within China, and thus subject to individual income tax in China of 20% on such gains, although such tax has not been collected by the PRC tax authorities in practice. Please see "Appendix VI—Taxation and Foreign Exchange—2. Taxes Applicable to Shareholders of Companies" for further details.

Under the New EIT Law, foreign enterprises that do not have establishments or places in the PRC, or have establishments or places in the PRC but their income is not connected to such establishments or places ("Non-resident Enterprises") are subject to the PRC enterprise income tax at a rate of 20% on their PRC-sourced income. The Implementation Regulations of the New EIT Law (《中華人民共和國企業所得稅法實施條例》) reduces such tax rate to 10%. Further, pursuant to the Notice Concerning Withholding of Enterprise Income Tax for Dividends Paid by Chinese Resident Enterprises to H Share Non-resident Enterprises

Shareholders Outside the Mainland Territory (《國家稅務總局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) issued by the SAT on November 6, 2008, and the Response to Questions on Tax over Dividend of B-Shares Received by Non-resident Enterprises on (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》, Guoshuihan 2009 No. 394) issued by the SAT on July 24, 2009, from 2008 onwards, the enterprise income tax on dividends paid by PRC enterprises to holders of H Shares that are Non-resident Enterprises shall be withheld at a rate of 10%, subject to reduction pursuant to applicable treaties on avoidance of double taxation. As such, dividends paid by us to the holders of our H Shares that are Non-resident Enterprises are generally subject to the PRC enterprise income tax at the rate of 10%, subject to reduction pursuant to applicable treaties on avoidance of double taxation. Furthermore, capital gains realized by Non-resident enterprise shareholders of our H Shares are generally subject to PRC enterprise income tax at a rate of 10%, unless stipulated otherwise in an applicable tax treaty. Please see "Appendix VI—Taxation and Foreign Exchange—2. Taxes Applicable to Shareholders of Companies" for further details.

The above risks relating to uncertainties as to the interpretation and application of applicable PRC tax laws result from several factors, including the relatively short history of some of these laws. These uncertainties include, among others, how enterprise income tax on gains realized by foreign enterprises upon the sale or other disposition of H Shares has been and will be collected by the PRC tax authorities and how PRC individual income tax will be collected from foreign individual shareholders. Considering the uncertainties in the practice and/or the interpretation of such laws, holders of our H Shares should be aware that they may be obligated to pay PRC income tax on dividends paid by us and gains realized upon sale or other dispositions of our H Shares.

Payment of dividends is subject to restrictions under PRC laws.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are our net profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profits to enable us to make dividend distributions to our shareholders, including in periods during which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could negatively impact our cash flow and our ability to make dividend distributions to our shareholders, including in periods during which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there was no public market for our H Shares. The Offer Price for our H Shares will be determined by us and the Underwriters based on, among other things, market and economic conditions on the date the Offer Price is determined, our results of operations, market valuations of other companies engaged in similar activities, the present state of our business operations, our management, indications of interest from potential investors in the H Shares and other factors deemed relevant, and may differ from the market prices for the H Shares after the Global Offering. We have applied to list and deal in our H Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active and liquid public trading market for our H Shares. In addition, the price and trading volume of our H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows may affect the volume and price at which our H Shares will be traded.

Investors will experience an immediate dilution to their attributable net tangible book value as the Offer Price of our Shares is higher than our net tangible book value per Share.

Because the Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution to their attributable net tangible book value of HK$0.95 per Share (assuming an Offer Price of HK$1.59 per Share), or HK$0.97 per Share (assuming an Offer Price of HK$1.75 per Share). If we issue additional Shares in the future, purchasers of our Shares may experience further dilution in their ownership percentage.

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 prevailing from time to time. In addition, Domestic Shares can be converted into H Shares after Listing subject to relevant laws and regulations and approvals. Please see the section headed "Information about this Prospectus and the Global Offering—Restrictions on Sale of Offer Shares" 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, the conversion of substantial amounts of Domestic Shares into H Shares or the perception that such sales, conversion or issuances may occur. This could also materially and adversely affect our ability to raise capital at a time and at a price we deem appropriate.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements and information relating to us that are based on our management's beliefs and assumptions. The words "anticipate," "believe," "estimate," "expect," "going forward" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect our management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described herein. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected.

Certain facts and statistics in this prospectus relating to the PRC, the Chinese economy and the PRC power industry derived from official government background publications may not be reliable.

We have derived certain facts and other statistics in this prospectus relating to the PRC, the PRC economy and the PRC power industry from various government background publications or communications with various PRC government agencies that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. While our Directors have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, the underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or without the PRC. 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.

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 may or may not include certain financial projections and other information about us and the Global Offering that does not appear in our prospectus. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or consistent with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

In preparation for the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Hong Kong Companies Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Currently, none of our executive Directors resides in Hong Kong. Since all of our operations are located in the PRC, we do not and, for the foreseeable future will not, have a sufficient management presence in Hong Kong. Accordingly, 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 8.12 and Rule 19A.15 of the Listing Rules, subject to the conditions that, among other things, we maintain arrangements to maintain effective communication between us and the Stock Exchange. The arrangements proposed by our Company for maintaining regular and effective communication with the Stock Exchange for the purpose of Rule 8.12 and Rule 19A.15 of the Listing Rules are:

(i) we will have at least one independent non-executive Director who ordinarily resides in Hong Kong. The Directors who do not ordinarily reside in Hong Kong will be readily contactable through the Director who ordinarily resides in Hong Kong by telephone, facsimile or email;

(ii) we have appointed two authorized representatives. One of our authorized representatives, Ms. LEUNG, Wai Han Corinna (梁慧嫻), ordinarily resides in Hong Kong. The authorized representatives will act as the principal channel of communication between the Company and the Stock Exchange. The authorized representatives of the Company possess valid travel documents and are able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, they will be able to meet with the relevant members of the Stock Exchange on short notice. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by the Stock Exchange if necessary. Each of the authorized representatives has means to contact all members of the Board (including the non-executive Directors and independent non-executive Directors) at all times and when the Stock Exchange wishes to contact the Directors on any matters;

(iii) all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong for business purpose and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice; each of the Directors has also provided their respective mobile phone numbers, office phone numbers, e-mail addresses and facsimile numbers to the Stock Exchange;

(iv) we will retain Hong Kong legal advisers to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Global Offering;

(v) we will retain a compliance adviser acceptable to the Stock Exchange to advise on corporate finance matters and to act as additional channel of communication with the Stock Exchange after listing for the period commencing on the Listing Date and ending on the date on which it complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date pursuant to Rule 3A.19 of the Listing Rules;

(vi) the compliance adviser shall have access at all times to our authorized representatives, our Directors and other officers of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company and will on a timely basis, pursuant to Rule 19A.06 of the Listing Rules, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange; and

(vii) we will inform the Stock Exchange promptly in respect of any change in our authorized representatives and compliance adviser.

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions under the Listing Rules following the completion of the Global Offering. We have received from the Stock Exchange a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such continuing connected transactions. Further details of such continuing connected transactions and the waiver are set out in "Connected Transactions".

COMPANY SECRETARY

Pursuant to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of the Hong Kong Institute of Chartered Secretaries, a solicitor or barrister (as defined in the Legal Practitioners Ordinance) or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experiences, is in the opinion of the Stock Exchange capable of discharging those functions. Rule 19A.16 of the Listing Rules provides that the secretary of a PRC issuer, such as our Company, need not be ordinarily resident in Hong Kong, provided that such person can meet the other requirements of Rule 8.17 of the Listing Rules.

We have appointed Mr. KANG Jian as one of the joint company secretaries. Mr. Kang is experienced in strategic management, sales management and investor relationship management and has a thorough understanding of the operation of the Board and our Company. However, Mr. Kang does not possess a qualification as stipulated in Rule 8.17 of the Listing Rules and may not able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. LEUNG, Wai Han Corinna (梁慧嫻) to act as another joint company secretary and to provide assistance to Mr. Kang for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rule 8.17 of the Listing Rules.

Ms. LEUNG, Wai Han Corinna (梁慧嫻) will work closely with Mr. Kang to jointly discharge the duties and responsibilities as company secretary and assist Mr. Kang to acquire the relevant experience as required under Rule 8.17(3) of the Listing Rules. In addition, we will ensure Mr. Kang has access to relevant training and support to familiarize himself with the Listing Rules and the duties required for a company secretary of a PRC issuer listed on the Stock Exchange.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rule 8.17 and Rule 19A.16 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date and will be revoked immediately if Ms. LEUNG Wai Han, Corinna ceases to provide assistance to Mr. KANG Jian as our joint company secretary during the three years after the Listing Date. Upon the expiry of such three-year period, we will re-evaluate the qualifications and experience of Mr. Kang to consider whether the requirements stipulated in Rule 8.17 and Rule 19A.16 of the Listing Rules can be satisfied.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purpose of giving information to the public with regard to our Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

APPROVAL OF THE CSRC

The CSRC has given its approval for the Global Offering and the making of the application to list the H Shares on the Hong Kong Stock Exchange on April 29, 2011. In granting such approval, the CSRC accepts no responsibility for the financial soundness of our Company or the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Bookrunners. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters. The International Underwriting Agreement is expected to be entered into on or about December 15, 2011, subject to agreement on the Offer Price among us (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed among the parties to the International Underwriting Agreement, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting".

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes 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 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. Each person acquiring 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. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

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 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 the Company, the Joint Bookrunners, 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 headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" as well as the relevant Application Forms.

CERTAIN MATTERS RELATING TO THE HONG KONG PUBLIC OFFERING

Application for Listing on the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares, including (i) the H Shares to be issued and sold pursuant to the Global Offering (including any H Shares which may be issued or sold pursuant to the exercise of the Over-allotment Option); and (ii) any H Shares converted from unlisted foreign Shares held by BEETI and Barclays. Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on December 22, 2011.

Save as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

H Share Register and Stamp Duty

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register to be maintained in Hong Kong. Our principal register of members will be maintained by us at our current registered office in the PRC.

Dealings in the H Shares registered on our H Share register will be subject to Hong Kong stamp duty. Please see "Appendix VI—Taxation and Foreign Exchange".

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders listed on our H Share register, by ordinary post, at each Shareholder's risk, to the registered address of such Shareholder.

Professional Tax Advice Recommended

Applicants for the Hong Kong Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in H Shares. It is emphasized that none of us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers or the Underwriters, none of their respective directors, nor any other person or party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of H Shares resulting from the subscription, purchase, holding or disposal of H Shares.

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 other Shareholders, and we agree with such holder and each of our other Shareholders, to observe and comply with the Company Law, the Hong Kong Companies Ordinance, the Special Regulations and the Articles of Association;

(ii) agrees with us, each of our other Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers, agree 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 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, and any award made in such arbitration shall be final and conclusive;

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

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

STABILIZATION AND OVER-ALLOTMENT

Details of the arrangements relating to the stabilization and the Over-allotment Option are set out in the sections headed “Underwriting—Stabilization” and “Structure of the Global Offering—The International Offering—Over-allotment Option”.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares” and in the Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering".

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be converted into any Hong Kong dollar or U.S. dollar amounts (as the case may be) at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars have been made at the rate of RMB0.8148 to HK$1.00, the PBOC Rate prevailing on December 2, 2011, RMB6.3596 to US$1.00 and HK$7.7676 to US$1.00, the noon buying rates in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on December 2, 2011, respectively. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Further information on exchange rates is set forth in "Appendix VI—Taxation and Foreign Exchange".

Rounding

Any discrepancies in any table between totals and sums of the amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Non-Executive Directors		
LU Haijun (陸海軍)	506, Building 19, Wanquanzhuang, Haidian District, Beijing, China (中國北京市海淀區萬泉莊19樓506號)	Chinese
GUO Mingxing (郭明星)	1904, Building 3, Mudanyuan Beili, Haidian District, Beijing, China (中國北京市海淀區牡丹園北里3樓1904號)	Chinese
XU Jingfu (徐京付)	No. 6, Group Jia, Building Red 1, No.3, Zhangzizhong Road, Dongcheng District, Beijing, China (中國北京市東城區張自忠路3號紅1樓甲組6號)	Chinese
LIU Guochen (劉國忱)	No. Jia 2, Fuxingmennei Nandajie, Xicheng District, Beijing, China (中國北京市西城區復興門內南大街甲2號)	Chinese
YU Zhongfu (于仲福)	504, Building 50, Haite Huayuan, Shijingshan District, Beijing, China (中國北京市石景山區海特花園50棟504號)	Chinese
Executive Director		
MENG Wentao (孟文濤)	No. Jia 2, Fuxingmennei Nandajie, Xicheng District, Beijing, China (中國北京市西城區復興門內南大街甲2號)	Chinese
Independent Non-Executive Directors		
LIU Chaoan (劉朝安)	101, Gate Unit 1, Building 14, 24 Huangsidajie, Xicheng District, Beijing, China (中國北京市西城區黃寺大街24號14號樓1門101號)	Chinese
SHI Xiaomin (石小敏)	203, Unit 4, Building 1, No. 17, Fensiting Hutong, Dongcheng District, Beijing, China (中國北京市東城區分司廳胡同17號院1號樓4單元203號)	Chinese

Name	Address	Nationality
LAU Miu Man (樓妙敏)	7A Ashley Mansion, 10-14 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong (香港九龍尖沙咀亞士厘道10-14號雅士洋樓7樓A室)	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
CHEN Yanshan (陳燕山)	1, Gate Unit 3, Building 15, Fucheng Road South, Haidian District, Beijing, China (中國北京市海淀區阜成路南15號樓3門1號)	Chinese
LIU Jiakai (劉嘉凱)	No. Jia 2, Fuxingmennei Nandajie, Xicheng District, Beijing, China (中國北京市西城區復興門內南大街甲2號)	Chinese
HUANG Linwei (黃林偉)	19, Bensi Hutong, Dongcheng District, Beijing, China (中國北京市東城區本司胡同19號)	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators . . . .

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UBS AG, Hong Kong Branch
52nd Floor, Two International Finance Centre
8 Finance Street
Hong Kong

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

Barclays Bank PLC, Hong Kong Branch
41st Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Joint Bookrunners	Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Hong Kong
	BOCI Asia Limited 26th Floor, Bank of China Tower 1 Garden Road, Central Hong Kong
	Barclays Bank PLC (for the International Offering) 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
	Barclays Bank PLC, Hong Kong Branch (for the Hong Kong Public Offering) 41st Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Daiwa Capital Markets Hong Kong Limited Level 28, One Pacific Place 88 Queensway Hong Kong
	China Merchants Securities (HK) Co., Limited 48th Floor, One Exchange Square Central Hong Kong
	ABCI Securities Company Limited 701, 7th Floor One Pacific Place 88 Queensway Admiralty Hong Kong
Joint Lead Managers	Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch 52nd Floor, Two International Finance Centre 8 Finance Street Hong Kong

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

Barclays Bank PLC (for the International Offering)
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Barclays Bank PLC, Hong Kong Branch (for the Hong Kong Public Offering)
41st Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

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

China Merchants Securities (HK) Co., Limited
48th Floor, One Exchange Square
Central
Hong Kong

ABCI Securities Company Limited
701, 7th Floor
One Pacific Place
88 Queensway
Admiralty
Hong Kong

Joint Sponsors . . . .
Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UBS AG, Hong Kong Branch
52nd Floor, Two International Finance Centre
8 Finance Street
Hong Kong

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

Legal advisors to our Company . . . .
As to Hong Kong and United States Laws:
Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

	As to PRC Law: Tian Yuan Law Firm 10/F, China Pacific Insurance Plaza 28 Fengsheng Hutong Xicheng District Beijing, PRC
Legal advisors to the Underwriters	*As to Hong Kong and United States Laws*: Latham & Watkins 18th Floor, One Exchange Square 8 Connaught Place Central Hong Kong *As to PRC law:* Beijing Jun He Law Offices 20/F China Resources Building 8 Jianguomenbei Avenue Beijing, PRC
Auditors and reporting accountants	Deloitte Touche Tohmatsu Certified Public Accountants 35/F, One Pacific Place 88 Queensway Hong Kong
Independent property valuer	Jones Lang LaSalle Sallmanns Limited 6/F Three Pacific Place 1 Queen's Road East Hong Kong
Independent technical consultant	Mott MacDonald Limited Victory House, Trafalgar Place Brighton BN1 4FY United Kingdom
Receiving bankers	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong

Principal place of business	7/8 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing
Registered office	1 Ziguang East Road, Room 118 Badaling Economic Development Zone Yanqing County, Beijing
Principal place of business in Hong Kong	Level 28, Three Pacific Place 1 Queen's Road East Hong Kong
Company's website	www.jncec.com
Joint company secretary	Mr. KANG Jian Ms. LEUNG, Wai Han Corinna (梁慧嫻) (ACS, ACIS)
Authorized representatives	Mr. LIU Guochen No. Jia 2, Fuxingmennei Nandajie, Xicheng District, Beijing, China (中國北京市西城區復興門內南大街甲2號) Ms. LEUNG, Wai Han Corinna (梁慧嫻) (ACS, ACIS) Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong
Strategy Committee	Mr. LU Haijun (Non-executive Director) (Chairman) Mr. GUO Mingxing (Non-executive Director) Mr. XU Jingfu (Non-executive Director) Mr. LIU Guochen (Non-executive Director) Mr. MENG Wentao (Executive Director)
Remuneration and Nomination Committee	Mr. GUO Mingxing (Non-executive Director) (Chairman) Mr. LIU Chaoan (Independent Non-executive Director) Mr. SHI Xiaomin (Independent Non-executive Director)
Audit Committee	Ms. LAU Miu Man (Independent Non-executive Director) (Chairman) Mr. LIU Guochen (Non-executive Director) Mr. LIU Chaoan (Independent Non-executive Director)
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Compliance advisor	Somerley Limited 10/F Hong Kong Club Building 3A Chater Road Central Hong Kong
Principal bankers	Shanghai Pudong Development Bank Co., Ltd. (Fucheng Branch) No. 3, Chegongzhuangdajie Xicheng District Beijing the PRC
	Bank of Communications Co., Ltd. (Fuwai Branch) Building 1, No. 9, Chegongzhuangdajie Xicheng District Beijing the PRC
	Agricultural Bank of China Limited No. 69, Jianguomennei Street Dongcheng District Beijing the PRC
	Industrial and Commercial Bank of China Limited No.55, Fuxingmennei Street, Xicheng District Beijing the PRC

This section of the prospectus contains information relating to China, the PRC electricity generation industry, the PRC natural gas power industry, the PRC wind power industry and the global wind power industry. Certain information contained within has been derived from various official and unofficial sources, including, without limitation, information obtained from the National Bureau of Statistics of China, China Electricity Council, WWEA, GWEC, CWEA, Beijing Electric Power Industry Association, EIA and HydroChina Corporation. None of the reports cited in the prospectus was commissioned by the Company or its connected persons and/or the Joint Sponsors.

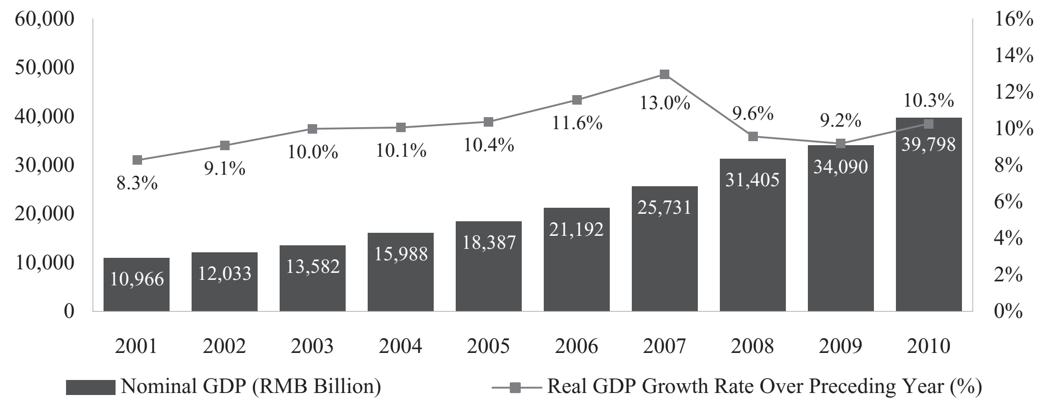
We believe that the sources of this information are appropriate sources for such information and have exercised reasonable care in extracting, compiling and reproducing such information from various official and unofficial sources and we have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. No independent verification has been carried out on such information and statistics by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, their respective directors and advisers or any other party involved in the Global Offering. We, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters, their respective directors and advisers or any other party involved in the Global Offering make no representation as to the accuracy of such information and statistics.

THE PRC ECONOMY

The PRC is one of the fastest growing economies in the world. From 2001 to 2010, the nominal GDP in the PRC grew from approximately RMB10,966 billion to RMB39,798 billion at a CAGR of 15.4%, making the PRC one of the fastest growing economies globally. Since early 2008, the global financial markets have been affected by a general slowdown of economic growth both in the United States and globally, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. However, partially due to the PRC Government's economic stimulus measures in the amount of approximately RMB4 trillion, the PRC economy maintained real GDP growth rates of 9.6% in 2008, 9.2% in 2009, and 10.3% in 2010.

The following table sets forth the nominal GDP and real GDP growth rates in the PRC for the periods indicated:

Nominal GDP and real GDP growth rates



Source: National Bureau of Statistics of China

THE BEIJING ECONOMY

Beijing Municipality is the political, cultural and economic center of China. As of December 31, 2010, Beijing Municipality had a population of over 19.6 million and ranked 2nd in terms of Gross Regional Product per capita among all regions in China in 2010.

The table below sets forth the Gross Regional Product per capita for the top 10 regions in China in 2010.

Regions	**2010 Per Capita GDP in each region (RMB)**
	(RMB)
Shanghai	76,074
Beijing	**75,943**
Tianjin	72,994
Jiangsu	52,840
Zhejiang	51,711
Inner Mongolia	47,347
Guangdong	44,736
Liaoning	42,355
Shandong	41,106
Fujian	40,025

Source: National Bureau of Statistics of China

THE PRC ELECTRICITY GENERATION INDUSTRY

Historical Development of the PRC's Electricity Generation Industry

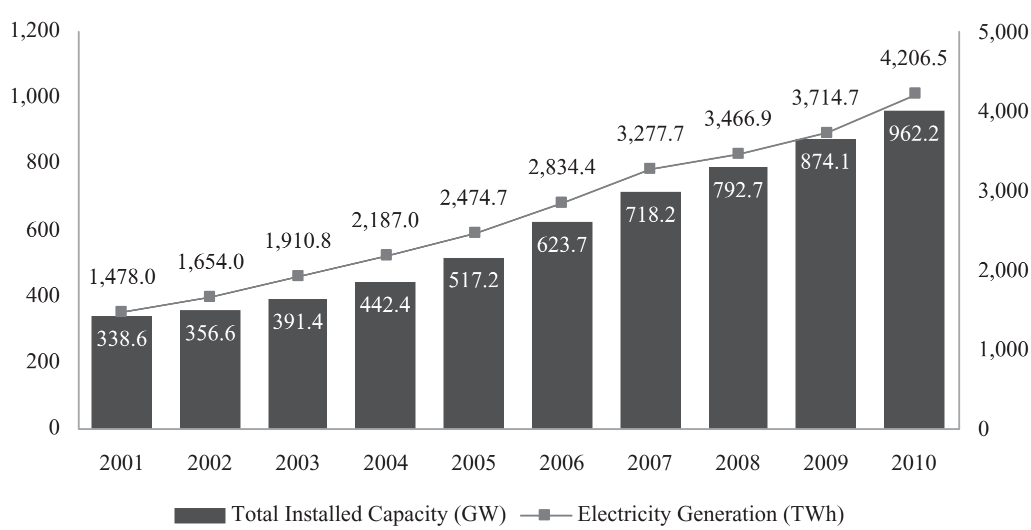
In January 1997, the State Power Corporation (國家電力公司) was established to take ownership of state-owned power generation assets and virtually all of the high voltage power transmission grids and local electricity distribution networks in the PRC. The State Power Corporation (國家電力公司) was responsible for the investment, development, construction, management, operation and ownership of power plants, the inter-connections of interprovincial and interregional electricity grids, and the transmission of electricity across regions.

As a result of further restructuring of the PRC electricity industry, in December 2002, the State Power Corporation (國家電力公司) was reorganized into five large independent power generation groups, and two major power grid companies, namely the State Grid Corporation of China ("State Grid") and the China Southern Power Grid Co., Ltd. (中國南方電網公司, "Southern Grid"). The State Grid manages the Tibet Power Grid (西藏電網), and also owns and manages five regional power grid companies, which in turn own and operate the interprovincial high voltage power transmission grids and local power distribution networks in 24 provinces (regions) in the PRC. Southern Grid owns and manages interprovincial high voltage power transmission grids and local power distribution networks in five provinces (regions) including Guangdong, Guizhou, Yunnan and Hainan provinces, and Guangxi Zhuang Autonomous Region. In addition, Inner Mongolia Power (Group) Co., Ltd. (內蒙古電力（集團）有限責任公司) operates the power grid in West Inner Mongolia.

Pursuant to the reform of the electric power industry, the SERC was established under the State Council in 2002 to act as a new regulator of the electric power industry. The main responsibilities of the SERC include administering electric power business permits, monitoring the quality and standard of power plant production, ensuring fair competition in the electric power industry and handling electric power market disputes.

Electricity Supply in the PRC

The electricity generation industry in the PRC has experienced significant growth driven by strong demand. From 2001 to 2010, electricity generation in the PRC has recorded a CAGR of approximately 12.3%, which was higher than the CAGR of the real GDP of the PRC of 10.4% in the same period. As at December 31, 2010, according to the SERC, the PRC had the second highest total installed capacity globally. The following table sets forth data in connection with the total installed capacity and the total electricity generation in the PRC for the periods indicated:



Sources: 2001-2008 total installed capacity numbers are taken from China Electric Power Year Book, 2009-2010 total installed capacity numbers are taken from China Electricity Council, and electricity generation figures are taken from National Bureau of Statistics of China

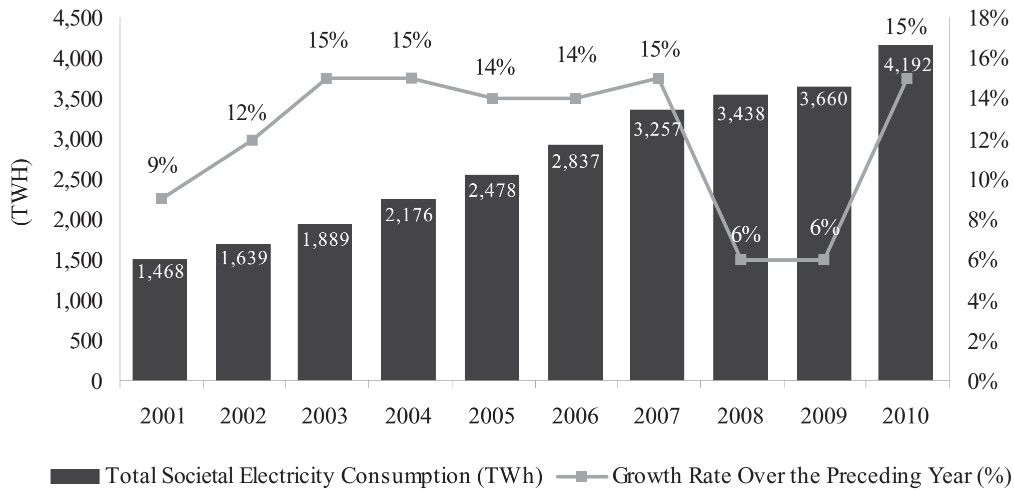
The following table summarizes the electricity generation by region in the PRC from 2008 to 2010.

Region	2008 (TWh)	2009 (TWh)	2010 (TWh)
Beijing	25	25	27
Tianjin	40	41	56
Hebei	160	176	206
Shanxi	179	187	215
Inner Mongolia	206	225	261
Liaoning	114	119	134
Jilin	53	55	66
Heilongjiang	74	73	79
Shanghai	80	78	94
Jiangsu	289	298	350
Zhejiang	213	225	257
Anhui	110	133	146
Fujian	109	117	136
Jiangxi	49	52	64
Shandong	270	287	309
Henan	197	207	228
Hubei	175	180	202
Hunan	85	95	110
Guangdong	268	267	316
Guangxi	86	91	103
Hainan	12	14	16
Chongqing	40	43	49
Sichuan	124	145	170
Guizhou	118	134	132
Yunnan	104	117	136
Tibet	2	2	2
Shaanxi	77	84	103
Gansu	69	70	87
Qinghai	32	38	47
Ningxia	46	47	60
Xinjiang	48	55	65
Total	3,451	3,681	4,228

Source: China Electricity Council

Electricity Consumption in the PRC

Electricity consumption in the PRC experienced significant growth in recent years driven by strong GDP growth, significant increases in industrial output and fixed asset investment. The following table sets forth the volume and percentage growth rates of electricity consumption in the PRC for the periods indicated.

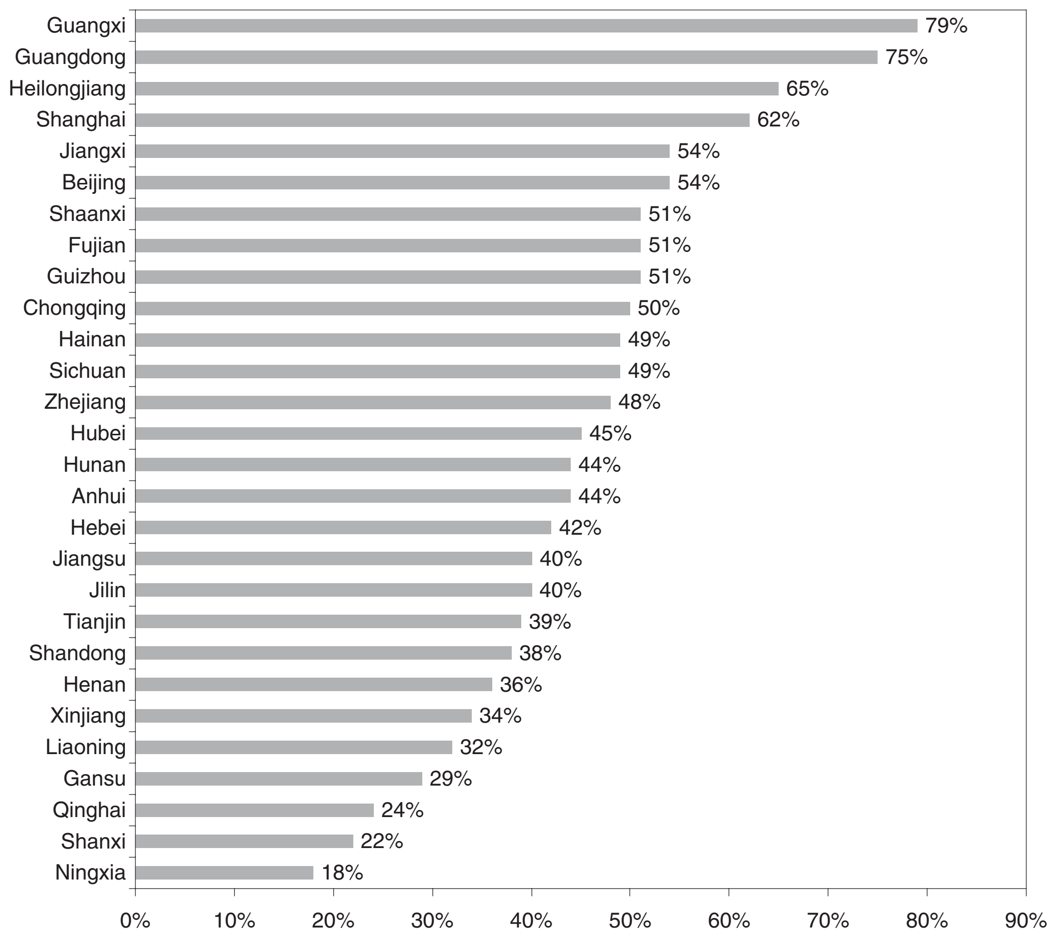


Sources: 2000-2009 total societal electricity consumption figures are taken from China Electric Power Year Book, and 2010 total societal electricity consumption figure is taken from China Electricity Council

Consumption patterns for electricity

Typically, the daily power load experienced by a particular region is not static, but changes during the day depending on actual electricity usage. While industrial electricity consumption can be planned in advance, residential and commercial electricity consumption normally increases during office hours and during the hours around 8 PM, and falls in the late evenings and early mornings. As a result, with the expansion of residential and commercial electricity consumption portion, it is expected that for regions with greater residential and commercial presence, the actual power load would show a more pronounced daily fluctuation in the form of a greater gap between daily peak and trough consumption.

As a result of the PRC's rapid urbanization process, residential and commercial power consumption as a percentage of total power consumption has been expanding. In fact, in regions with a relatively lower heavy industry presence, such as Beijing, the gap between the peak and trough consumption is significantly larger than that of regions with a larger heavy industry presence, such as Ningxia, Shanxi province and Qinghai province. The following chart sets forth the maximum gap between the peak and trough power consumption for the regions indicated in 2008.



Source: China Power Industry Statistic Data Analysis 2009

Electricity Generation Structure in the PRC

In China, coal has been the most widely used type of fuel for the generation of electricity because of the abundant domestic supply of coal reserves and its lower cost compared to other fuel types. However, there is strong evidence to suggest that coal-fired power generation generates significant amount of pollution. Therefore, the PRC government has been diversifying modes of electricity generation by encouraging the development of power generation facilities using renewable and clean energy sources.

The following table sets forth the total installed capacity and percentage for each type of energy source in the PRC during 2010.

Fuel Type	For the year ended December 31, 2010	
	Installed Capacity by Fuel Type	Percentage to Total Installed Capacity
	(GW)	(%)
Thermal(1)	706.63	73.4%
Hydro	213.40	22.2%
Wind	31.07	3.2%
Nuclear	10.82	1.1%
Others(2)	0.27	0.0%
Total	962.19	100%

Source: 2010 Power Industry Statistics Express (全國電力工業統計快報(2010年))

Notes:

(1) Thermal includes (but not limited to) coal-fired and gas-fired power

(2) Others include solar power

The Reform Plan for the PRC Electricity Generation Structure

In order to deal with the emerging energy shortage and in response to rising environmental concerns, the PRC government set forth a number of policies and in its Eleventh Five Year Plan for National Economy and Social Development in 2005 (國民經濟和社會發展第十一個五年規劃, "Eleventh Five Year Plan"), with the purpose to save energy and protect the environment, including setting a target to reduce the energy consumption per unit of GDP in the PRC by 20% by 2010, and a significant expansion of clean and renewable energy sources, such as wind, hydroelectric, natural gas, nuclear, other renewable sources and cogeneration methods.

In particular, the PRC Government has adopted several preferential policies to encourage the development of the wind power industry. In August 2007, the NDRC issued its Medium and Long-Term Development Plan for Renewable Energy (《可再生能源中長期發展規劃》). This plan sets out the targets for renewable energies up to 2020, with a 10% contribution to total energy consumption by 2010 and 15% by 2020. This plan also sets a target for wind energy capacity to reach 30 GW in 2020. Additionally, this plan includes a "mandated market share" policy, which sets targets for electricity from non-hydro renewable sources at 1% by 2010 and 3% by 2020. As electricity generated from photovoltaic and biomass is likely to be modest given its current rate of development, achievement of this aggressive target will likely rely heavily on wind power.

The Sale and Dispatch of Electricity in the PRC

The power industry in the PRC is a highly regulated industry. Under the Electric Power Law of the PRC (《中華人民共和國電力法》), which became effective on April 1, 1996, the State encourages electricity generation companies to be connected to the power grid. Currently, the majority of electricity generated in the PRC is dispatched by power grid companies. Each electricity generation company will communicate with respective power grid companies on the quantity of electricity that it generates to be transmitted to the power grid.

Currently, China's nationwide power grid is primarily managed by two power grid companies, namely State Grid and Southern Grid, each of which owns or manages a number of regional power grid companies that are responsible for the sale, distribution and transmission of electricity in their respective regions. Electricity generated by individual power plants is sold to the regional power grid companies to which they are connected, pursuant to power dispatch agreements. The regional power grid companies then sell the electricity to end customers, including residential, commercial and industrial customers.

In 1993, the State Council issued the Regulations on the Administration of Electric Power Dispatch to Networks and Grids ("Dispatch Regulations") (《電網調度管理條例》), according to which, electricity dispatch centers, which are subsidiaries of power grid companies, have been established at various levels (national, inter-provincial, provincial, municipality and county) to manage the power generation resources within their respective region 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 types of fuel and technology being used.

According to the Dispatch Regulations, dispatching centers must carry out the output plan made by the State. 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 other power providers) 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.

On-grid Tariff

Power grid companies enter into power purchase agreements with power generation companies to purchase their electricity. The on-grid tariff is the tariff that grid companies pay to power generation companies. In general, the on-grid tariffs for planned output and excess output are subject to review and approval processes involving the relevant pricing authorities. Each year, the relevant provincial government agency forecasts the electricity demand in the region, based on the projected economic growth, to determine the total electricity output. Pursuant to such estimates, each power generation company and the power purchaser reach an agreement on the amount of planned output and excess output. Additional output is subject to the competitive bidding of on-grid tariffs.

The PRC Electric Power Law (《中華人民共和國電力法》) sets out the general principles for determining on-grid tariffs in China. Under the PRC Electric Power Law (《中華人民共和國電力法》), the on-grid tariffs granted to a power generation company are formulated to provide reasonable compensation for costs as well as a reasonable return on investment.

In April 2001, a new on-grid tariff setting mechanism for planned output was issued. This new mechanism is based on the operating term of a power plant as well as the average cost of technologically advanced power generation unit that was constructed during the same period within the same provincial grid network. In March 2005, the NDRC issued new legislation with respect to the on-grid tariff setting mechanism. Under this new legislation, the on-grid tariff for individual power plant is determined by the price bureaus based on various factors, including the number of years such power plant has been in operation. The rule also seeks to provide reasonable compensation and return to IPPs. In particular, reasonable return is determined by adding a certain premium to the long-term government bond yield. For details, please see the section headed "Regulatory Overview—II. Overall Regulatory Scheme and Guidelines for the Power Industry in the PRC—4. On-grid Tariff".

In order to reduce environmental pollution, the NDRC has also provided incentives for IPPs to install desulphurization equipment.

In 2007, despite further increases in coal price, due to the PRC government's intention to suppress inflation, there was no substantial increase of on-grid tariffs and retail power tariffs, which are the tariffs consumers pay to grid companies.

On July 2, 2008, the NDRC announced the details of an on-grid tariff increase by the provincial authorities. The national average on-grid tariff increased ranging from RMB17 to 18 per MWh. On August 19, 2008, the NDRC announced a further overall increase in on-grid tariff ranging from RMB10 to 25 per MWh, averaging RMB20 per MWh (including 17% VAT), without adjusting the retail tariffs.

On November 20, 2009, the NDRC announced plans to adjust tariff for thermal power. Effective from November 20, 2009, the average national retail tariff payable by non-residential users would increase, while the scale of adjustment for each individual region and industry would vary. According to the announcement made available on the NDRC's website, the retail tariff increase is intended to alleviate profitability margin pressure on grid companies which resulted when the national average on-grid tariff was increased in 2008 by an average of RMB20 per MWh, while the retail tariff was not correspondingly adjusted. In addition, the NDRC also announced plans to increase the benchmark coal-fired power on-grid tariffs in nine provinces in China by RMB2 to 15 per MWh and decrease the on-grid tariffs in seven provinces by RMB3 to 9 per MWh. As part of the NDRC's tariff adjustment plans, the NDRC also plans to increase the tariff surcharges related to on-grid tariffs of renewable energy sources and the desulfurization equipment-related on-grid tariff subsidies in light of increasing expenses associated with installation and operation of desulfurization equipment.

On May 27, 2011, the NDRC announced a tariff increase in various provinces and municipalities in China to cope with the coal price increase. Accordingly, the benchmark coal-fired power on-grid tariffs would increase in these regions while the scope of adjustment varies by region, ranging from RMB10 per MWh to RMB36 per MWh. On November 29, 2011, the NDRC announced a further tariff increase, and consequently, the benchmark coal-fired power on-grid tariffs in Beijing, Tianjin, Hebei, Shanxi, Shandong and West Inner Mongolia increased by a range from RMB19.5 per MWh to RMB29.5 per MWh.

Since 1998, the PRC government has begun to experiment with conducting electricity sales through a competitive bidding process in several provinces. For conventional thermal power plants, electricity produced in excess of the planned output will be sold to the grid on a competitive basis against other plants according to a mechanism known as power pooling.

The power pooling concept has been piloted in eastern China, northeastern China and southern China. Each day, power plants submit generation capacity and prices for every 15-minute slot of the following day. The grid companies will then select those plants with the lowest prices and the final on-grid tariff will be the market clearing price. The power pooling process typically results in a lower selling price than the tariffs received from the electricity dispatched as part of the planned output.

Differential Electricity Pricing Policy

In line with its commitment to energy saving and emission reduction, the Chinese government has implemented measures against the industries with high energy consumption by setting forth a punitive electricity pricing system, in order to limit the electricity use of high energy consumption and high emission enterprises.

In 2006, the NDRC issued the Opinion on Consummating the Differential Electricity Pricing Policy (《關於完善差別電價政策的意見》), which imposed differential electricity price on the top eight high energy consumption industries, such as electrolytic aluminum, cement, and steel. Accordingly, enterprises within the scope of the "restricted" category were subject to an RMB 0.05 yuan per kWh price premium, whereas that for the "elimination" category was RMB 0.20 yuan per kWh. Additionally, a punitive electricity price was imposed on enterprises whose per product energy consumption exceeds its provided standard.

In 2010, the NDRC, SERC and Energy Bureau (能源局) jointly implemented the Circular regarding the Issues on the Cancellation of Preferential Electricity Prices for High Energy Consumption Enterprises (《關於清理對高耗能企業優惠電價等問題的通知》), which further elevated the electricity price surcharge to RMB0.10 yuan per kWh and RMB0.30 yuan per kWh for enterprises within the "restricted" and "elimination" category, respectively. Moreover, any preferential electricity pricing policy for high energy consumption enterprises was thereby cancelled and prohibited in future.

On-grid Tariff for Renewable Energies

The Renewable Energy Law promulgated by the PRC Government on February 28, 2005 and as amended on December 26, 2009 has provided the basic principles for the on-grid tariff for power project utilizing renewable energy sources, such as wind power, solar power, hydropower, bio-mass power, geothermal power and ocean power. Under the Renewable Energy Law, the on-grid tariff for power project utilizing renewable energy sources shall be determined and published by the relevant department of the State Council taking into account of various factors, including the economic conditions of different geographic areas, the types of renewable sources being utilized. Such tariff is also subject to adjustment from time to time by such department according to the development of the relevant technology. Moreover, if a public bidding is held, the on-grid tariff for such power projects shall be determined in accordance with the bidding results, but in no case higher than the above published on-grid tariff of power projects utilizing the same type of renewable energy.

In 2006, the NDRC set up a pricing mechanism for the on-grid tariff of electricity generated from different renewable sources. The Trial Measure for the Renewable Resources Tariff and Cost Sharing (《可再生能源發電價格和費用分攤管理試行辦法》) promulgated by the NDRC stipulates the following pricing rules: (1) for wind power electricity, the on-grid tariff shall be set by government guided price, which is determined in the form of bidding; (2) for bio-mass power electricity, if the on-grid tariff follows the government guided price, the benchmark on-grid tariff shall be set by the price regulatory authority of the State Council in accordance with the applicable location, which is calculated by a benchmark on-grid tariff for local coal-fired power plants, added by a government subsidy of RMB0.25 Yuan/kWh, which lasts for 15 years since the beginning of operation, and, if the investors of a project were set by bidding, such project shall follow the government guided price but not higher than the benchmark on-grid tariff in the applicable location; (3) for solar, ocean and geothermal power electricity, the on-grid tariff shall be set by the government, calculated under the principle of reasonable cost plus reasonable profit; and (4) for hydropower electricity, the pricing mechanism remains unchanged. For details, please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—4. Tariff and Cost Sharing Program".

On January 11, 2007, the NDRC has promulgated the Temporary Measures on the Regulation of Additional Income of Renewable Energy Power Price (《可再生能源電價附加收入調配暫行辦法》), which requires provincial power grid companies to settle the on-grid tariff with power plants using renewable energy sources. Accordingly, the power grid companies shall settle all electricity power charge and subsidies on a monthly basis according to their respective electricity purchase agreements, calculated by the actual quantity of electricity transmitted to the power grid and the on-grid tariff approved by price regulatory authority of the State Council.

On July 20, 2009, NDRC promulgated 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》) to further specify the pricing mechanism of wind power electricity. Accordingly, China is categorized into four wind resource zones, and all onshore wind power electricity projects in the same zone shall apply the same standard of benchmark on-grid tariff (VAT inclusive) (RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh, respectively). For wind farms spanning across more than one province or region, in principle the same on-grid tariff applies, but the higher benchmark on-grid tariff should be applicable. Moreover, the new on-grid tariff will continue to be subsidized by on-grid tariff premiums enjoyed by renewable power projects in general. In the meantime, it is provided that the on-grid tariffs shall remain unchanged under prior regulations for the wind power projects approved before August 1, 2009, when the regulation becomes effective. For more details regarding the new pricing policy and the four wind resource zones, please refer to the section "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—4. Tariff and Cost Sharing Program".

In addition, on July 24, 2011, NDRC also promulgated the Circular Regarding the Furtherance of On-grid Pricing Policy of Solar Photovoltaic Power (《關於完善太陽能光伏發電上網電價政策的通知》) and set forth nationally unified benchmark on-grid tariffs for the solar photovoltaic power, and the applicable tariff for specific projects shall be determined on a number of factors, including but not limited to the project approval date, the construction completion date, and whether the project is a concession project.

THE FAVORABLE POLICIES TO CLEAN AND RENEWABLE ENERGY INDUSTRY IN CHINA

Perceiving the environmental pollution and driven by the demand for sustainable development, China has been committed to promote utilization of clean and renewable energy to reduce the emissions from electricity generation. According to Circular of the State Council regarding Further Intensifying Efforts Ensuring the Achievement of the Objective of Energy Saving and Emission Reduction for the 11th Five-Year-Plan (《國務院關於進一步加大工作力度確保實現"十一五"節能減排目標的通知》) the PRC government has set a target of cutting carbon dioxide emissions per unit of GDP by 40 to 45 percent by 2020 from the 2005 level. In addition, the PRC Government announced its intention to invest approximately RMB2,000 billion in renewable energy development in Medium to Long Term Development Plan for Renewable Energy (《可再生能源中長期發展規劃》) issued by the NDRC.

The Recommendations from the Chinese Communist Party Central Committee regarding the Formulation of the 12th Five-Year-Plan for National Economy and Social Development (《中共中央關於制定國民經濟和社會發展第十二個五年規劃的建議》) indicate that the PRC government will continue to support the development of clean energy industry in China. Accordingly, during the 12th Five-Year-Plan period, which is from 2011 to 2015, the PRC government will promote the reform of energy production and consumption, with a target to create a cleaner energy structure in China and speed up the development of new energy. Moreover, the PRC government will enhance the development of power grid constructions during the 12th Five-Year-Plan period, and develop a more technically advanced power grid system in China. As a result, it is expected that our business operations will benefit from the above policy, in terms of both a continued favorable policy to clean and renewable energy business in China, and an expected decrease of the negative impact of grid congestion will have on China's wind power industry in recent years. For more details about favorable policies to renewable energy industry in China, please refer to the sections headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies".

NATURAL GAS POWER INDUSTRY IN THE PRC

Advantages of Natural Gas Power

Compared to coal, natural gas is considered a cleaner fossil fuel as it produces a smaller amount of pollutants compared to coal. The following table sets forth the emission of air pollutants using various fuel types, based on the same amount of energy generated.

Fossil Fuel Emission Levels—Pounds per Billion Btu of Energy Input

Pollutant	Natural Gas	Oil	Coal
Carbon Dioxide	117,000	164,000	208,000
Carbon Monoxide	40	33	208
Nitrogen Oxides	92	448	457
Sulfur Dioxide	1	1,122	2,591
Particulates	7	84	2,744
Mercury	0.000	0.007	0.016

Source: EIA(1)

Note:

(1) The U.S. Energy Information Administration (EIA) is the statistical and analytical agency within the U.S. Department of Energy. According to its website, EIA collects, analyzes, and disseminates energy information to promote sound policy making, efficient markets, and public understanding of energy and its interaction with the economy and the environment.

Moreover, compared to traditional coal-fired power plants, gas-fired power plants are designed to cope with frequent power start-ups, more capable in satisfying ad-hoc demand for electricity dispatch.

The increase in the peak load in regions such as Beijing requires power plants to have the ability to cope with frequent power start-ups and to satisfy ad-hoc demand for electricity dispatch. As such, the development of gas-fired power plants is expected to increase in areas such as Beijing.

PRC Natural Gas-fired Power Industry

According to BP Review[1], consumption of natural gas in the PRC has increased significantly from approximately 24.5 billion m^3 in 2000 to approximately 109.0 billion m^3 in 2010, representing a CAGR of approximately 16.1%. According to the Eleventh Five Year Plan, the NDRC has set the target to increase the proportion of natural gas out of the total fuel consumption to 5.3% in 2010, an increase of 2.5 percentage points compared to 2005. At the same time, the NDRC set the target to decrease the proportion of coal in the total fuel consumption to 66.1% in 2010, a decrease of 3.0 percentage points compared to 2005.

According to EIA's estimation published in its International Energy Outlook 2008, the installed gas-fired generating capacity in China is expected to grow at an average annual percent change of 13% from 2005 to 2030.

The Supply of Natural Gas in China

According to BP Review, it is estimated that China had a total of 2.8 trillion m^3 of proven natural gas reserves at the end of 2010, compared with 1.4 trillion m^3 in 2000. China's total gas production has risen to approximately 96.8 billion m^3 in 2010, compared with 27.2 billion m^3 in 2000.

Existing Major Pipelines

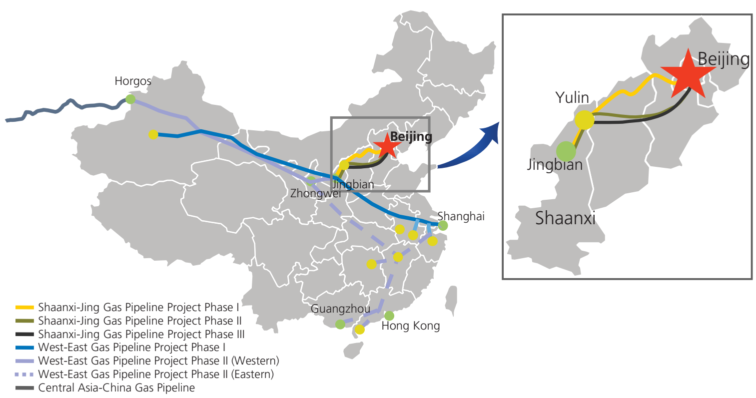
In recent years, China has undertaken the construction of a number of major pipeline projects to support increasing energy consumption. A number of these long-distance pipelines were transnational projects that extended into neighboring countries such as Turkmenistan, Kazakhstan, Uzbekistan and Russia. The following tables set forth the major gas pipelines that have been constructed by China's oil and gas companies in recent years.

Note:

(1) BP has been annually publishing the BP Statistical Review of World Energy for 58 years and has provided data on world energy markets with statistics taken from government sources and published data. BP Review is one of the most widely respected and authoritative publications in the field of energy economics, used for reference by the media, academia, world governments and energy companies.

Major Gas Pipelines

Project name	Operation from	Total length (km)
Shaanxi-Beijing Gas Pipeline Project Phase I (陝京一線輸氣管線)	1997	1,105
West-East Gas Pipeline Project Phase I (西氣東輸一線工程)	2004	4,000
Zhongxian-Wuhan Natural Gas Pipeline (忠縣-武漢天然氣管線)	2005	1,375
Shaanxi-Beijing Gas Pipeline Project Phase II (陝京二線輸氣管線)	2005	935
Hebei-Nanjing Connection Gas Pipeline (冀寧聯絡輸氣管線)	2005	1,498
Sichuan Gas Pipeline (川氣東送管線)	2009	2,203
Shaanxi-Beijing Gas Pipeline Project Phase III (陝京三線輸氣管線)	2011	896



Source: EIA, CNPC

There are currently two large-scale pipeline projects under construction in China, namely, the West-East Gas Pipeline Project Phase II (西氣東輸二線工程) and the Yulin-Puyang-Jinan Gas Pipeline (榆-濮-濟輸氣管線).

The West-East Gas Pipeline Project (西氣東輸管線工程) is the longest gas pipeline in the PRC. The West-East Gas Pipeline (西氣東輸管線) is constructed and completed in three phases. The West-East Gas Pipeline Phase I (西氣東輸一線工程) was completed in 2004 and was connected to the Shaanxi-Beijing Gas Pipeline (陝京天然氣管線) in 2009, and have been supplying gas to Beijing since 2010. The Phase II of the West-East Gas Pipeline (西氣東輸二線工程) has already reached and been supplying natural gas to Beijing through Shaanxi-Beijing Gas Pipeline Project (陝京天然氣管線工程) since January 2010. Please also see the section headed "Business—Our Gas-fired Power and Heat Energy Generation Business—Suppliers—Natural Gas Suppliers" for more information.

Pricing of Natural Gas

The pricing of natural gas in China has evolved through three stages historically. From 1957 to 1993, the price of natural gas throughout China was unified and was determined and approved by the central government. From 1993 to 2005, the central government determined a price for natural gas as well as a floating price range for companies to use in deciding the actual sale price. In 2005, the NDRC issued a circular entitled Circular on Reforming the Factory Price Pricing Mechanism of Natural Gas and Moderately Increasing the Factory Price of Natural Gas (《國家發展改革委關於改革天然氣出廠價格形成機制及近期適當提高天然氣出廠價格的通知》). Under this circular, the government determines an instructed price for natural gas. When companies determine the final sale price of natural gas, the pricing can be separated into two categories. For natural gas produced from certain gas field, the final price is determined in accordance with the instructed price with a 10% float range. For the remaining gas, the price is determined in accordance with the instructed price; the sale price may not be more than 10% higher than the instructed price, and there is no price floor. Beijing is connected to the Shaanxi-Beijing Gas Pipeline Project (陝京天然氣管線工程), and the natural gas price is determined by NDRC, which has been rising gradually during the recent years. For industrial use city gas, the wellhead price approved by NDRC was RMB1.46 per cubic meter in May 2010.

On-grid Tariff of Gas-fired Power Plants

According to the Provisional Measures for the Administration of On-grid Tariff (上網電價管理暫行辦法) issued by the NDRC in 2005, the on-grid tariffs for gas-fired power plants are determined by relevant governmental pricing bureaus. These tariffs should reflect the production costs plus a reasonable investment return. Consideration factors used by the pricing bureaus include fuel type, cost structure, economic life of the facilities and applicable tax rates.

Gas-fired power plants are generally entitled to a higher on-grid tariff than coal-fired power plants because of the different cost structures and the government policies to stimulate the use of fuels that are more ecologically friendly. Relevant governmental pricing bureaus retain the discretion to adjust the tariff in the occurrence of material changes, such as a dramatic fluctuation in the price of natural gas. Please see the section headed "Regulatory Overview—III. Regulatory Requirements relating to Renewable Energies" for further details.

On May 27, 2011, the NDRC announced a tariff increase for gas-fired power plants in Beijing, Shanghai, Jiangsu province and Zhejiang province, with the scope of adjustment ranging from RMB10 per MWh to RMB36 per MWh. On November 29, 2011, the NDRC announced a further tariff increase for gas-fired power plants in Beijing, which shall increase to RMB573 per MWh for gas-fired power plants in Beijing (except for the gas-fired power plant that commenced operation in 2011), effective from December 1, 2011.

Gas-fired Heat and Power Cogeneration Model

As northern China has a huge demand for heat energy during the winters, many power plants adopt the production model called heat and power cogeneration. Under such model, part of the steam from the power generator (usually about 350°C) is further utilized to heat the water in the city's heat supply network to supply heat energy to residential and industrial end-users. Alternatively, the steam can be sold to industrial end-users directly, instead of being emitted into the air. Because heat and energy cogeneration can further utilize the waste steam, cogeneration plants can achieve a higher energy utilization rate than non-cogeneration power plants.

Gas-fired cogeneration can achieve a higher power generation efficiency (above 50%), compared to about 30% for traditional coal-fired power generation, thereby achieving a high level of equipment utilization and efficiency. Moreover, compared to coal-fired power plants, gas-fired cogeneration plant has a less complicated engineering structure and does not need room for waste ashes storage, generally occupying only 30% to 40% of the land usually required for a coal-fired power plant.

The development of cogeneration power plants are particularly supported by the government. For instance, the Circular of the Beijing People's Government Approving and Forwarding The Opinions on Accelerating the Structuring of Beijing's Safe, Efficient and Low Carbon Urban Heating System by the NDRC Beijing Branch (《北京市人民政府批轉市發展改革委關於加快構建本市安全高效低碳城市供熱體系有關意見的通知》) issued by the Beijing People's Government specifically emphasizes the development of cogeneration power plants in Beijing in future. As at the end of the Eleventh Five-year Plan period, the gas-fired cogeneration plants in Beijing had a total installed capacity of approximately 2,000 MW, among top cities in China.

Beijing Natural Gas Power and Heat Energy Supply Industry

As the political, economic and cultural centre in China, Beijing has very strict standards of energy stability, environmental protection, energy saving and emission reduction, so as to safeguard and improve energy efficiency, air quality and living standards.

Given its environmentally friendliness, capability to satisfy ad hoc demand, and the city's requirement for heat energy in winters, gas-fired power is well suited to meet Beijing's electricity demand. According to the Circular of the Beijing People's Government Approving and Forwarding The Opinions on Accelerating the Structuring of Beijing's Safe, Efficient and Low Carbon Urban Heating System by the NDRC Beijing Branch (《北京市人民政府批轉市發展改革委關於加快構建本市安全高效低碳城市供熱體系有關意見的通知》) and Beijing's Energy Development Achievements during the Eleventh Five-year Plan Period (《北京市"'十一五'時期能源發展成效"情況介紹》), Beijing has set a target to increase the natural gas usage to 20% of all energy sources by 2015, and to over 25% by 2020 from the 2009 level of 12.6%. Beijing is planning to develop and construct four major heat and power centers, i.e. cogeneration plants, in the northeast, northwest, southeast and southwest of the Beijing metropolitan area respectively. The total installed capacity of gas-fired cogeneration plants around the Beijing metropolitan area is expected to increase from 2,000 MW by 2010 to 8,000 MW by 2015.

In addition, according to Notice of Temporary Measures on Management of Subsidies Funding to Beijing Urban Public Use Enterprises (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》), natural gas-fired power business is entitled to government subsidies as both electricity and heat energy are regarded as part of urban public use products. The PRC government provides relevant financial subsidies through the policy of feed-in tariffs, which are higher than the on-grid tariff for electricity generated by natural gas-fired power plants. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details.

Currently, Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司), a state-owned enterprise, is operating as the gas supply agent and is responsible for gas pipeline operation as well as sale and distribution of gas in Beijing.

Electricity Supply and Demand in Beijing

In line with the rapid economic development and the rising living standards in Beijing, the annual electricity generation volume has been increased significantly. However, in the meantime, Beijing's local power sources cannot satisfy the large demand of electricity in Beijing. According to China National Power Industry Statistical Bulletin 2010 (《全國電力工業統計快報2010年》), in 2010, the total power generation in Beijing was approximately 27.0 TWh, while the electricity consumption was approximately 80.0 TWh, the gap of which was transmitted from power sources outside Beijing, which shows a strong demand for additional local power sources in the near future.

WIND POWER INDUSTRY

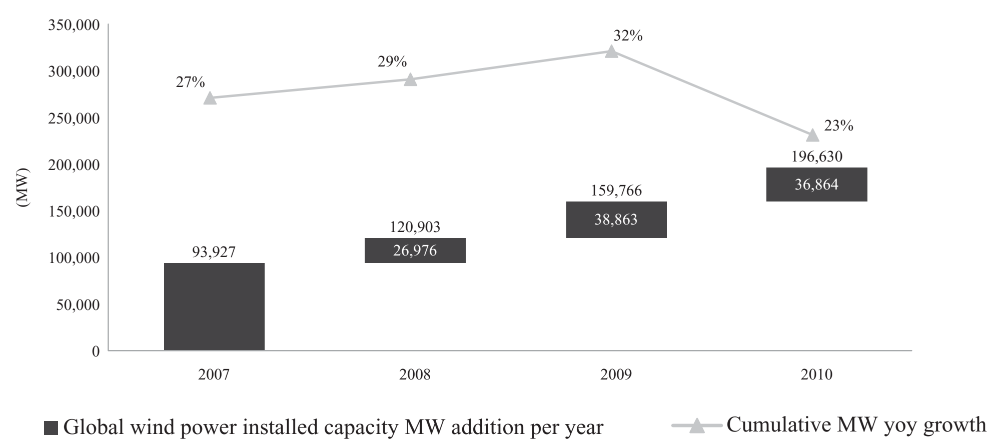
Advantages of Wind Power

Wind is the fastest growing renewable energy sector in the world due to its cost advantages, resource availability and the maturity of the technology in comparison to other types of renewable energy sectors.

Global Wind Power Industry

According to the World Wind Energy Association (WWEA)(1), global wind installed capacity grew at a CAGR of approximately 27.9% from 2007 through 2010, bringing cumulative installed capacity from 93,927 MW as at December 31, 2007 to 196,630 MW as at December 31, 2010. The following table sets forth the global wind power installed capacity in the period indicated as well as its cumulative installed capacity growth rate from 2007 to 2010.

Global wind power market installed capacity and cumulative installed capacity growth rate for 2007 – 2010



Source: World Wind Energy Report 2010 (World Wind Energy Association)

Note:

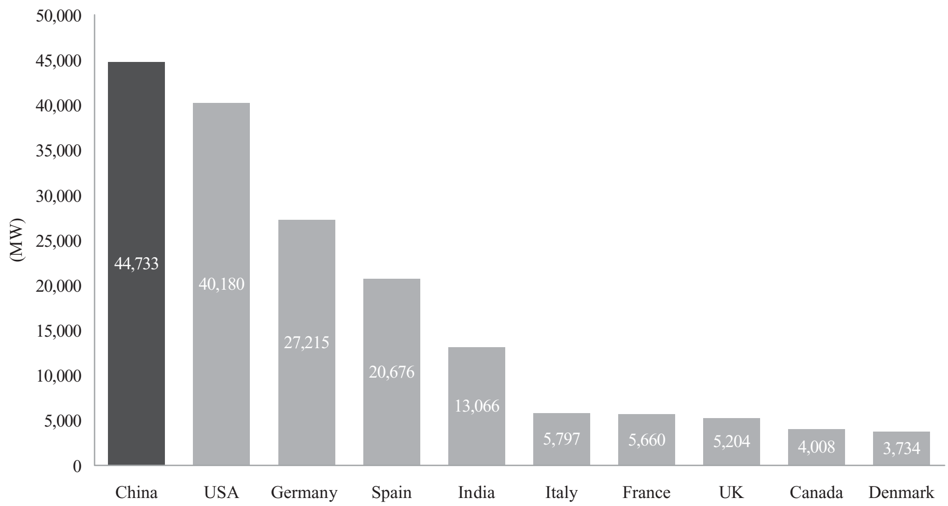
(1) The World Wind Energy Association (WWEA) is a non-profit organization which works for a world energy system fully based on the various renewable energy technologies, with wind energy as one cornerstone. WWEA acts as a communication platform for all wind energy actors worldwide, WWEA advises national governments and international organizations on favorable polices for wind energy implementation and WWEA enhances international technology transfer, a key in the accelerated dissemination of this clean technology.

Major Global Wind Power Markets

According to WWEA, Europe, Asia and North America are the top three wind power markets in terms of total installed capacity, accounting for 43.7%, 31.1% and 22.5% of total global installed capacity respectively in 2010.

The following table sets forth the world's top 10 country markets for wind power in terms of installed capacity in 2010.

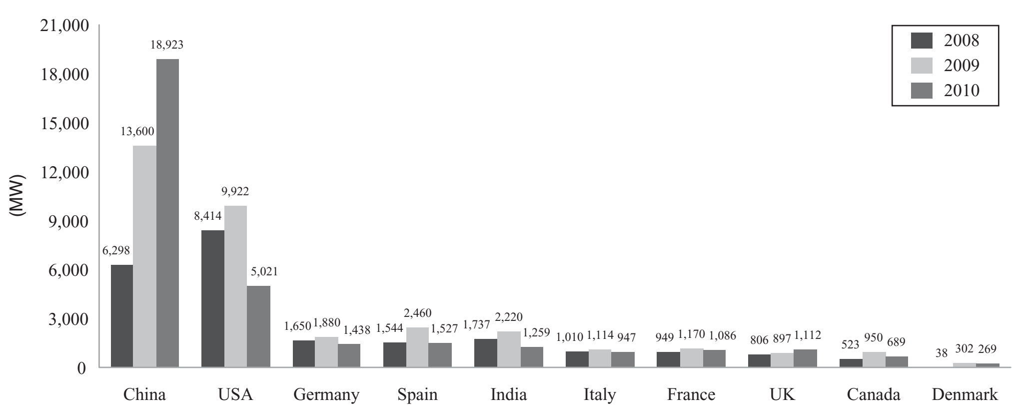
Top 10 country markets for wind power in terms of installed capacity in 2010



Source: *World Wind Energy Report 2010 (World Wind Energy Association)*

The wind power market has grown rapidly in recent years. The following table sets forth the increases in installed capacity of the Top 10 country markets in 2008, 2009 and 2010.

Newly installed wind power capacity of the Top 10 countries



Source: *World Wind Energy Report 2010 (World Wind Energy Association)*

According to Global Wind Energy Council (GWEC)(1), the global wind power industry is expected to grow continuously with the installed capacity increasing at a CAGR of 17.4% between 2011 and 2015, reaching 448.8 GW in 2015. The following table sets forth GWEC's global and regional wind power capacity estimates from 2011 through 2015.

Region (GW)	2011E	2012E	2013E	2014E	2015E	11E-15E CAGR
Europe	96.1	107.1	119.1	132.1	146.1	11.0%
North America	52.2	61.2	71.2	82.2	94.2	15.9%
Asia	79.1	101.1	124.1	148.6	174.6	21.9%
Latin America	3.5	6.0	9.5	14.0	19.0	52.6%
Pacific	3.1	3.9	4.9	5.9	7.4	24.3%
Middle East and Africa	1.9	2.7	3.9	5.5	7.5	41.0%
Total	235.9	282.0	332.7	388.3	448.8	17.4%

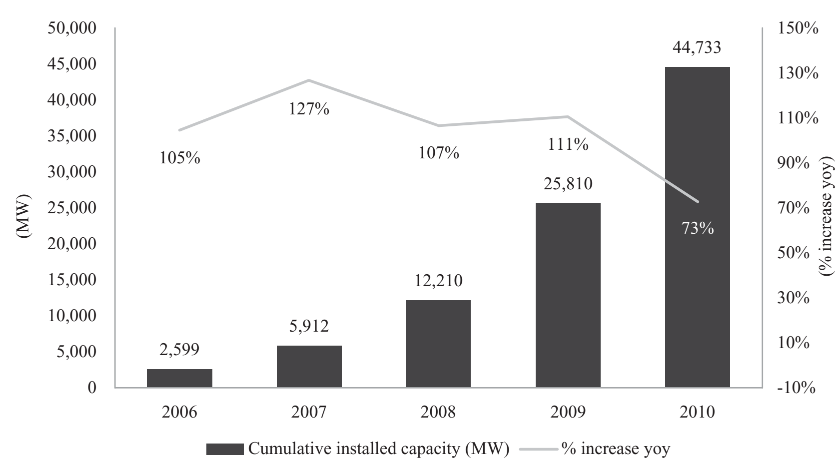
Source: Global Wind Report 2010 (Global Wind Energy Council)

Wind Power Industry in PRC

The wind power industry in the PRC has grown rapidly in recent years. According to WWEA, China accounted for approximately 22.8% of the global cumulative wind power installed capacity of 196,630 MW and was the largest wind power market by installed capacity at the end of 2010. According to WWEA, as at December 31, 2010, the newly installed capacity of wind power in China reached 18,923 MW, increasing its cumulative installed capacity to 44,733 MW, ranking the first globally in terms of both newly installed capacity and cumulative installed capacity.

The following table sets out the installed wind power capacity for the periods indicated in China.

China wind power industry installed capacity (2006 – 2010)



Source: World Wind Energy Report 2010 (World Wind Energy Association)

Note:

(1) Global Wind Energy Council (GWEC) was established in 2005 to provide a credible and representative forum for the entire wind energy sector at the international level. The members of GWEC are both national wind industry associations and companies working in the industry.

The Chinese wind power market has a significant potential for growth. According to Chinese Wind Power Industry Development and Future Trends Research by the Chinese Wind Energy Association (CWEA)[(1)], China's installed wind power capacity is expected to increase to 165 GW under conservative estimates, 248 GW under moderate estimates and 345 GW under optimistic estimates by 2020.

China has abundant wind energy resources with significant development potential. According to the Medium and Long-Term Development Plan for Renewable Energy, the technically exploitable wind resources on land amount to 300 GW. Including offshore wind resources, the total exploitable wind resources could reach 1000 GW.

The Medium and Long-Term Development Plan for Renewable Energy (《可再生能源中長期發展規劃》) identifies Northern China and the South-Eastern coastal areas as having high potential for wind energy development in the PRC. Additionally, some parts of inland China having lakes or other special topographic conditions also have abundant wind energy resources. 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, Guangxi and Hainan.

The following table sets forth the estimated wind resources in selected provinces in the PRC in 2009.

China's Wind Resources in Selected Provinces

Province	Technically exploitable wind resources
	(GW)
Inner Mongolia	≈150
Xinjiang	>100
Gansu	>100
Hebei	>40
Jiangsu	>10
Jilin	>10

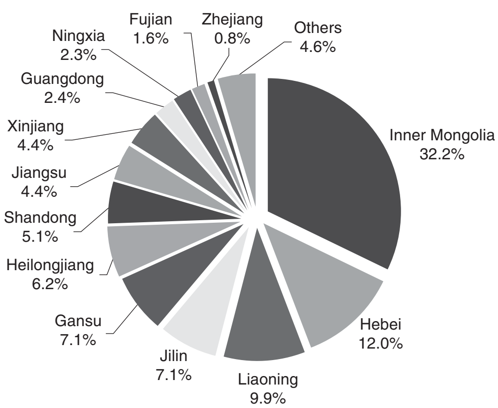
Source: *Chinese Renewable Energy Industries Association*

Note:

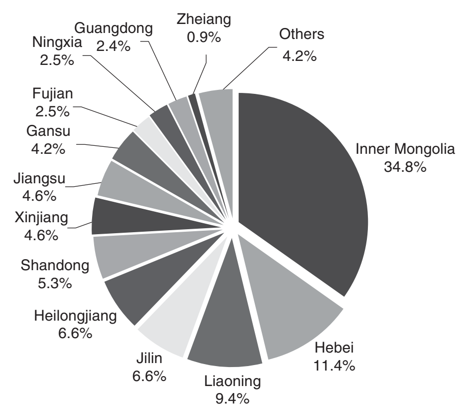
(1) Chinese Wind Energy Association (CWEA) was established in 1981 and is a non-profit organization officially registered with China's Ministry of Civil Affairs and was approved by China's Ministry of Science and Technology and Chinese Association for Science and Technology in 2002. CWEA is a member of World Wind Energy Association.

The uneven distribution of wind resources in China has influenced where wind power capacity will be installed in each province. Areas with abundant wind resources are largely located in coastal and offshore areas and Northern China. As shown in the table below, Inner Mongolia, Hebei and Liaoning are the most developed areas in terms of wind power production. The following tables set forth China's wind power installed capacity by province as a percentage of the nationwide total as at December 31, 2010, and China's wind power gross power generation by province as a percentage of the nationwide total in 2010.

Wind power installed capacity in the PRC by province in 2010



Wind power gross power generation in the PRC by province in 2010



Source: 2010 Power Industry Statistics Express (全國電力工業統計快報(2010年))

According to the HydroChina Report, China Guodian Corporation (中國國電集團公司), China Huaneng Group (中國華能集團公司), China Datang Corporation (中國大唐集團公司), Guohua Power (中國神華能源股份有限公司國華電力分公司), China Guangdong Nuclear Power (中國廣東核電集團有限公司), China Huadian Corporation (中國華電集團公司), China Power Investment Corporation (中國電力投資集團公司), and BEIH (北京能源投資（集團）有限公司) are the top eight wind farm operators in the PRC, accounting for 66.4% of 2010 cumulative connected wind power capacity in the PRC.

The table below sets forth the top wind farm operators in the PRC and their respective market share as at the end of 2010. According to the below table, the Group was the eighth largest wind farm operator in China in terms of connected capacity as at the end of 2010.

Company[(1)]	Consolidated wind power connected capacity at December 31, 2010 (MW)	Market share of China's total wind power connected capacity (%)[(2)]	Wind farm operating regions
China Guodian Corporation (中國國電集團公司)	8,001	20.9%	Inner Mongolia, Liaoning, Jilin, Heilongjiang, Gansu, Xinjiang, Hebei, southeast coastal provinces
China Huaneng Group (中國華能集團公司)	4,874	12.7%	Inner Mongolia, Liaoning, Jilin, Shandong, Guangdong, Yunnan, Hebei, Xinjiang, Hainan
China Datang Corporation (中國大唐集團公司)	4,403	11.5%	Inner Mongolia, Liaoning, Jilin, Heilongjiang, Hebei, Henan, Gansu, Shandong, Shanghai
Guohua Power (中國神華能源股份有限公司國華電力分公司)	2,084	5.4%	Guangdong, Jiangsu, Hebei, Shandong, Inner Mongolia, northeast China
China Guangdong Nuclear Power (中國廣東核電集團有限公司)	1,873	4.9%	Inner Mongolia, Jilin, Gansu
China Huadian Corporation (中國華電集團公司)	1,840	4.8%	Inner Mongolia, Xinjiang, Liaoning, Heilongjiang, Hunan, Shandong, Hebei, Ningxia
China Power Investment Corporation (中國電力投資集團公司)	1,286	3.4%	Inner Mongolia, Gansu, Liaoning, Ningxia, Jiangsu
BEIH (北京能源投資（集團）有限公司)[(3)]	1,081	2.8%	Beijing, Inner Mongolia, Liaoning
Hebei Construction & Investment Group (河北建設投資集團有限責任公司)	1,004	2.6%	Hebei
China Resources Power (華潤電力控股有限公司)	872	2.3%	Guangdong, Shandong, Hebei, Gansu, Inner Mongolia
Others	10,964	28.6%	
Total	**38,280**	**100.0%**	

Sources: The HydroChina Report, company information

Notes:

(1) English names of the companies are provided for identification purpose only.

(2) Market share is calculated based on the 2010 total connected capacity statistics from the HydroChina Report.

(3) All wind power connected capacity of BEIH is operated by us.

Overview of offshore wind power market

Global offshore wind power market

The development of offshore wind power projects globally has evolved slower than onshore projects due to larger required capital expenditures and the older generation models suffered from higher operational and maintenance costs. However, offshore wind energy technology continues to mature and is set to become one of Europe's main development strategy for its future wind power market.

According to WWEA, in 2010, of the total global cumulative wind installed capacity of 196,630 MW, offshore wind installed capacity was only 3,118 MW, representing approximately 1.6% of the total global wind installed capacity.

China offshore wind power market

China's offshore wind power is still in its infancy, but possesses high growth potential with an abundance of offshore wind resources. According to preliminary estimates by the China Meteorological Administration, China has around 200 GW of offshore wind power resources available for development.

Compared to onshore, China's offshore wind farms require higher initial investment, but have long-term advantages such as lower per unit operating cost(1), longer wind turbine life expectancy, higher generation capacity and more stable supply. In addition, offshore wind power generation does not consume valuable land resources and could be sited closer to coastal load centers. Offshore wind power generation can also effectively address the issue of long-distance transmission faced by onshore wind power generation and hence reduce the grid transmission limitations for wind power.

In January 2010, the National Energy Administration ("NEA") issued a circular to a number of coastal provinces requiring them to trial offshore wind farm concession projects. In May 2010, the NEA officially launched the first round of concession tendering for offshore wind farm and invited large-scale wind farm Chinese operators across the country to bid for four offshore concession wind farm projects (total capacity of 1,000 MW). These four wind farm projects were located near the coast line of Jiangsu province, which has among the richest offshore wind energy resources in the country.

(1) Operating cost excluding depreciation

Our operations of gas-fired power, wind power and hydropower are all subject to policies of the PRC government, the relevant laws and regulations of the PRC and the regulation by the relevant governmental departments. These laws and regulations govern a wide range of areas including, among others, project approvals, power generation, transmission and dispatch, on-grid tariffs and environmental protection and safety. In addition, our operations are subject to taxes and other fees in the PRC and the general laws and regulations without industry-specific requirements, such as those governing foreign investments and foreign exchange issues.

I. PRINCIPAL REGULATORY AUTHORITIES

1. The State Council, the supreme administrative power of the PRC, has the power to approve certain special production and investment projects contained in the Decision of the State Council on Reforming the Investment System (《國務院關於投資體制改革的決定》) or the Guideline Catalog for Adjustment of Industrial Structure (《產業結構調整指導目錄》).

2. The National Energy Commission (國家能源委員會). The General Office of the State Council issued on January 22, 2010 the Notice on the Establishment of the National Energy Commission (Guo. Ban. Fa. [2010] No.12) (《關於成立國家能源委員會的通知(國辦發[2010]12號)》), which declared that the National Energy Commission was founded from that day. The premier of the State Council is the director of the Commission, a vice premier is the vice director, and the ministers of the relevant ministries and heads of other relevant departments of the State Council are the members of the Commission. According to the Notice, the Commission is responsible for determining the State's energy development policies, reviewing the material issues regarding the energy safety and the energy development, and coordinating major events in domestic energy development and international cooperation.

3. The National Development and Reform Commission (NDRC) and provincial DRC are responsible for:

(1) Determining and implementing major policies concerning China's economic and social development;

(2) Reviewing and approving investment projects at certain scale of investment or of certain special industrial categories;

(3) Formulating and promulgating and assisting in implementing industrial and investment policies for the renewable energy industry such as solar power generation, hydropower and wind power;

(4) Promulgating regulations and rules in connection with the operation of power plants;

(5) Setting power tariffs and accepting and approving CDM projects.

4. The National Energy Administration (國家能源局), a national administration under the NDRC, is principally responsible for:

(1) Researching domestic and oversea the status of development and usage of energies, proposing energy development strategy and major policies;

(2) Researching and drafting energy development plan and giving suggestion on system reform;

(3) Regulating the sectors of petroleum, natural gas, coal and electric power among others, directing the local development of energy resources;

(4) Proposing measures for saving energy and developing new energies;

(5) Managing the national petroleum storage;

(6) Implementing, coordinating and managing governmental cooperation with foreign countries;

(7) Doing routine work for the general office of the National Energy Commission.

5. The State Electricity Regulatory Commission (SERC) and local electricity regulatory authorities are mainly responsible for:

(1) Researching and drafting laws and regulations, as well as relevant amendments, on regulation of electricity industry, formulating regulatory rules for the sector; and setting rules for electricity market operations;

(2) Regulating the operation of electricity market, maintaining market order, and ensuring a level-playing field;

(3) Regulating electricity transmission, distribution and non-competitive power generation businesses;

(4) Participating in setting, and inspecting and supervising the implementation of, technical and safety standards, quantitative and qualitative codes for electricity industry,

(5) Issuing and administering power business licenses;

(6) Supervising and inspecting the implementation of environmental protection laws, regulations, policies and standards in electricity sector in conjunction with relevant authorities of environmental protection;

(7) Supervising and inspecting relevant tariff levels;

(8) Investigating into violations of laws and regulations by participants in the electric market, and handling disputes among them, in accordance with the relevant laws and regulations.

6. The MOFCOM, which, together with the NDRC and the Ministry of Finance (MOF), encourage energy saving and reasonable development and utilization of renewable energy through tax incentives and providing funds for the development of renewable energy.

7. The State Administration of Work Safety (SAWS), which together with the local work safety authorities, is responsible for supervising and managing work safety in power generation operations and project construction, and formulating work safety regulations.

8. The Ministry of Environment Protection (MEP), which is responsible for the supervision of environmental protection and monitoring of the PRC's environmental protection system at the national level.

9. The State Administration of Taxation (SAT), which is responsible for promulgating and implementing tax policies and regulations.

10. State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, which is authorized by Beijing Municipal Government to perform the functions as an investor on its behalf, and controls and directs BEIH, our controlling shareholder, therefore it may impose important influence over us.

II. OVERALL REGULATORY SCHEME AND GUIDELINES FOR THE POWER INDUSTRY IN THE PRC

The Electric Power Law of the People's Republic of China ("Electric Power Law," 《中華人民共和國電力法》) adopted at the 17th Meeting of the Standing Committee of the 8th People's Congress of the PRC and effective as of April 1, 1996 and the Electric Power Regulatory Ordinance (《電力監管條例》) adopted at the 80th executive meeting of the State Council on February 2, 2005 and effective as of May 1, 2005 provide for the overall regulatory framework of the PRC power industry and the guidelines for the industry. One of the purposes of the Electric Power Law is 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 domestic and foreign investment in the power industry. The Electric Power Regulatory Ordinance (《電力監管條例》) sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of Electric Power Business Permit (《電力業務許可證》), the regulatory inspections of power generators and grid companies and the legal liabilities for violations of the regulatory requirements.

At present, the Check-Compliance-Approval System (核准制, under which the governmental authorities check whether a project meets the published requirements, if so, the governmental authorities must approve the project) is applied with respect to the electric power industry, particularly, non-governmental-funded electric power generation projects. Under the Decision of the State Council on Reforming the Investment System (《國務院關於投資體制改革的決定》) promulgated and effective as of July 16, 2004, electric power investment projects are subject to the Check-Compliance-Approval by the State Council or other relevant investment administration authorities. Under the Check-Compliance-Approval System (核准制), the power of the government to approve investment projects are set forth in the Catalog of Investment Projects Subject to Check-Compliance-Approval approved and promulgated by the State Council.

1. Check-Compliance-Approval of Electric Power Projects

Under the Decision of the State Council on Reforming the Investment System (《國務院關於投資體制改革的決定》) and the Catalog of Investment Projects Subject to Check-Compliance-Approval by the Government (《政府核准投資項目目錄》) 2004 attached to it, for hydroelectric projects, power projects on major rivers and hydropower projects with the total installed capacity of 250,000 kilowatt or more shall be subject to the approval of the competent investment administration departments of the State Council, and other projects shall be subject to the approval of the competent investment administration departments of local governments; steam power projects shall be subject to the approval of the competent investment administration department of local governments, except that coal power projects shall be subject to the approval of the competent investment administration department of the State Council; wind power projects with total installed capacity of 50,000 kilowatt or more shall be subject to the approval of the competent investment department administration of the State Council, and other projects shall be subject to the approval of the corresponding department of local governments.

2. Electric Power Business License (《電力業務許可證》)

The SERC issued on October 13, 2005 the Provisions on the Administration of Electric Power Business Licenses (the "Provisions on Licenses") (《電力業務許可證管理規定》), which provides that the market access license system is applied to the electric power industry in the PRC, and the Provisions on Licenses took effect on December 1, 2005. Under the Provisions on License, unless otherwise provided by the SERC, any company or individual in the PRC may not engage in any electric power business (including power generation, transmission, dispatch and sale) without holding an electric power business license issued by the SERC; where an enterprise don't hold an Electric Power Business License, but unlawfully engages in any electric power operations, it will be subject to administrative penalty, and where such violation constitutes a criminal offense, it will be subject to criminal liabilities according to law. The Electric Power Business License is applied to three kinds of operations: power generation, transmission and supply, and its valid term is 20 years. The SERC has the power to issue and regulate electric power business licenses. Under the Provisions on Licenses, any enterprise that applies for an Electric Power Business License for Power Generation (發電業務許可證) shall meet the following requirements: the construction of its power generation project has been approved by the relevant administrative authority; its power generation facilities have the corresponding capability; and its power generation project meets the relevant provisions on and requirements for environmental protection. According to the Notice on Acceleration of the Issue of Electric Power Business Licenses (《關於加快電力業務許可證頒發工作的通知》) issued by the SERC, power plants which were constructed and went into operation after December 1, 2005 and the construction of all power generation projects had been completed before July 31, 2006 must obtain an electric power business license applicable to power generation companies by the end of 2006; the construction of those power generation projects was completed after August 1, 2006 and those newly constructed power generating projects shall obtain a electric power business license for its newly constructed projects as well as its existing projects within three months from the commencement of operation of the projects.

3. 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 planned output of power plants connected to the grid. Dispatch centers shall comply with the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例》, the "Dispatch Regulations") issued by the State Council, effective on November 1, 1993, and the Rules for the Implementation of the Regulations on the Administration of Electric Power Dispatch to Networks and Grids (《電網調度管理條例實施辦法》, the "Rules for Implementation") issued by the former Ministry of Electric Industry and effective on October 11, 1994.

Pursuant to the Dispatch Regulations and the Rules for Implementation, the operation of the grid shall be carried out on the principles of "centralized dispatch" and "decentralized management". Dispatch centers are established at five levels: the national dispatch center, the dispatch centers of the interprovincial power grid, the dispatch centers of the provincial power grid, the dispatch centers of the power grid of municipalities under provinces and the dispatch centers of the county power grid. The dispatch centers of the interprovincial power grid and of the provincial power grid shall, based on the plan made and issued by the central government, the relevant power supply agreements and the access to grid agreements, and the capacity of the grid equipment, formulate annual power generation and supply plan for the region which they cover, and shall file the power generation and supply plan to the SERC.

Under the Interim Measures for the Promotion of Openness, Equity and Justice in Power Dispatch (《電監會關於促進電力調度公開、公平、公正的暫行辦法》) issued by the SERC and effective as of January 1, 2004, dispatch centers shall, pursuant to the power purchase and sale agreements and the access to grid and power dispatch agreements, formulate a dispatch plan, adopt appropriate operation method, enhance the economic return and social benefit of the operation of the grid, all subject to the overall requirement of the operation of the grid.

4. On-grid Tariff

The Electric Power Law has set forth the general principles for the determination of power tariffs. Tariffs are to be formulated to provide reasonable compensation for costs and reasonable return on investment, to share expenses fairly and to promote the construction of power projects. The on-grid tariffs for planned output and excess output are subject to the annual review and approval process by the NDRC and the provincial pricing bureaus.

With respect to distribution of the power to set on-grid tariff, the Electric Power Law provides that the on-grid tariff of the interprovincial grid or the provincial grid shall be primarily determined jointly by the relevant power generation enterprises and the operators of the grid through consultation, but shall be subject to the approval of the relevant administration departments of the State Council; and the on-grid-tariff of independent grid shall be primarily determined jointly by the relevant power generation enterprises and the operators of the grid through consultation, but shall be subject to the approval of the relevant price administration authority.

In addition to the relevant provisions in the Electric Power Law, the State Council approved in July 2003 the Power Tariff Reform Plan (《電價改革方案》) (the "Reform Plan"), which states that the long-term objective of the power tariff reform is to establish a sound and transparent on-grid tariff-setting mechanism.

The NDRC issued on March 28, 2005 the Provisional Measures for the Administration of On-grid Tariff (《上網電價管理暫行辦法》), which took effect as of May 1, 2005 and provides for regulatory guidance for the Reform Plan. For power plants within the regional grids that have not implemented competitive bidding tariff-setting mechanisms, on-grid tariffs will be set and announced by relevant pricing administration authorities 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 folds: (i) a capacity grid tariff determined by the pricing administration department 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; enterprises of such new and renewable energies as the wind and geothermal power are permitted not to participate in the market competition for the time being, and the electric power produced by them shall be purchased by grid enterprises in priority at the price fixed by government or at the bidding price, and the government will determine the proportion of electric quantity of new and renewable energies to the sold electric quantity of an electricity supplying enterprise in good time and establish a dedicated competitive market for new and renewable energies.

Under the Regulations on the Power Generation by Using Renewable Energies (《可再生能源發電有關管理規定》) issued by the NDRC and effective as of January 5, 2006, the on-grid-tariff of the power generated by using renewable energies shall be determined by the pricing administration department under the State Council according to the categories of the renewable energies and the regions where the plants are located and on the principle of reasonable economy and the principle that the development and usage of the renewable energies shall be enhanced, and shall be adjusted from time to time according to the development status of the technologies of the development and use of the renewable energies.

III. REGULATORY REQUIREMENTS RELATING TO RENEWABLE ENERGIES

1. Overall Regulatory Scheme

The Outline of the Development of New and Renewable Energies (《新能源和可再生能源發展綱要》), effective as of January 5, 1995, provides that the principle for the development of the energy industry in the PRC is to save energy, to enhance the efficiency of the use of energy, and to substitute clean energy as much as possible for mineral fuel of high carbon.

The Law of the People's Republic of China on Saving Energy (《中華人民共和國節約能源法》) adopted by the Standing Committee of the Eighth National People's Congress on November 1, 1997 was amended on October 28, 2007. The law as amended took effect as of April 1, 2008. According to the law, saving energy is a fundamental policy of the PRC.

The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) was promulgated on February 28, 2005 and came into effect on January 1, 2006. The Amendment to the

Renewable Energy Law of the PRC was adopted at the 12th Meeting of the Standing Committee of the 11th National People's Congress on December 26, 2009, which provides for the regulatory framework for the development and use of renewable energies. Renewable energy includes wind energy, solar energy, hydropower, biomass power, geothermal energy, ocean energy and certain other types of non-fossil energy. It is stated in the law that PRC will first develop and use renewable energies and enhance the development of the market of renewable energies through setting overall target for the total quantity of renewable energies developed and consumed and other relevant measures.

The Guiding Catalog for the Development of Renewable Energy Industry (《可再生能源產業發展指導目錄》, the "Catalog") issued by the NDRC on November 29, 2005 sets forth 88 types of renewable energies covering wind power, solar power, biomass power, geothermal energy and ocean energy and water power the project of which may be entitled to preferential tax treatment or designated funding if other requirements are satisfied. For projects of the energies listed in the Catalog which are worth being popularized, the relevant departments of the State Council will set down preferential treatment in respect of technical development, project demonstration, taxation, pricing, marketing and sale, import and import among others.

2. Project Approval

Under the Decision of the State Council on Institutional Reforming the Investment System (《國務院關於投資體制改革的決定》), the Interim Measures on Examination and Approval of Enterprise Investment Projects (《企業投資項目核准暫行辦法》) and the Interim Measures on Administration of Examining and Approving Foreign Invested Projects (《外商投資項目核准暫行管理辦法》), before commencing construction, a renewable energy power generation project must obtain requisite permits and government approvals, which include approvals related to pre-approval views of the project construction sites, environmental impact assessment, project approvals and construction permits.

The Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》), effective on January 5, 2006, provides that hydropower projects on major rivers and projects with the total installed capacity of 250 MW or above and wind power projects with installed capacity of 50 MW or above is subject to the approval by the NDRC, other power generation projects is subject to approval by the provincial DRC and a report on such projects shall be filed with the NDRC. Filing with and approval by the NDRC are required for other renewable projects including biomass, geothermal, oceanic and solar power projects if the owners of such projects apply for supports of government policies and funding.

The Interim Measures for the Administration of the Development and Construction of Wind Power Projects (《風電開發建設管理暫行辦法》) promulgated by the National Energy Administration (國家能源局) on August 25, 2011 provides that the provincial programs of wind farms are required to be filed for record with the energy administration under the State Council, and projects within the annual development plan of local wind farms are eligible for price subsidies granted by the state fund for renewable energy development, only after they are filed with the energy administration under the State Council. Before starting preparation work for the construction, developers of wind power projects must apply to and obtain from a competent energy administration at the provincial level or above an approval for carrying out the preparation work. In addition, the wind power projects approved by competent investment administration departments at the provincial level must be carried out pursuant to the programs and the annual development plan of wind farms already filed with the energy administration under the State Council.

On January 22, 2010, the National Energy Administration (國家能源局) and the State Oceanic Administration (國家海洋局) jointly promulgated the Interim Measures for Management of the Development and Construction of Offshore Wind Power Projects (《海上風電開發建設管理暫行辦法》), which stipulates that offshore wind power projects are the projects located at sea areas where the coastal line is below the average level of spring tide and high tide over a multiple year period, which includes projects located on deserted islands in the corresponding sea area. The National Energy Administration is responsible for the management of the development and construction of offshore wind power projects at the national level. The Provincial (regional, municipal) Energy Administration of the coastal province is responsible for the management of the development and construction of offshore wind power projects within its administration under the direction of National Energy Administration. The enterprises engaged in the development and investment of the offshore wind power projects will be selected through a tender process on a priority basis, the tender conditions of which should be the network electricity price, the project plan, the technical competence and the business performance. Such enterprises shall be Chinese funded enterprises or Sino-foreign joint venture enterprises controlled by Chinese investors (with equity interest of above 50.0%). In addition, offshore wind power projects shall not commence construction until approvals of such projects and the right to use such sea area has been obtained.

On August 31, 2007, the National Development and Reform Commission (國家發展和改革委員會) promulgated the Medium and Long-term Development Plan of Renewable Energy (《可再生能源中長期發展規劃》), which provides that for the purpose of accelerating the development of solar power technology and doing a good job in strategic reserve of solar technology, the PRC would establish large scale solar photovoltaic and solar thermal power plants, by 2020, the PRC planned to increase its cumulative solar photovoltaic power capacity to 200MW, and the solar thermal power capacity to 200MW.

According to the Medium and Long-term Development Plan of Renewable Energy (《可再生能源中長期發展規劃》), China planned to build waste-to-energy power plants in the economic developed area with rare land resources, the key areas include the cities under the governance of the Central Government, the cities at provincial level, the costal cities, the tourist cities and the cities near major streams and lakes. By 2010, the aggregate installed capacity of power generation based on waste-to-energy would be 500MW and further, by 2020, the aggregate installed capacity of such power generation would be 3GW.

3. Mandatory Purchase and Dispatch Priority

Under the Renewable Energy Law, the Provisions on the Administration of Power Generation from Renewable Energy (《可再生能源發電有關管理規定》) and the Regulatory Rules for the Purchase by Grid Enterprises of All Electric Power Generated from Renewable Energies (《電網企業全額收購可再生能源電量監管辦法》) effective as of September 1, 2007, mandatory obligations shall be imposed on grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connected services. In addition, the SERC and its local branches should supervise grid companies' performing their mandatory purchase obligation and grid-connection obligations under the Renewable Energy Law. Grid companies that fail to satisfy these obligations may be penalized. The SERC may also determine a time limit within which the grid companies must compensate the losses incurred by such renewable energy enterprise and remedy their failure, otherwise they may be given a fine not exceeding the amount of the losses suffered by such renewable energy enterprise.

On August 2, 2007, the State Council approved the Measures for the Dispatch of Energy Saving Power (For Trial) (《節能發電調度辦法(試行)》), which is designated to improve the efficiency in use of natural resources and encourage energy savings to achieve sustainable development. The Measures cover all power generation units which have access to the grid. Pursuant to the Measures, power generators are able to enjoy the highest dispatch priority if they use renewable energy including wind, solar and tidal power.

Pursuant to the Measures for the Dispatch of Energy Saving Power (For Trial), the order of the power dispatch priority enjoyed by power generation units shall be as follows: (a) non-adjustable power generation units utilizing renewable fuels; (b) adjustable power generation units utilizing renewable fuels; (c) nuclear power generation units; (d) cogeneration units and resources comprehensive utilization power generation units; (e) gas-fired power generation units; (f) other coal power generation units, including cogeneration units without heat load; and (g) oil-fired power generation units.

4. Tariff and Cost Sharing Program

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 relevant pricing administration department under the State Council shall determines the on-grid tariffs of renewable energy power based on various factors, including the natures of the power generated from different types of renewable energies, different geographic locations, and the need to enhance the development and use of renewable energy on a reasonable commercial basis.

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

(1) For wind power projects that were approved by the NDRC or provincial DRCs from 2006 (including 2006), the on-grid tariff shall be the "government guided price", which is determined by the price administration department of the State Council based on the price determined through the public tender procedure.

(2) On-grid tariffs for biomass projects which win a bidding process shall be determined based on the price offered by such projects in the bidding process, while all other biomass projects are subject to "government fixed price," which shall be determined by

the relevant pricing authorities and equivalent to provincial or local on-grid price of desulfurized coal power in 2005 plus a government subsidy of RMB0.25 per kWh. This government subsidy will be eliminated once a biomass project has been in operation for 15 years. For all biomass projects approved after 2010, the government subsidy provided per kWh generated will decrease at an annual rate of 2%.

(3) The on-grid tariffs of power generated by projects of other renewable energy shall be "government fixed price," which is determined by the relevant pricing authorities on the basis of "reasonable cost plus reasonable return on investment."

In addition, pursuant to the Price and Cost Sharing Regulation, for the renewable energy projects approved after January 1, 2006, the resulting additional cost that grid companies pay compared to the cost calculated on the basis of the average on-grid tariff of coal power generation may be passed to end-users. The Cost Sharing Program states that (a) the price difference between on-grid renewable energy power and on-grid desulfurized coal power, (b) the price difference between the costs relating to the operation and the maintenance of the public and independent renewable power system invested or subsidized by the State and the average sales tariff of the local provincial grid, as well as (c) the grid-connection fee for renewable energy power projects will be borne by end-users within the coverage of the grid companies at or above the provincial level by paying a tax-free tariff surcharge. Pursuant to notices about on-grid tariff adjustment in various regions of the PRC issued by the NDRC on November 30, 2011, the government will introduce a range of price-intervention measures in a bid to control the price of coal, and will push forward tiered pricing for household electricity. For the purpose of adjusting the on-grid tariff appropriately, with effect from December 1, 2011, the on-grid tariff of the coal-fired power plants in the whole nation is increased about RMB2.6 cent/KWh in average and in order to encourage the coal-fired power plants to carry out the policy of de-nitration, the de-nitrification tariff for the on-grid coal power plants in certain areas (including Beijing, Tianjin, Hebei, Shanxi, Shandong, Shanghai, Zhejiang, Jiangsu, Fujian, Sichuan, Guandong, Hainan, Gansu and Ningxia) with the functional de-nitrated installation is RMB0.8 cent/KWh temporarily. In addition, according to such notices, the renewable tariff surcharge is also increased from RMB0.4 cent/KWh to RMB0.8 cent/KWh with effect from December 1, 2011.

On July 24, 2009, the NDRC issued the Notice on improving on-grid Tariff Policy for Wind Power (《關於完善風力發電上網電價政策的通知》), which has come into effect on August 1, 2009. Under the Circular, the territory of the PRC is divided into four kinds of wind power regions according to the status of the wind power and the conditions for construction of wind power projects, and different standard on-grid tariffs shall be determined for the four kinds of wind power regions, that is RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh or RMB0.61/kWh respectively for the four kinds of wind power regions. Under the Circular, the standard on-grid tariff for a wind power region shall be applied to the wind power generated by all overland wind power projects which were or will be approved after August 1, 2009. For wind farms spanning across regions with different fixed on-grid tariffs, the higher tariff applies.

The NDRC, SERC and the National Energy Administration (國家能源局) jointly issued the Circular on the Regulation of the Price of Electric Power and Other Issues (《關於規範電能交易價格管理等有關問題的通知》) on October 11, 2009. Under the Circular, after the commercial operation of the power generation units, except for the transaction of electric power between different provinces or between different regions or otherwise provided by the relevant laws and national regulations, all on-grid electric power generated by them is subject to the on-grid tariffs determined by the pricing authority; before the commercial operation of the power generation units, the on-grid tariffs of the electric power generated by them shall be a certain percentage of the standard on-grid tariff of desulfurized coal power of the region: 50% applies to hydropower, and the renewable power generation units other than hydropower are subject to the on-grid tariff approved by the relevant price authority from the date when they begin to transmit electric power to the grid; as to the alternative power generation as approved by the relevant authority or the transaction of power generation rights, the power generation enterprises shall only have the right to provide such quantity of power and to charge such price as agreed in the relevant contract or agreement.

5. Designated-Purpose-Subsidy

The Interim Measures on Administration of Designated Fund for the Development of Renewable Energy (《可再生能源發展專項資金管理暫行辦法》), 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 or 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.

The Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》) issued by the Beijing Municipal Finance Bureau (北京市財政局) on April 14, 2003 and effective as of the same day provides that subsidy shall be granted for public urban utility products which the public is very concerned about, subject to government-fixed-price, specialists' demonstration or pricing hearing, and used to make up the difference between the reasonable cost and the government-fixed-price of such products. The subsidy for urban public utility enterprises is classified into two kinds: the subsidy for loss due to government policy and the designated-purpose-subsidy. Our gas power generation enterprise is entitled to the subsidy for loss due to government policy, which is granted on the basis of combination of fixed quote and fixed quantity. At the end of each year, the enterprises involved shall engage a qualified accounting firm to comprehensively audit the use by them of the subsidy they have been given and submit to the Beijing Municipal Finance Bureau (北京市財政局) the audit report together with the financial statements of the enterprises and the statement on the use of the subsidy within a period set by the Beijing Municipal Finance Bureau (北京市財政局). Beijing Municipal Finance Bureau evaluates and checks the use by the enterprises of the subsidy given to them based on such documents.

The Notice on Improving the Management on Subsidy to Power Enterprises (《北京市財政局關於加強電力企業補貼資金管理的通知》) issued by the Beijing Municipal Finance Bureau (北京市財政局) on April 14, 2009 and effective as of the same day provides that subsidy shall be declared by Price Administrative Department of Beijing and granted to gas power and wind power companies in addition to on-grid tariff as provided by the NDRC. The principle for subsidy granted to gas power and wind power enterprise is "gross amount control and fixed subsidy", which means the price administrative authority will determine the amount of the subsidy based on the annual approved quantity of on-grid electricity generation entitled to subsidies, and no subsidy will be provided for the actual electricity generated in excess of the aforementioned approved amount. In the meantime, a subsidy will be provided to the power enterprise according to a calculation standard based on the gap between the each enterprise's on-grid tariffs (excluding tax) applied by the price administrative authority of Beijing and the settlement tariffs approved by the NDRC. The actual subsidy paid by Beijing Municipal Finance Bureau is adjusted annually according to adjustment in on-grid tariffs. In the beginning of every year, each enterprise should prepare the subsidy funding budget according to the relevant tariffs application documents published by the Price Administrative Department of Beijing on its own electricity sales plan. The enterprise will be granted 80% of the budget after entering into the electricity sales contract with the power grid companies. At the end of each year, the power enterprise should adjust the number according to the implementation of the budget and settle the subsidy on the basis of Annual Audit Report of the Enterprise before the end of January of the next year.

The Company's subsidiaries, Taiyanggong Power and Jingfeng Power, have obtained natural gas price subsidies based on approvals from the Beijing Municipal Finance Bureau (北京市財政局). For more details, please see "Financial Information—Significant Factors Affecting Our Results of Operations and Financial Condition—Government grants and subsidies". According to the Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》), the enterprise wishing to be continually granted such subsidies should make relevant application for, and obtain the approval of the Beijing Municipal Finance Bureau (北京市財政局).

Pursuant to the Letter from the Beijing Municipal Commission of Development and Reform regarding Certain Issues on the Gas-fired Power Tariff Subsidy Mechanism (《北京市發展和改革委員會關於燃氣電價補貼機制有關問題的函》) (Jing.Fa.Gai[2011]2252號), according to the variation between upstream gas price and downstream sales tariff and in order to ensure the gas-fired power enterprises operate normally, for gas-fired power plants in Beijing, the price difference between the provisional settlement tariff set by the NDRC and the on-grid tariff as examined and approved by Beijing government shall be subsidized by the Beijing Municipal Finance Bureau according to the required procedure. In addition, once a formal tariff for gas-fired power plants is issued by the government and the discrepancy between the aforementioned tariffs is settled, the tariff subsidy in Beijing will end up on the occasion.

6. CDM

CDM is an arrangement under the Kyoto Protocol under the UNFCCC. It 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 offset their domestic emission reduction commitment or sold to others, and therefore provides an alternative to more expensive emission reductions in their own countries. Therefore CDM is a win-win arrangement for both developed and developing countries.

The PRC joined the UNFCCC in 1993. The PRC, as one of the signatory states of the Kyoto Protocol, filed a ratification letter to the UN in August 2002 to ratify the Kyoto Protocol of UNFCCC.

Among the central governmental agencies in charge of policy-making, approval and regulation of CDM projects in PRC, the Office of the National Leading Committee on Climate Chang is responsible for policy-making and overall coordination, and the National CDM Board is responsible for checking and approving CDM in the PRC.

On August 3, 2011, Measures for the 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 jointly promulgated by the NDRC, the Ministry of Science and Technology (科技部, "MOST"), the Ministry of Foreign Affairs (外交部, "MFA") and MOF, which states that the purpose of the CDM is to assist developing countries in achieving sustainable development and in contributing to the realization of the ultimate objective of the UNFCCC as well as to assist developed countries in achieving compliance with their commitments of quantified greenhouse gas emission limitation and reduction. The CDM measures set forth general rules and specific requirements for the examination and approval of CDM projects, including, among others, the following:

(1) Only companies wholly-owned or controlled by Chinese party may carry out CDM projects;

(2) The approval procedure of CDM projects is as follows: (i) except for the Central Enterprises listed in the appendix of the CDM measures, preliminary review by provincial DRC, (ii) review by experts from relevant organizations appointed by the NDRC, (iii) examination and approval by the National CDM Board of application for approval of a CDM project and (iv) approval jointly by the NDRC, MOST and MFA and issue by the NDRC of a letter of Approval;

(3) The CDM Board sets the floor price of the CERs generated in and sold from the PRC;

(4) The proceeds from the sale of CERs of a CDM project are owned by the PRC government and the CDM project operator and they are allocated by a designated portion. With respect to wind projects and other renewable energy projects, the PRC government only imposes a levy of 2% on the proceeds from the sale of CERs; and

(5) With respect to the CDM emission reduction produced after 2012 (including 2012), the transfer should obtain the approval of the NDRC.

IV. WORK SAFETY AND LABOR PROTECTION

Under the Circular of the Ministry of Water Resources and Electric Power on Promulgation of the Ordinance for Work Safety in Electric Power Generation Industry (《水利電力部關於頒發<電力安全生產工作條例>的通知》) issued by the former Ministry of Water Resources and Electric Power (水利電力部) on March 8, 1988, any electric power related enterprises shall establish a strict safety responsibility distribution scheme and a work safety supervision scheme.

Under 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 and was amended on August 27, 2009, and the Regulation on Work Safety License (《安全生產許可證條例》), which took effect on January 13, 2004, and other relevant laws and regulations, the State Administration of Work Safety shall regulate and supervise the work safety in the PRC. Under the Measures on Supervision and Administration of the Work Safety in Electricity Industry (《電力安全生產監管辦法》) issued by the SERC in March 2004, the SERC is responsible for specific supervision and administration of the electric power related enterprises in the PRC, and the State Administration of Work Safety is responsible for the comprehensive administration of the electric power related enterprises in the PRC. Electric power-related enterprises themselves are responsible for maintaining their safe operations, so they must strictly comply with the relevant laws and regulations, industrial code and standards. Upon the occurrence of the major or great personal injury or death accidents, power grid accidents, damage of facilities, collapse of dam of power plant, and fire accidents, the electric power enterprises involved shall send a report to the SERC and copy such report to the State Administration of Work Safety and the local work safety administration within 24 hours after the occurrence.

Under the Interim Provisions on the Investigation into Electric Power Generation Accidents (《電力生產事故調查暫行規定》) promulgated on December 28, 2004 and effective as of March 1, 2005, if any electric power enterprise incurs any major personal injury accident or more serious ones, power grid accident, equipment accident, fire accident, dam-collapse accident, or any other power failure that results in serious harm to the public, it shall immediately, but in no case later than 24 hours, report to the SERC the time, place, survey of the accident and the emergency measures being taken. The Circular on the Issue of Interim Provisions on the Information Submission of Electric Work Safety (《關於印發<電力安全生產信息報送暫行規定>的通知》) issued by the SERC on March 10, 2004 provides for the rules for counting and reporting electric power related accidents.

The Labor Law of the PRC (《中華人民共和國勞動法》), promulgated on July 5, 1994 and effective as of January 1, 1995, was principally designed to set forth the rights and obligations of the two parties to an employment, to protect the legitimate rights and interests of the employees and to establish and develop harmonious and stable employment relationships. The Employment Contract Law of the PRC (《中華人民共和國勞動合同法》) and the Implementing Regulations for the Employment Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) principally deal with the employment relationship between employers and employees, the entry into, performance and termination of, and amendment to, an employment contract. Compared to the Labor Law of the PRC (《中華人民共和國勞動法》) effective as of January 1, 1995, the Labor Contract Law of the RPC principally provides that employers shall sign written contract with their employees and enter into a long-term employment contract with their employees if the conditions are satisfied, and limit the scope of the events under which employees shall pay fine for their breach of employment contract and set forth more serious penalty over employers who fail to pay salary to and social insurance premium for their employees, and in turn provide for protection measures to employees.

V. ENVIRONMENT PROTECTION

The main PRC environmental laws and regulations applicable to us are as follows: 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 Control of Water Pollution (《中華人民共和國水污染防治法》), the PRC Law on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the PRC Law on Prevention and Control 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》).

The Environmental Protection Law (《環境保護法》) promulgated by the Standing Committee of the National People's Congress of the PRC in 1989 is the most important environmental protections legislation in the PRC. The law provides for the fundamental principle that the economic growth, social progress and environment protection shall be harmoniously coordinated and sets forth the powers and responsibilities of the governments of all levels in respect of environment protection.

Under the Environmental Protection Law (《環境保護法》), the competent Environmental Protection Ministry under the State Council (國家環保部) has the power to determine the national standards for environment quality and the standards for the emission of pollutants and comprehensively regulate and supervise the nationwide environment; the people's governments at the level of county and above are in charge of the environmental protection in their jurisdiction. Local environmental protection authorities have the power to set more strict environmental protection standards, and the enterprises discharge pollutants in the relevant region shall strictly comply with both national and local standards. In addition, the Environmental Protection Law (《環境保護法》) provides that any enterprise which may pollute the environment or produce harmful substance shall take measures to protect the environment, establish an environment protection mechanism, and take effective measures to control and appropriately treat solid wastes, waste water, dust and other waste substances.

Under the Provisional Regulations on the Land Use by Wind Power Farm and Environment Protection (《風電場工程建設用地和環境保護管理暫行辦法》) effective as of August 9, 2005, construction of wind power farm is subject to environment impact appraisal. The environment impact appraisal for a wind power farm shall be approved by the province-level environment protection authority of the region where the farm is located. Any wind power farm construction project involving a national nature protection area shall be approved by a province-level environment protection authority after obtain the review opinion of the national environmental protection authority.

On September 4, 2008, the Ministry of Environmental Protection (國家環境保護部), the National Development and Reform Commission (國家發展和改革委員會) and the State Energy Administration (國家能源局) jointly promulgated the Circular on Further Strengthening the Administration on Environment Impact Assessment of Biomass Power Projects (《關於進一步加強生物質發電項目環境影響評價管理工作的通知》). According to this Circular, the location and scale of the waste incineration power generation projects shall be determined based on the overall city plan, the land use plan and the specific plan of environmental sanitation (or the centralized disposal plan for municipal solid waste, etc.). In addition to the areas prohibited by the State and local laws and regulations from using as the location of projects in the pollutant category, the following areas are generally not allowed to build new municipal waste incineration power plants, including, the urban built-up areas, the areas where the environment quality fails to reach the requirements and no effective measures were taken to reduce the pollutants, and the areas where the establishment of such projects will result in a failure in reaching the relevant environmental protection requirements by the sensitive areas.

Any person who violates the Environment Protection Law (《環境保護法》) or any other relevant law or regulation may be subject to warning, damages and/or fine among other administrative penalties. If an enterprise put into use the pollution prevention facility attached to its project before such facility is finished or to meets the relevant requirements, it may be ordered by the relevant environment protection authority to cease to operate and may be fined. If any violation of such laws and regulations results in serious damage to property or personal injury or death, the persons involved in such violation may bear criminal responsibilities.

VI. BIDDING

Under the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) effective on January 1, 2000 and relevant regulations, bidding process is mandatory within China with respect to projects such as large-scale infrastructure and public utilities relating to social public interests and public security, including the survey, design, construction, supervision of the project, and the procurement of the important equipment, materials relevant to the construction of the project, which, pursuant to Regulations for Tendering Extension and Scope Standards of Engineering Construction Projects (《工程建設項目招標範圍和規模標準規定》) promulgated by the former State Development Planning Commission (原國家發展計劃委員會) on May 1, 2000, refer to such infrastructure projects as electric power and new energy.

VII. TAXATION

1. Enterprise Income Tax

Under Enterprise Income Tax Law of the RPC (《企業所得稅法》) effective as of January 1, 2008, general Chinese enterprises are subject to enterprise income tax at the rate of 25%, and enterprises which are identified as hi-tech enterprises specially supported by government are subject to enterprise income tax at the rate of 15%. Additionally, under the Enterprise Income Tax Law and the Notice of the State Council on the Implementation of the Transitional Preferential Policies (《關於實施企業所得稅過渡優惠政策的通知》) in respect of Enterprise Income Tax, for the enterprises that were established prior to the issuance of this Law and enjoyed lower tax rates according to the provisions of the previous tax laws or administrative regulations or any equivalent documents, the preferential income tax rates enjoyed by them shall be gradually transferred to the tax rate provided in this Law within five years after this Law is promulgated; and pursuant to the provisions of the State Council, the enterprises that have enjoyed the preferential treatment of tax exemption for a fixed term may continue to enjoy such treatment after the promulgation of this Law until the fixed term expires, however, for those that have failed to enjoy the preferential treatment due to failure to make profits, the term of preferential treatment may be counted from 2008.

Under the Enterprise Income Tax Law of the PRC and 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》) effective as of November 6, 2008, where a Chinese resident enterprise pays dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises, it shall withhold the enterprise income tax thereon at the uniform rate of 10%, unless the jurisdiction in which the foreign investors were registered and China have entered into other arrangement for the tax rate.

Under the Notice on Issues Relevant to Implementation of the Catalogue of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences issued by the Ministry of Finance and State Administration of Taxation (《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》), public infrastructure projects which were approved after January 1, 2008 may be exempted from the enterprise income tax for first three years from the first year when they have revenue generated by their operation, and shall enjoy the preferential tax treatment of reduction by 50% from the fourth to the sixth year.

Under the Circular on Taxation Policies on Deepening the Implementation of West Region Development Campaign (關於深入實施西部大開發戰略有關稅收政策問題的通知) jointly issued by the MOF and the SAT on July 27, 2011, enterprises established in the West Region and engaged in industries which fall into the category of "Being Encouraged" are entitled to a preferential income tax rate of 15% from January 1, 2011 to December 31, 2020 if 70% of their total income are generated from the encouraged business. The Catalogue of the "Being Encouraged" industries is to be issued separately. Enterprises established before December 31, 2010 and enjoyed the "two year exemption and three year half exemption" can be grandfathered until such tax benefits have been exhausted.

The State Council issued the Several Opinions of the State Council on Further Doing a Good Job in the Utilization of Foreign Investment (《國務院關於進一步做好利用外資工作的若干意見》) on April 6, 2010, which provides that the foreign invested enterprises located in the West Region which meet some requirements may continue to enjoy preferential enterprise income tax rate.

2. Value Added Tax

Under the Rules for the Collection of Value Added Tax on Electric Power Products (《電力產品增值稅徵收管理辦法》) issued by the State Administration of Taxation on December 22, 2004 and effective as of February 1, 2005, entities and persons producing or selling electric power products shall pay value added tax in accordance with the Rules.

Pursuant to the Notice 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》), we are entitled to a tax rebate equivalent to 50% of the VAT payable with respect to our wind power business and power generation by using the straws of crops is also entitled to a preferential VAT policy.

Under the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) (as amended in 2008) effective as of January 1, 2009 and the Notice of the Ministry of Finance and the State Administration of Taxation on Several Issues concerning the Nationwide Implementation of Value-added Tax Reform (《財政部、國家稅務總局關於全國實施增值稅轉型改革若干問題的通知》), a general taxpayer of VAT shall be entitled to offsetting the input value added tax paid by it for its fixed assets purchased or made by itself against its payable output value added tax amount, and the amount indicated in the relevant value added tax offset invoices shall be used as the basis for the calculation of the offset amount.

Pursuant to the Notice 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》) jointly promulgated by MOF and SAT on December 25, 2008, the VAT refund policy available for certain foreign invested enterprises that purchase domestically manufactured equipment was abolished from January 1, 2009, however foreign invested enterprises that purchase domestically manufactured equipment, receive VAT invoices and submit a VAT refund application to the relevant tax authorities on or prior to June 30, 2009 are still entitled to receive the VAT refund in respect of such purchase.

Under the Circular on Continuing to Implement the Preferential Tax Policy for Heat Supply Enterprises (《關於繼續執行供熱企業相關稅收優惠政策的通知》) issued by MOF and SAT on November 27, 2006 and the Circular on Continuing to Implement the Preferential Policies on VAT, Real Estate Tax and Urban Land Use Tax Policy for Heat-Supply Enterprises (《財政部、國家稅務總局關於繼續執行供熱企業增值稅、房產稅、城鎮土地使用稅優惠政策的通知》) which took effect on January 1, 2009, the heat supply enterprises located in “Three North Region” (including Beijing, Tianjin, Hebei, Inner Mongolia, North East Region and North West Region) shall continue to be exempted from value added tax in respect of their revenue collected from the residents as heat supply fee (including the fees collected by heat supply enterprises directly from personal residents and those paid by enterprises or other organizations on behalf of residents). Therefore, our gas thermal power and heat enterprises are entitled to the exemption of value added tax in respect of their revenue from their supply of heat to residents.

OUR HISTORY AND DEVELOPMENT

History and Background

Our Company was established as a foreign-invested joint stock limited company under the PRC Company Law on August 25, 2010, and converted from our predecessor Beijing Jingneng Technology. Our Company is the primary entity through which BEIH, our controlling shareholder, engages in the clean energy business, with our main focus on the natural gas-fired and wind power businesses.

The predecessor of Beijing Jingneng Technology, Beijing Energy Investment was established in February 1993 by Beijing Comprehensive Investment Company (北京市綜合投資公司) (one of the predecessors of BEIH), a state-owned enterprise.

As at May 25, 2009, the registered capital of Beijing Jingneng Technology was RMB1 billion which had been fully paid by BEIH. In December 2009, a capital increase agreement was entered into between BEIH and its wholly owned subsidiary, BIEE. According to this agreement, the registered capital of Beijing Jingneng Technology was increased to RMB1,006,441,224. BIEE paid the additional capital of RMB6,441,224. After the capital increase, BEIH and BIEE held approximately 99.36% and 0.64%, respectively, of the equity interest in Beijing Jingneng Technology.

Strategic Investment

On January 21, 2010, a capital increase agreement was entered into by and among Beijing Jingneng Technology, BEIH, BIEE and our strategic investors, being BSAMAC, BDHG, Shenghui, BEETI and Barclays. According to this agreement, the registered capital of Beijing Jingneng Technology was increased from RMB1,006,441,224 to RMB1,166,212,312. BSAMAC, BDHG, Shenghui, BEETI and Barclays paid RMB53,680,753, RMB3,836,839, RMB15,335,692, RMB51,126,748 and RMB35,791,056, respectively, of the additional registered capital. The capital contributions were fully paid as of April 29, 2010. Following the capital increase, as of the Latest Practicable Date, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays held approximately 85.75%, 0.55%, 4.60%, 0.33%, 1.32%, 4.38% and 3.07%, respectively, of the equity interest in our Company. Under this capital increase agreement no special rights were given to strategic investors, which are superior to the rights of other Shareholders. Barclays informed the Company that it entered into a hedging transaction on May 11, 2010 with an Independent Third Party with respect to certain number of Shares it holds. Barclays informed us that pursuant to the hedging arrangement, Barclays has transferred merely the economic interests of those Shares to its counterparty, while Barclays still retains all the other shareholder's rights (such as voting rights and disposal rights). Barclays further informed us that Barclays will comply with the relevant regulatory requirements such as lock-up undertaking with respect to those Shares. Please see the section headed "Share Capital—Our Shares" for details of the lock-up undertaking.

BSAMAC was established as the platform for capital maintenance and increment of state-owned assets as well as to support the Beijing Municipality Government's strategic adjustments to the state-owned assets and reorganization of state-owned enterprises. BDHG is a state-owned company which operates a central heating supply network in Beijing.

Shenghui is an investment company focusing on private equity investment in China. BEETI is a wholly owned subsidiary of Beijing Enterprises Holdings Limited which is mainly engaged in public utilities business. Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services.

Milestones in Our History

We have achieved the following important milestones in our development into a leading diversified clean energy generation group.

1993	Beijing Energy Investment was established.
2003	We entered into the wind power industry in the PRC.
2006	Beijing Jingneng Technology was established as a limited liability company under the Company Law, converting from its predecessor, Beijing Energy Investment.
2006	The construction of our first natural gas-fired power project was completed in Beijing.
2007	The construction of our first wind farm was completed in Inner Mongolia.
2009	A capital increase agreement was entered into between BEIH and BIEE which is wholly owned by BEIH. According to this agreement, BIEE paid the additional registered capital of RMB6,441,224 and held a 0.64% equity interest in our Company.
2010	Our Company underwent our Reorganization in preparation for the Global Offering, through which, assets and business relating to clean energy were injected into our Company by BEIH.
2010	A capital increase agreement was entered into by and among Beijing Jingneng Technology, BEIH, BIEE and our strategic investors, being BSAMAC, BDHG, Shenghui, BEETI and Barclays. BSAMAC, BDHG, Shenghui, BEETI and Barclays paid the additional registered capital of RMB 159,771,088 and following the capital increase, as of the Latest Practicable Date, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays held 85.75%, 0.55%, 4.60%, 0.33%, 1.32%, 4.38% and 3.07%, respectively, of the equity interest in our Company.
2010	Our Company was established as a foreign invested joint stock limited liability company upon completion of the Reorganization.

REORGANIZATION

We underwent our Reorganization in preparation for the Global Offering. Pursuant to several equity transfer agreements entered into in December 2009 and the Reorganization Agreement dated June 13, 2010, BEIH transferred to our Company for nil consideration the following equity investments:

- the entire equity interest in Jingfeng Power
- the entire equity interest in Sanlian Power

- the entire equity interest in Beijing Huafu Energy
- the entire equity interest in New Energy
- a 74% equity interest in Taiyanggong Power
- a 78% equity interest in Jingqiao Power
- a 9.28% equity interest in Beijing Jingneng International

Pursuant to several equity transfer agreements entered into in December 2009 and the Reorganization Agreement, the Company transferred its equity interests in certain companies to BEIH and its wholly-owned subsidiary, Beijing Yuanshen Energy-saving Technology Co., Ltd. (北京源深節能技術有限責任公司), for nil consideration. The businesses of these companies are not inherently related to and do not compete with our business operations. The Company also transferred a 46.92% equity interest in Beijing Keliyuan Thermal Power Co., Ltd. (北京科利源熱電有限公司) to BDHG for nil consideration. As at the time of the transfer, Beijing Keliyuan Thermal Power Co., Ltd., as the Company understands, was engaged in coal-fired power and heat generation and its business was not inherently related to our business. The Group has entered into a memorandum of understanding dated May 19, 2008 with BDHG relating to the development of a regional energy project. Subject to finalization of the terms and structure of this project, the Group may undertake this project.

On August 25, 2010, the Company was converted from a Sino-foreign owned company with limited liability to a foreign-invested joint stock limited liability company.

Representations and warranties

BEIH provided certain representations and warranties in favor of the Company in respect of the Reorganization, including, among others:

- the execution and performance of the Reorganization Agreement by BEIH will not conflict with or result in breach of (i) its articles of association, business license or other constitutional documents; (ii) any laws of the PRC or any court judgments, arbitral awards, administrative rulings or orders that BEIH or its assets are subject to; and (iii) any contracts or undertakings or warranties;
- the assets injected by BEIH to us were lawfully and beneficially owned by BEIH; and
- all the information provided by BEIH was complete, true and accurate in all material aspects.

Indemnities

BEIH agreed to indemnify us against, among other things:

- losses incurred as a result of any representations and warranties being untrue, misleading or with any material omission; and

- save as disclosed, losses incurred as a result of causes relating to the assets injected to us which had arisen before the benchmark date of each respective transfer unless the same had been expressly disclosed in the respective accountants' report.

Non-Competition Agreements

We entered into a non-competition agreement with BEIH on June 13, 2011 and a supplemental non-competition agreement on December 2, 2011. Please see the section headed "Relationship with Our Controlling Shareholder" for details.

Approvals

The Reorganization was approved by relevant PRC authorities. Our PRC legal advisor confirmed that we have obtained all the necessary approvals from the relevant PRC government authorities with respect to the Reorganization.

ACQUISITIONS AND TRANSFERS

Pursuant to an equity transfer agreement dated May 21, 2010, our Company acquired the entire equity interest in Tengchong HydroPower from Tengchong Hengyi Mineral Industrial Co., Ltd. (騰沖恒益礦產實業有限公司), an Independent Third Party for a consideration of RMB52 million which was determined with reference to the valuation conducted by an independent valuer. The transfer was completed in 2010. As advised by our PRC legal advisor, the transfer was duly approved under the PRC law.

According to a shareholders resolution of Jingqiao Power dated November 11, 2010, it was resolved that the registered capital of Jingqiao Power be increased. After the capital increase, we and BDHG held a 80.03% and 19.97% equity interest, respectively, in Jingqiao Power. As advised by our PRC legal advisor, the capital increase was duly approved under the PRC law.

New Energy entered into an equity transfer agreement with Beijing Jingneng International on November 25, 2010, pursuant to which Beijing Jingneng International agreed to transfer the entire equity interest in Balingyou Wind Power to New Energy for a consideration of RMB3 million, which was determined with reference to an asset valuation report issued by an Independent Third Party. Balingyou Wind Power is a project company and had not commenced any operations as at the date of the agreement. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in December 2010.

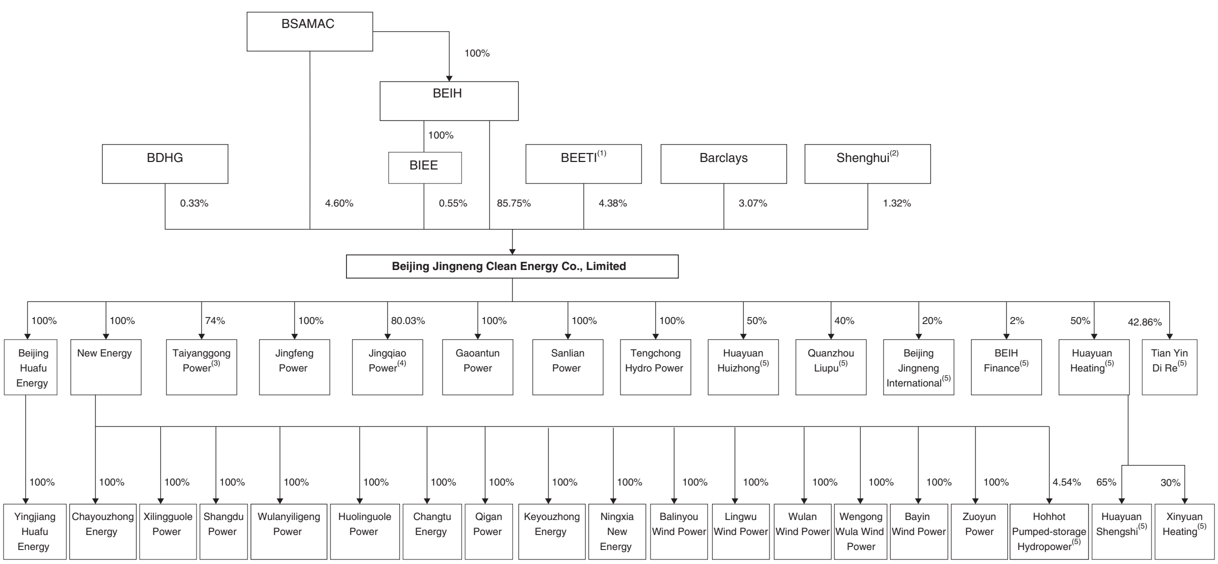
The Company entered into an equity transfer agreement with BEIH on April 28, 2011, pursuant to which BEIH agreed to transfer the entire equity interest in Gaoantun Power to the Company for a consideration of RMB81,320,000, which was determined with reference to an asset valuation report issued by an Independent Third Party. Gaoantun Power is a project company and had not commenced any operations as at the date of the agreement. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in May 2011.

New Energy entered into an equity transfer agreement with BEIH on December 29, 2010, pursuant to which New Energy agreed to transfer a 60% equity interest it held in

Shangdong Jingneng Energy to BEIH for a consideration of RMB19,263,600, which was determined with reference to an asset valuation report issued by an Independent Third Party. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in January 2011.

New Energy entered into an equity transfer agreement with BEIH on December 29, 2010, pursuant to which New Energy agreed to transfer a 40% equity interest it held in Guodian Tangyuan to BEIH for a consideration of RMB15,782,000, which was determined with reference to an asset valuation report issued by an Independent Third Party. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in January 2011.

The following chart sets out our ownership and corporate structure as at the Latest Practicable Date.



Notes:

(1) As at the Latest Practicable Date, BEETI was wholly owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. which was in turn wholly owned by Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange.

(2) As at the Latest Practicable Date, MA Liquan (馬利全), CHEN Li (陳麗), KONG Lingwu (孔令武), LIANG Jinhua (梁錦華), XU Bin (徐濱), LIU Liyan (劉麗豔), TAN Ming (譚明) and SHI Jiali (施家立), who are Independent Third Parties, held 48.9%, 35%, 5.55%, 5.55%, 2.2%, 2.2%, 0.3% and 0.3%, respectively, of the equity interest in Shenghui.

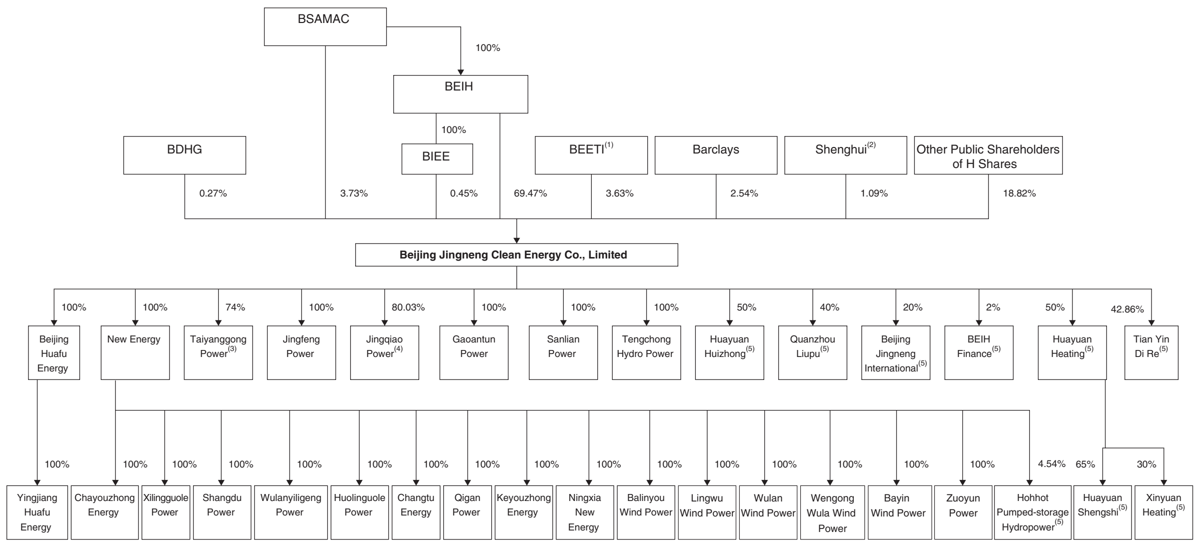
(3) The remaining 26% equity interest in Taiyanggong Power is owned by GD Power Development, whose shares are listed on the Shanghai Stock Exchange.

(4) The remaining 19.97% equity interest in Jingqiao Power is owned by BDHG, a state-owned company.

(5) Not a subsidiary of the Company.

OUR CORPORATE STRUCTURE

The following chart sets out our ownership and corporate structure immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised:



Notes:

(1) As at the Latest Practicable Date, BEETI was wholly owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. which was in turn wholly owned by Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange.

(2) As at the Latest Practicable Date, MA Liquan (馬利全), CHEN Li (陳麗), KONG Lingwu (孔令武), LIANG Jinhua (梁錦華), XU Bin (徐濱), LIU Liyan (劉麗豔), TAN Ming (譚明) and SHI Jiali (施家立), who are Independent Third parties, held 48.9%, 35%, 5.55%, 5.55%, 2.2%, 2.2%, 0.3% and 0.3%, respectively, of the equity interest in Shenghui.

(3) The remaining 26% equity interest in Taiyanggong Power is owned by GD Power Development, whose shares are listed on the Shanghai Stock Exchange.

(4) The remaining 19.97% equity interest in Jingqiao Power is owned by BDHG, a state-owned company.

(5) Not a subsidiary of the Company.

OVERVIEW

We are the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects. According to Beijing Electric Power Industry Association (北京電力行業協會), we were the largest gas-fired power provider in Beijing, in terms of our consolidated installed capacity as at December 31, 2008, 2009 and 2010 which accounted for approximately 65%, 61% and 61%, respectively, of the total gas-fired power installed capacity in Beijing. As at June 30, 2011, we had two gas-fired cogeneration plants and a gas-fired heat energy generation plant in operation, all of which were located in Beijing, with a consolidated installed capacity of 1,190.00 MW and a consolidated installed heat energy generation capacity of 1,045.00 MW. As at June 30, 2011, we also had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and a heat energy generation capacity under construction of 592.00 MW.

As at December 31, 2009 and 2010, we were the sixth and eighth largest wind power operator in the PRC, respectively, in terms of consolidated connected capacity, according to the HydroChina Report. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 1.4%, 3.1% and 2.4%, respectively, of China's total wind power installed capacity, according to WWEA. As at June 30, 2011, we had 17 wind farms in operation with a consolidated installed capacity of 1,094.75 MW and 11 wind farms under construction with a consolidated capacity under construction of 505.50 MW. As at June 30, 2011, our wind farms in operation and under construction were strategically located in Inner Mongolia, Beijing, Ningxia and Liaoning Province.

In addition, we also produce electricity through small to medium hydropower and other clean energy generation businesses with a consolidated installed capacity of 6.40 MW as at June 30, 2011.

We operate in the following two business segments:

Gas-fired Power and Heat Energy Generation	We develop, manage and operate gas-fired cogeneration plants as well as a gas-fired heat energy generation plant, and sell the electricity generated to local grid companies and the heat energy to customers in Beijing.
Wind Power	We develop, manage and operate wind farms, and sell the electricity generated by our wind farms to local grid companies.

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

During the Track Record Period, our business experienced significant growth in terms of consolidated installed capacity, which increased from 1,361.40 MW as at December 31, 2008 to 2,007.65 MW as at December 31, 2009, and to 2,255.15 MW as at December 31, 2010, representing a CAGR of 28.70%, and further to 2,291.15 MW as at June 30, 2011. As at June 30, 2011, we also had 1,568.10 MW of consolidated capacity under construction. We expect to have a total of 2,654.55 MW and 4,684.34 MW of consolidated installed capacity by the end of 2011 and 2012, respectively.

Gas-fired Power and Heat Energy Generation Business

In 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from our gas-fired power and heat energy generation business segment were RMB1,163.7 million, RMB1,893.1 million, RMB2,553.8 million, and RMB1,281.6 million, representing 86.9%, 78.6%, 70.1% and 67.7% of our total reportable segment revenue, respectively.

As at June 30, 2011, our gas-fired power business had a consolidated installed capacity of 1,190.00 MW, representing 51.9% of the consolidated installed capacity of our total power portfolio. As at June 30, 2011, we also had a portfolio of pipeline gas-fired power projects suitable for future development with a consolidated estimated capacity of 2,440.00 MW. Please see the paragraph headed "—Our Gas-fired Power and Heat Energy Generation Business—Our Pipeline Gas-fired Power and Heat Energy Generation Projects" below for further details. These pipeline projects are all located in Beijing.

As at December 31, 2010, our total heat energy supply coverage area was 17 million m^2, accounting for 73.9% of the gas-fired cogeneration centralized heat energy supply in Beijing according to BDHG.

Our gas-fired cogeneration plants, namely the Taiyanggong Power Plant and the Jingfeng Power Plant, are equipped with gas-steam combined cycle cogeneration systems and generate electricity and heat energy. The Jingqiao Power Plant, which only generated heat energy as at the Latest Practicable Date, is expected to generate electricity in conjunction with heat energy by September 2012 upon the completion of its second phase development. The Jingqiao Power Plant Phase I has temporarily ceased producing heat energy due to its technical adjustment in connection with the construction of Jingqiao Power Plant Phase II and is expected to resume production prior to the heat supply period starting from late 2012 after this adjustment.

During the Track Record Period, we purchased natural gas from Beijing Gas Group, which was our only natural gas supplier. Revenue derived from the sales of heat energy (excluding fees for heat energy generated during testing period and tax) to BDHG were RMB55.8 million, RMB297.7 million, RMB313.7 million and RMB203.7 million, respectively, for the years ended December 31, 2008, 2009, 2010, and the six months ended June 30, 2011. During the Track Record Period, the Taiyanggong Power Plant and the Jingqiao Power Plant were within the centralized heat energy supply network, and sold all the heat energy they generated to BDHG, which distributed heat energy to industrial or residential end users within the coverage of its network in Beijing. The Jingfeng Power Plant is within the area of regional heat energy supply, and entered into HESAs with two major heat energy end users adjacent to the power plant which are not covered by the supply network of BDHG.

PPAs and HESAs

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

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

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

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

We expect our gas-fired power and heat energy generation business to have 2,228.20 MW of consolidated installed capacity by the end of 2012, representing approximately 47.6% of our expected consolidated installed capacity by the end of 2012.

Wind Power Business

In 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from our wind power business segment were RMB115.3 million, RMB367.8 million, RMB1,032.5 million and RMB608.7 million, representing 8.6%, 15.3%, 28.3% and 32.2% of our total reportable segment revenue (which excludes revenue from concession construction arrangements), respectively.

Our wind power business has experienced rapid growth in terms of consolidated installed capacity, which increased from 165.00 MW as at December 31, 2008 to 811.25 MW as at December 31, 2009, and to 1,058.75 MW as at December 31, 2010, representing a CAGR of 153.31%. It further increased to 1,094.75 MW as at June 30, 2011. As at June 30, 2011, the consolidated installed capacity of our wind power business represented 47.8% of the consolidated installed capacity of our total portfolio.

As at June 30, 2011, we also had a portfolio of pipeline wind power projects for future development with a consolidated estimated capacity of 4,791.00 MW, including two Tier 1 pipeline projects with a consolidated estimated capacity of 99.00 MW, 13 Tier 2 pipeline projects with a consolidated estimated capacity of 1,395.00 MW and 14 Tier 3 pipeline projects with a consolidated estimated capacity of 3,297.00 MW. Please see the paragraph headed "—Our Wind Power Business—Our Pipeline Wind Power Projects" below for further details. These pipeline projects are located in northern China, including Inner Mongolia, Beijing, Ningxia, Hebei Province and Liaoning Province.

We expect our wind power business to consist of a total of 25 wind farms with 1,451.75 MW of consolidated installed capacity by the end of 2011, representing approximately 54.7% of our expected consolidated installed capacity by the end of 2011; and a total of 36 wind farms with 2,146.75 MW of consolidated installed capacity by the end of 2012, representing approximately 45.8% of our expected consolidated installed capacity by the end of 2012.

PPAs

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

Transmission Limitations in the PRC Wind Power Industry

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

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

Concession Projects

While we developed most of our existing and pipeline wind power projects pursuant to investment and development agreements entered into with local governments, as at June 30, 2011, we had also been awarded and developed four concession projects. The consolidated installed capacity of our concession projects accounted for 7%, 25%, 22% and 22% of the consolidated installed capacity of our total portfolio as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively, and revenue from sales of electricity from these wind farms was RMB82.1 million, RMB183.7 million, RMB485.6 million and RMB246.2 million, accounting for 4%, 4%, 13% and 13% of our total revenue, for the years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011, respectively. Pursuant to the concession agreements, the on-grid tariff for our concession projects, Wulanyiligeng Wind Farm, Jixianghuaya Wind Farm Phase I, Zheligentu Wind Farm Phase I and Huitengxile Wind Farm Phase I is RMB0.4680 per kWh (VAT inclusive), RMB0.5790 per kWh (VAT inclusive), RMB0.5100 per kWh (VAT inclusive) and RMB0.3820 per kWh (VAT exclusive), respectively(1), during the first 30,000 hours of power generation at full load, after which the

Note:

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

average prevailing market price shall apply. Our operating costs for these concession projects was RMB42.4 million, RMB87.6 million, RMB229.5 million and RMB110.0 million for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

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

In addition to revenue from sales of electricity generated by our concession projects, we also record service concession construction revenue and service concession construction costs in connection with the construction of our concession projects. According to International Financial Reporting Interpretation Committee—IFRIC-12 Service Concession Arrangement, revenue from providing construction services under concession arrangements are recognized by reference to the stage of completion of the concession arrangements at the end of each reporting period, as measured by contract cost incurred for work performed to date bear to the estimated total contract cost. Operation or service revenue is recognized in the period in which the services are provided. Also, an intangible asset arises from the concession arrangement when the operator in the concession arrangement has a right to charge for the usage of the concession infrastructure. Intangible assets received as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition if the financial assets cannot be recognized according to the definition in IAS 39—Financial Instruments: Recognition and Measurement. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses. We recognize service concession construction revenue at fair value and relevant intangible assets in respect of the construction work completed for concession projects pursuant to the relevant concession agreements between us and the relevant local government authorities. As we subcontract substantially all construction activities of our concession projects to third parties, we recognize total construction costs as the fair value of construction services. As a result, the service concession construction revenue is equal to the service concession construction cost recorded during the relevant period, and thus has no effect on our operating profit or net profit for the relevant period. The carrying value of concession projects as at December 31, 2008, 2009, 2010 and June 30, 2011 were RMB1,566.1 million, RMB3,866.9 million, RMB3,668.7 million and RMB3,577.8 million, respectively. The duration of the relevant concession arrangements is normally 25 years (including the construction period) and the useful lives of the wind farms and the concession rights are limited to such period. We had four concession arrangements with the provincial DRC of Inner Mongolia during the Track Record Period and all construction work were completed by the end of 2009. For more details, see the sections headed "Financial Information—Description of key statement of comprehensive income line items" and "Financial Information—Results of Operations" and "Appendix I—Accountants' Report".

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

Small to Medium Hydropower and Other Clean Energy Generation Businesses

In addition to our gas-fired power and heat energy generation business and wind power business, we are also engaged in other clean energy businesses, as a supplement to our two business segments, which enables us to take advantage of the favorable regulatory environment encouraging the development of clean energy business, including mandatory off-take of power generated using renewable energy, top dispatch priority, and hydropower and solar power being one of key renewable energy development sectors from 2010 to 2020.

In 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from hydropower and others were RMB59.5 million, RMB148.9 million, RMB56.6 million and RMB1.9 million, representing 4.4%, 6.2%, 1.6% and 0.1% of our total reportable segment revenue, respectively.

Revenue from hydropower and others increased by 150.2% from RMB59.5 million in 2008 to RMB148.9 million in 2009, primarily due to the full-year operation of two additional power plants in 2009, compared to the partial year operation of those power plants in 2008. Our bio-mass power plant (Shandong Jingneng Straw-fired Biomass Power Plant) commenced operations in September 2008 and our hydropower plant (Heishui Sanlian—Zhawo Grade I Hydropower Plant) commenced operations in July 2008. However, revenue from hydropower and others decreased to RMB56.6 million in 2010 primarily due to the divestiture of four subsidiaries that do not conduct clean or renewable energy generation business, namely Beijing Yuanshen Energy-saving Technology Co., Ltd., Beijing Boer Energy-saving Equipment Technology Development Co., Ltd., Beijing Huayuangaojie Energy Supplying Technology Co., Ltd. and Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd. In January 2011, we transferred our entire interest in Shandong Jingneng Straw-fired Biomass Power Plant to BEIH. See the section headed "Our History, Reorganization and Corporate Structure—Acquisitions and Transfers". Revenue from hydropower and others decreased from RMB36.1 million in the six months ended June 30, 2010 to RMB1.9 million in the six months ended June 30, 2011, primarily due to the divestiture of Shandong Jingneng Straw-fired Biomass Power Plant in the first half of 2011.

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

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

The reportable segment loss of hydropower and others slightly increased from RMB14.1 million in the six months ended June 30, 2010 to RMB14.3 million in the six months ended June 30, 2011.

As at June 30, 2011, we had one small to medium hydropower project in operation in Sichuan Province, with a consolidated installed capacity of 6.40 MW, and four small to medium hydropower projects under construction in Sichuan province and Yunnan province, with a consolidated capacity under construction of 224.40 MW.

As at June 30, 2011, we also had two pipeline small to medium hydropower projects in Yunnan Province with a consolidated estimated capacity of 34.00 MW. Please see the paragraph headed "—Our Small to Medium Hydropower and Other Clean Energy Generation Businesses—Our Pipeline Small to Medium Hydropower and Other Clean Energy Power Projects" below for further details.

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

As at June 30, 2011, our small to medium hydropower and other clean energy generation businesses had 6.40 MW of consolidated installed capacity, representing 0.3% of the consolidated installed capacity of our total power portfolio. We also had pipeline projects for other clean energy businesses such as solar power. We expect to have 12.80 MW and 309.39 MW of consolidated installed capacity for our small to medium hydropower and other clean energy generation businesses by the end of 2011 and 2012, respectively.

Our Power Plants

The table below illustrates all of our power (including heat energy generation) plants in operation as at June 30, 2011:

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

Wind Power Business	Location	Installed Capacity (MW)	Ownership	Warranty Period (months)
Wulanyiligeng Wind Farm(3) (烏蘭伊力更風電場)	Inner Mongolia	300.00	100%	24
Huitengxile Wind Farm Phase I(3) (輝騰錫勒風電場一期)	Inner Mongolia	100.50	100%	24
Chayouzhong Wind Farm Phase II (察右中風電場二期)	Inner Mongolia	50.00	100%	24
Lumingshan Guanting Wind Farm Phase I (鹿鳴山官廳風電場一期)	Beijing	49.50	100%	48
Lumingshan Guanting Wind Farm Phase II (鹿鳴山官廳風電場二期)	Beijing	49.50	100%	24
Chayouzhong Wind Farm Phase I (察右中風電場一期)	Inner Mongolia	49.50	100%	24
Jixianghuaya Wind Farm Phase I(3) (吉相華亞風電場一期)	Inner Mongolia	49.50	100%	24
Jixianghuaya Wind Farm Phase II (吉相華亞風電場二期)	Inner Mongolia	49.50	100%	24
Shangdu Wind Farm Phase I (商都風電場一期)	Inner Mongolia	49.50	100%	24
Saihan Wind Farm Phase I (賽汗風電場一期)	Inner Mongolia	49.50	100%	24

Notes:

(1) As at June 30, 2011, the installed heat energy generation capacity for the Taiyanggong Power Plant, the Jingfeng Power Plant and the Jingqiao Power Plant were 465.00 MW, 116.00 MW and 464.00 MW, respectively.

(2) As at June 30, 2011, our Jingqiao Power Plant was a heat energy generation plant, and did not generate any electricity.

(3) This project is a concession project.

Wind Power Business	Location	Installed Capacity (MW)	Ownership	Warranty Period (months)
Saihan Wind Farm Phase II (賽汗風電場二期)	Inner Mongolia	49.50	100%	24
Zheligentu Wind Farm Phase II (哲里根圖風電場二期)	Inner Mongolia	49.50	100%	24
Huolinhe Wind Farm Phase I (霍林河風電場一期)	Inner Mongolia	49.50	100%	24
Changtu Taiyangshan Wind Farm (昌圖太陽山風電場)	Liaoning province	49.50	100%	24
Zheligentu Wind Farm Phase I[(1)] (哲里根圖風電場一期)	Inner Mongolia	48.75	100%	24
Lumingshan Guanting Wind Farm Phase II (Density Increased) (鹿鳴山官廳風電場二期加密)	Beijing	36.00	100%	24
Yanqing Wind Farm (延慶風電場)	Beijing	15.00	100%	48
Subtotal		**1,094.75**		

Small to Medium Hydropower and Other Businesses	Location	Installed Capacity (MW)	Ownership
Heishui Sanlian—Zhawo Grade I Hydropower Plant (黑水三聯 — 紮窩一級水電站)	Sichuan province	6.40	100%
Subtotal		**6.40**	
TOTAL		**2,291.15**	

Note:

(1) This project is a concession project.

Projects Under Construction

The table below illustrates our projects under construction as at June 30, 2011:

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

Wind Power Business	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
Chifengqigan Wind Farm Phase I (赤峰旗杆風電場一期)	Inner Mongolia	49.50	100.00
Xinganmeng Keyouzhongqi Wind Farm Phase I (興安盟科右中旗風電場一期)	Inner Mongolia	49.50	100.00
Ningxia Taiyangshan Wind Farm Phase I (寧夏太陽山風電場一期)	Ningxia	49.50	100.00
Ningxia Taiyangshan Wind Farm Phase II (寧夏太陽山風電場二期)	Ningxia	49.50	100.00
Balinyou Wind Farm Phase I (巴林右風電場一期)	Inner Mongolia	49.50	100.00
Shangdu Wind Farm Phase II (商都風電場二期)	Inner Mongolia	49.50	100.00
Xianghuangqi Wind Farm Phase I (鑲黃旗風電場一期)	Inner Mongolia	49.50	100.00
Ningxia Lingwu Wind Farm Phase I (寧夏靈武風電場一期)	Ningxia	49.50	100.00
Ningxia Lingwu Wind Farm Phase II (寧夏靈武風電場二期)	Ningxia	49.50	100.00
Huitengxile Wind Farm Phase II (輝騰錫勒風電場二期)	Inner Mongolia	30.00	100.00
Huolinhe Wind Farm Phase II (霍林河風電場二期)	Inner Mongolia	30.00	100.00
Subtotal		**505.50**	

Small to Medium Hydropower and Other Businesses	Location	Capacity Under Construction	Ownership
		(MW)	*(%)*
Na Bang Hydropower Plant (那邦水電站)	Yunnan province	180.00	100.00
Heishui Sanlian—Deng Peng Grade I Hydropower Plant (黑水三聯 — 登棚一級水電站)	Sichuan province	20.00	100.00
Heishui Sanlian—Deng Peng Grade II Hydropower Plant (黑水三聯 — 登棚二級水電站)	Sichuan province	18.00	100.00
Heishui Sanlian—Zhawo Grade II Hydropower Plant (黑水三聯 — 紮窩二級水電站)	Sichuan province	6.40	100.00
Subtotal		**224.40**	

Pipeline Projects

The table below illustrates our pipeline projects as at June 30, 2011:

	Location	Number of Projects	Consolidated Estimated Capacity	Estimated Capital Expenditure
			(MW)	*(RMB in millions)*
Gas-fired Power and Heat Energy Generation Business				
	Beijing	4(1)	2,440.00	11,002.0
Total		**4**	**2,440.00**	**11,002.0**
Wind Power Business				
Tier 1(2) Pipeline Wind Power Projects				
	Ningxia	1	49.50	346.5
	Liaoning Province	1	49.50	321.8
Subtotal		**2**	**99.00**	**668.3**
Tier 2(2) Pipeline Wind Power Projects				
	Inner Mongolia	8	1,147.50	7,533.0
	Ningxia	4	198.00	1,287.0
	Beijing	1	49.50	346.5
Subtotal		**13**	**1,395.00**	**9,166.5**
Tier 3(2) Pipeline Wind Power Projects				
	Inner Mongolia	10	2,998.00	19,587.0
	Beijing	3	199.00	1,318.3
	Hebei Province	1	100.00	650.0
Subtotal		**14**	**3,297.00**	**21,555.3**
Total		**29**	**4,791.00**	**31,390.1**
Small to Medium Hydropower and Other Businesses				
	Beijing	2	34.59	553.4
	Yunnan Province	2	34.00	272.0
	Ningxia	1	10.00	160.0
Total		**5**	**78.59**	**985.4**

Notes:

(1) These include two pipeline projects that were assigned to us by BEIH pursuant to an undertaking by BEIH.

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

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

	As at December 31,			As at June 30,	CAGR
	2008	2009	2010	2011	2008 to 2010
		(in MW)			*(%)*
Total installed capacity[(1)]					
Gas-fired Power and Heat Energy Generation[(4)]	1,190.00	1,190.00	1,190.00	1,190.00	—
Wind Power	165.00	811.25	1,058.75	1,094.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation[(5)]	6.40	6.40	6.40	6.40	—
Total	**1,361.40**	**2,007.65**	**2,255.15**	**2,291.15**	28.70%
Consolidated installed capacity[(2)]					
Gas-fired Power and Heat Energy Generation[(4)]	1,190.00	1,190.00	1,190.00	1,190.00	—
Wind Power	165.00	811.25	1,058.75	1,094.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation[(5)]	6.40	6.40	6.40	6.40	—
Total	**1,361.40**	**2,007.65**	**2,255.15**	**2,291.15**	28.70%
Attributable installed capacity[(3)]					
Gas-fired Power and Heat Energy Generation[(4)]	987.20	987.20	987.20	987.20	—
Wind Power	165.00	811.25	1,058.75	1,094.75	153.31%
Small to Medium Hydropower and Other Clean Energy Generation[(5)]	6.40	6.40	6.40	6.40	—
Total	**1,158.60**	**1,804.85**	**2,052.35**	**2,088.35**	33.09%

Notes:

(1) Total installed capacity represents the aggregate installed capacity of our project companies or individual projects under one project company, which is calculated by including 100% of the installed capacity of the project companies in which we have an interest, regardless of the level of our ownership in each of those companies. Total installed capacity includes the capacity of our associated companies.

(2) Consolidated installed capacity represents the aggregate installed capacity of our project companies that we fully consolidate in our consolidated financial statements. This is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity does not include the capacity of our associated companies.

(3) Attributable installed capacity represents the aggregate installed capacity of our project companies or individual projects under one project company in which we have an interest in proportion to the level of ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity. It includes the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership in such companies.

(4) These figures do not include the installed heat energy generation capacity for the Taiyanggong Power Plant, the Jingfeng Power Plant and the Jingqiao Power Plant.

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

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

Gas-fired Power and Heat Energy Generation Business

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Beijing					
Consolidated Installed Capacity (MW)	1,190.00	1,190.00	1,190.00	1,190.00	1,190.00
Average Consolidated Installed Capacity (MW)	865.00	1,190.00	1,190.00	1,190.00	1,190.00
Consolidated Capacity Under Construction (MW)	—	—	838.20	—	838.20
Average Utilization Hours	3,575	3,239(1)	4,237	2,277	1,997(2)

Wind Power Business

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Inner Mongolia					
Consolidated Installed Capacity (MW)	100.50	697.25	895.25	895.25	895.25
Average Consolidated Installed Capacity (MW)	100.50	273.69	854.00	812.75	895.25
Consolidated Capacity Under Construction (MW)	695.75	198.00	258.00	129.00	307.50
Average Utilization Hours	2,157	2,376	2,408	1,188	1,211
Beijing					
Consolidated Installed Capacity (MW)	64.50	64.50	114.00	64.50	150.00
Average Consolidated Installed Capacity (MW)	24.75	64.50	78.25	64.50	144.00
Consolidated Capacity Under Construction (MW)	—	85.50	36.00	85.50	—
Average Utilization Hours	2,153	1,895(3)	2,359	1,427	1,398
Liaoning Province					
Consolidated Installed Capacity (MW)	—	49.50	49.50	49.50	49.50
Average Consolidated Installed Capacity (MW)	—	19.25	49.50	49.50	49.50
Consolidated Capacity Under Construction (MW)	49.50	—	—	—	—
Average Utilization Hours	—	1,515	1,717	929	922

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Ningxia					
Consolidated Installed Capacity (MW)	—	—	—	—	—
Average Consolidated Installed Capacity (MW)	—	—	—	—	—
Consolidated Capacity Under Construction (MW)	—	—	99.00	—	198.00
Average Utilization Hours	—	—	—	—	—

Small to Medium Hydropower and Other Businesses(4)

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Sichuan Province					
Consolidated Installed Capacity (MW)	6.40	6.40	6.40	6.40	6.40
Average Consolidated Installed Capacity (MW)	2.67	6.40	6.40	6.40	6.40
Consolidated Capacity Under Construction (MW)	44.40	44.40	44.40	44.40	44.40
Average Utilization Hours	892	3,529	3,438	1,358	1,451
Yunnan Province					
Consolidated Installed Capacity (MW)	—	—	—	—	—
Average Consolidated Installed Capacity (MW)	—	—	—	—	—
Consolidated Capacity Under Construction (MW)	180.00	180.00	180.00	180.00	180.00
Average Utilization Hours	—	—	—	—	—

Notes:

(1) This decrease was due to our Jingfeng Power Plant returning to its normal power generation volume. As a gas-fired power plant and a clean energy provider, the Jingfeng Power Plant was requested to generate a larger portion of the electricity needed in Beijing so as to safeguard the air quality for the 2008 Beijing Olympic Games.

(2) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period, during which we installed on-time compressor blade cleaning devices to increase the gas consumption efficiency at our Taiyanggong Power Plant, which accounted for approximately 66% of the consolidated installed capacity of our gas-fired power business.

(3) This decrease was due to power grid upgrades to increase transmission capacity that affected our wind farms in Beijing. The power grid upgrade took several months, during which operations of our wind farms in Beijing were partially affected, resulting in such decrease of average utilization hours.

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

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

Key Operational Data	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
Consolidated gross power generation[(1)](GWh)					
Gas-fired Power and Heat Energy Generation	3,092	3,855	5,042	2,710	2,376[(4)]
Wind Power	270	802	2,326	1,103	1,331
Small to Medium Hydropower and Other Clean Energy Generation	6	23	22	9	9
Consolidated net power generation[(2)] (GWh)					
Gas-fired Power and Heat Energy Generation	3,044	3,748	4,906	2,641	2,317[(4)]
Wind Power	266	787	2,288	1,087	1,307
Small to Medium Hydropower and Other Clean Energy Generation	6	23	22	9	9
Consolidated heat energy generation (kGJ)	1,123.2	5,114.8	5,625.1	4,060.8	3,394.6
Average utilization hours[(3)]					
Gas-fired Power and Heat Energy Generation	3,575	3,239	4,237	2,277	1,997[(4)]
Wind Power	2,156	2,243	2,369	1,190	1,223
Small to Medium Hydropower and Other Clean Energy Generation	892[(5)]	3,529	3,438	1,358	1,451

Notes:

(1) Consolidated gross power generation represents the aggregate gross power generation of our project companies that we fully consolidate in our financial statements for a specified period.

(2) Consolidated net power generation represents the aggregate net power generation of our project companies that we fully consolidate in our financial statements for a specified period, which is the amount of electricity we sold to local grid companies which contributes to our revenue and equals to gross power generation less (i) auxiliary electricity usage and (ii) transmission loss. Income attributable to the sales of electricity generated during the construction and testing period is not included in the revenue of electricity sales, but is offset against the cost of property, plant and equipment.

(3) Average utilization hours represents the consolidated gross power generation in a specified period divided by the average consolidated installed capacity in the same period.

(4) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period, during which we installed on-time compressor blade cleaning devices to increase the gas consumption efficiency at our Taiyanggong Power Plant, which accounted for approximately 66% of the consolidated installed capacity of our gas-fired power business.

(5) The low average utilization hours in 2008 for our small to medium hydropower and other clean energy generation businesses was caused by the Sichuan earthquake, which has caused significant damage to the power grid system in Sichuan province, where our hydropower plant was located. As a result, our hydropower plant suffered significant limitations on grid connection in 2008 as the local grid could not be connected to the regional master grid.

Our revenue was RMB2,256.7 million, RMB4,785.5 million and RMB3,642.8 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 27.05%. Our revenue was RMB1,892.3 million for the six months ended June 30, 2011. Our Adjusted Revenue was RMB1,809.8 million, RMB2,844.1 million and RMB4,063.3 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 49.83%. Our Adjusted Revenue was RMB2,221.5 million for the six months ended June 30, 2011. Please see the section headed "Financial Information—Basis of Presentation" on how Adjusted Revenue is calculated. Our profit attributable to the equity owners of our Company was RMB45.0 million, RMB179.6 million and RMB488.9 million for the years ended December 31, 2008, 2009 and 2010, respectively, representing a CAGR of 229.61%. Our profit attributable to the equity owners of our Company was RMB403.9 million for the six months ended June 30, 2011.

The following table sets forth certain selected financial information relating to our business for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 and 2011:

Key Financial Data	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Segment revenue (RMB'000)[(1)]					
Gas-fired Power and Heat Energy Generation	1,163,718	1,893,108	2,553,763	1,443,978	1,281,642[(3)]
Wind Power	115,305	367,800	1,032,494	492,548	608,719
Hydropower and Others	59,495	148,864	56,561	36,076	1,894
Total reportable segment revenue	**1,338,518**	**2,409,772**	**3,642,818**	**1,972,638**	**1,892,255**
Service concession construction revenue	918,135	2,375,681	—	—	—
Revenue (RMB'000)	**2,256,653**	**4,785,453**	**3,642,818**	**1,972,638**	**1,892,255**
Adjusted Revenue (RMB'000)[(2)]	1,809,845	2,844,062	4,063,305	2,097,101	2,221,490
Reportable segment profit / (loss) (RMB'000)	**239,780**	**469,653**	**971,401**	**549,455**	**706,806**
Gas-fired Power and Heat Energy Generation	186,108	286,542	466,490	295,744	382,420
Wind Power	32,340	184,289	556,838	267,802	338,728
Hydropower and Others	21,332	(1,178)	(51,927)	(14,091)	(14,342)
Adjusted Segment Operating Profit / (Loss) (RMB'000)[(2)]	**208,865**	**323,697**	**782,844**	**452,554**	**606,740**
Gas-fired Power and Heat Energy Generation	185,104	190,430	324,008	212,449	286,668
Wind Power	8,336	144,984	521,543	257,133	336,510
Hydropower and Others	15,425	(11,717)	(62,707)	(17,028)	(16,438)
Adjusted Segment Operating Profit / (Loss) Margin (%)[(2)]	**11.5**	**11.4**	**19.3**	**21.6**	**27.3**
Gas-fired Power and Heat Energy Generation	11.3	8.2	10.9	13.5	18.0
Wind Power	7.2	38.6	49.9	52.2	53.9
Hydropower and Others	25.9	(7.9)	(110.9)	N/A[(4)]	N/A[(4)]

Notes:

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

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

(3) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period at our Taiyanggong Power Plant.

(4) Adjusted Segment Operating Profit Margin for the six months ended June 30, 2010 and 2011 for hydropower and others are not comparable due to the divestiture of Shandong Jingneng Straw-fixed Biomass Power Plant in January 2011.

In addition, as at the Latest Practicable Date, we owned a 20% equity interest in Beijing Jingneng International, which contributed nil, nil, 14.53% and 19.62% to our profit for the years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011. Beijing Jingneng International is mainly engaged in the investment and operation of coal-fired power plants. As at June 30, 2011, the total installed capacity of Beijing Jingneng International was 6,040.47 MW, and the installed capacity attributable to us from Beijing Jingneng International was 1,208.09 MW. In 2010, Beijing Jingneng International divested its

Zhangshan Power Plant which was not profitable, and in 2011 it commenced commercial operation of its Daihai Power Plant Phase II with a total installed capacity of 1,200.00 MW and gradually commenced operation of its Ningdong Power Plant with two units and a total installed capacity of 1,320.00 MW. As a result, the installed capacity attributable to us from Beijing Jingneng International is expected to reach 1,229.43 MW and 1,229.43 MW by the end of 2011 and 2012, respectively.

COMPETITIVE STRENGTHS

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

Our diversified portfolio of clean energy projects rapidly enhances our growth and future profitability

We are the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects. According to Beijing Electric Power Industry Association (北京電力行業協會), we were the largest gas-fired power provider in Beijing in 2008, 2009 and 2010, in terms of consolidated installed gas-fired power capacity. According to the HydroChina Report, as at December 31, 2009 and 2010, we were the sixth and eighth largest wind farm operator in the PRC, respectively, in terms of consolidated connected capacity. As at June 30, 2011, the consolidated installed capacity of our gas-fired power and heat energy generation business, our wind power business and small to medium hydropower and other clean energy generation businesses amounted to 1,190.00 MW, 1,094.75 MW and 6.40 MW, respectively. As at June 30, 2011, we had successfully registered with CDM EB 16 CDM projects, two of which were gas-fired cogeneration projects and 14 of which were wind power projects.

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

As at June 30, 2011, we also had four pipeline gas-fired cogeneration projects with a consolidated estimated capacity of 2,440.00 MW, 29 pipeline wind power projects with a consolidated estimated capacity of 4,791.00 MW, and two pipeline small to medium hydropower projects with a consolidated estimated capacity of 34.00 MW. We believe the diversity of our pipeline projects will help us successfully expand our business with a diversified portfolio of clean energy.

Our gas-fired power and heat energy generation and wind power projects are strategically located and these two segments have reached and will continue to benefit from an optimized geographic coverage

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

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

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

We are the largest gas-fired power provider in Beijing and are well positioned to continue to develop gas-fired power and heat energy generation projects in order to maintain our dominant leading position in Beijing

We are a leading gas-fired power and heat provider in Beijing. According to Beijing Electric Power Industry Association (北京電力行業協會), we were the largest gas-fired power provider in Beijing in 2008, 2009 and 2010, in terms of consolidated installed gas-fired power capacity. As at December 31, 2010, the consolidated installed capacity for our gas-fired power projects amounted to 1,190.00 MW, accounting for approximately 61% of the total installed gas-fired power capacity of Beijing. As at December 31, 2010, our consolidated installed heat energy generation capacity was 1,045.00 MW, with a heat energy supply coverage area of 17 million square meters, accounting for approximately 73.9% of Beijing's gas-fired cogeneration centralized heat energy generation.

Gas-fired power plants are more environmentally friendly as they emit less carbon dioxide as well as other harmful substances including sulphur dioxide and nitrogen oxides as compared to coal-fired power plants. As a result, we are able to provide an energy-efficient and environmentally friendly energy source for producing electricity and heat energy in Beijing. As at June 30, 2011, we had two sets of 9F-grade gas-fired gas-steam combined cycle cogeneration system with an aggregated installed capacity of 1,190.00 MW.

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

Capitalizing on our leading market position in Beijing and our advanced technology capability, our gas-fired power and heat energy generation business is well-positioned to exploit foreseeable growth of gas-fired power industry in Beijing metropolitan area. The Circular of the Beijing People's Government Approving and Forwarding The Opinions on Accelerating the Structuring of Beijing's Safe, Efficient and Low Carbon Urban Heating System by the NDRC Beijing Branch (《北京市人民政府批轉市發展改革委關於加快構建本市安全高效低碳城市供熱體系有關意見的通知》) issued by the Beijing People's Government has set a target to increase natural gas usage as a percentage of total energy usage to 20% by 2015, and above 25% by 2020. In addition, the above Circular states that Beijing is planning to construct four major heat and power centers, i.e. cogeneration plants within Beijing metropolitan area. It is expected that the total installed capacity of gas-fired cogeneration plants in Beijing will increase from 2,000 MW by 2010 to 8,000 MW by 2015. Moreover, because the supplies of heat energy only cover areas within a limited radius, we expect that more cogeneration plants will be constructed in the near future as the heat energy generation market expands in Beijing.

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

Our wind power business experienced fast growth during the Track Record Period, and we have extensive experience and capabilities to effectively and efficiently develop and operate our wind power business to help maximize our profitability

We entered into the PRC wind power market in 2003. According to the HydroChina Report, as at December 31, 2009 and 2010, we ranked sixth and eighth in the PRC, respectively, in terms of consolidated connected capacity. Our wind power business has experienced rapid growth in terms of consolidated installed capacity, which increased from 165.00 MW as at December 31, 2008 to 811.25 MW as at December 31, 2009, and further increased to 1,058.75 MW as at December 31, 2010 representing a CAGR of 153.31%. Our wind power business further increased to 1,094.75 MW as at June 30, 2011. According to China Wind Power Outlook 2010 (《中國風電發展報告2010》), our Wulanyiligeng Wind Farm (300.00 MW) was one of the largest concession projects in China in terms of installed capacity.

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

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

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

- We have a dedicated and professional team with extensive experience in operating and managing wind farms. To improve our operational efficiency, since 2009, we have operated a centralized monitoring system to operate our wind farms that are located in West Inner Mongolia. We are the first wind power operator in China to have established a centralized monitoring system. The system allows us to monitor and control our wind turbines in those wind farms on a real-time basis in a central location, which has greatly improved our operational efficiency. In addition, we have a highly skilled and experienced in-house maintenance team at our wind farms and our subsidiary companies to handle daily inspection, maintenance and repairs, instead of outsourcing such operations to third-party service providers, to allow us to increase our operational efficiency, reliability and quality. For instance, we had a core maintenance team in Inner Mongolia, where all our team members as of the Latest Practicable Date had either senior or intermediate level engineering qualifications, and half of them had more than five years of experience in maintaining wind turbines. We also had on-site technical support teams at our wind farms in Inner Mongolia, where as of the Latest Practicable Date, 44% of the team members had over three years maintenance experience and 47% of them possessed a bachelor's or higher degree. Moreover, to safeguard the stable operation of our wind farms, we have a proven inventory policy to guarantee the supply of turbine parts, especially those that require frequent replacement.

As a result, we are able to achieve and maintain high efficiency. For instance, for the years ended December 31, 2009 and 2010, the average utilization hours of our wind farms in West Inner Mongolia were well above the industry average in the same region. The availability factor of our wind farms in West Inner Mongolia reached 99.33%, 96.78%, and 97.82% in 2008, 2009 and 2010, respectively.

We operate in the rapidly growing clean energy industry in the PRC and benefit from favorable government policies promoting the development of a low-carbon economy and use of clean energy

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

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

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

Because of these favorable policies and significant incentives, the clean energy industry in China has experienced rapid growth. According to BP Review, the consumption of natural gas in China has increased significantly from 24.5 billion cubic meters in 2000 to 88.7 billion cubic meters in 2009, representing a CAGR of 15.4%. Furthermore, the Eleventh Five Year Plan issued by the NDRC has set a target to increase the proportion of natural gas out of the total fuel consumption to 5.3% in 2010, an increase of 2.5 percentage points compared to 2005. Additionally, according to WWEA, the cumulative installed capacity in China's wind power industry increased from 2,599 MW as at the end of 2006 to 44,733 MW as at the end of 2010, representing a CAGR of 103.7%. According to WWEA, China ranked first both in terms of annual installed capacity in 2010 and in terms of cumulative installed capacity for wind power as at the end of 2010. We believe we will benefit from the rapid growth in China's clean energy industry.

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

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

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

BUSINESS STRATEGIES

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

Increase the scale of our gas-fired power and heat energy generation business to strengthen our dominant leading position of our gas-fired power business in Beijing

Considering the huge and fast growing demand for electricity and heat energy in Beijing and regulations promoting the utilization of clean energy, we believe that natural gas is an ideal and indispensable source of clean electricity and heat energy in Beijing. We intend to increase our market share and enhance our leading market position in the gas-fired power and heat energy generation market in Beijing by developing additional energy-efficient and environmentally friendly gas-fired power cogeneration projects. As at June 30, 2011, we had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and a heat energy generation capacity under construction of 592.00 MW. As at June 30, 2011, we also had four pipeline gas-fired power plants in Beijing with a consolidated estimated capacity of 2,440.00 MW. We plan to increase our consolidated installed capacity of gas-fired power generation to 2,228.20 MW by the end of 2012.

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

We believe that the wind power industry enjoys significant advantages over other renewable energies with respect to cost efficiency, resource availability and technological maturity. We are committed to strengthening our market position in the PRC's wind power industry by expanding our wind power operations in Inner Mongolia and strategically exploring business opportunities in other regions with abundant wind resources and attractive returns, such as Liaoning Province, Hebei Province, Ningxia and Beijing. We have also commenced our efforts in developing offshore wind power projects.

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

Develop other renewable energy businesses to capture suitable value creation opportunities

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

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

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

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

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

Diversify financing sources and reduce financing costs

We need abundant and stable financing to fund the expansion of our clean energy business, which is capital intensive in nature. Historically, we have managed to obtain competitive terms from financial institutions to fund the expansion of our project companies by capitalizing on our long credit history and close relationship with them. Going forward, we intend to maintain the diversified sources of funding from various sources such as bank loans, short-term financing and other financing facilities to further improve our capital structure and lower our financing costs.

OUR GAS-FIRED POWER AND HEAT ENERGY GENERATION BUSINESS

We develop, manage and operate gas-fired power and heat energy generation plants. As at June 30, 2011, our gas-fired power business had a consolidated installed capacity of 1,190.00 MW. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 65%, 61% and 61%, respectively, of the total gas-fired power installed capacity in Beijing, making us the largest gas-fired power generation company in terms of consolidated installed capacity in Beijing, according to Beijing Electric Power Industry Association (北京電力行業協會). As at June 30, 2011, we also had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and a heat energy generation capacity under construction of 592.00 MW. As at December 31, 2010, our total heat energy supply coverage area was 17 million m^2, accounting for 73.9% of the gas-fired cogeneration centralized heat energy supply in Beijing, according to BDHG.

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

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

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

During the Track Record Period, we derived most of our revenue and profit from our gas-fired power and heat energy generation business. Our gas-fired power plants derived revenue mainly from sales of electricity and heat energy they generated. The table below sets out details with respect to the revenue of our gas-fired power and heat energy generation business for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Revenue					
Sales of electricity (RMB in thousands)	1,093,414	1,545,725	2,185,168	1,178,547	1,034,340
Sales of heat energy (RMB in thousands)	70,245	346,183	368,595	265,241	247,302
Others (RMB in thousands)	59	1,200	—	190	—
Total	**1,163,718**	**1,893,108**	**2,553,763**	**1,443,978**	**1,281,642**

We also had four pipeline gas-fired power and heat energy generation projects (projects that have not commenced construction but for which we have obtained certain development rights) suitable for future development with a consolidated estimated capacity of 2,440.00 MW as at June 30, 2011. These pipeline gas-fired cogeneration projects are located in Beijing.

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

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Total installed capacity (MW)	1,190.00	1,190.00	1,190.00	1,190.00	1,190.00
Consolidated installed capacity (MW)	1,190.00	1,190.00	1,190.00	1,190.00	1,190.00
Average consolidated installed capacity (MW)	865.00	1,190.00	1,190.00	1,190.00	1,190.00
Attributable installed capacity (MW)	987.20	987.20	987.20	987.20	987.20
Consolidated capacity under construction (MW)	—	—	838.20	—	838.20
Total installed heat energy generation capacity (MW)	1,045.00	1,045.00	1,045.00	1,045.00	1,045.00
Consolidated installed heat energy generation capacity (MW)	1,045.00	1,045.00	1,045.00	1,045.00	1,045.00
Average consolidated installed heat energy generation capacity (MW)	338.92	1,045.00	1,045.00	1,045.00	1,045.00
Attributable installed heat energy generation capacity (MW)	822.02	822.02	831.44	822.02	831.44
Consolidated heat energy generation capacity under construction (MW)	—	—	592.00	—	592.00
Consolidated heat energy generation (kGJ)	1,123.2	5,114.8	5,625.1	4,060.8	3,394.6
Consolidated gross power generation (MWh)	3,091,970(1)	3,854,860	5,042,012	2,710,184	2,376,202(2)
Consolidated net power generation (MWh)	3,044,251	3,748,306	4,905,894	2,641,291	2,316,505(2)
Average utilization hours (hours)(3)	3,575	3,239	4,237	2,277	1,997(2)

Notes:

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

(2) The decrease for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period, during which we installed on-time compressor blade cleaning devices to increase the gas consumption efficiency at our Taiyanggong Power Plant, which accounted for approximately 66% of the consolidated installed capacity of our gas-fired power business.

(3) As the Jingqiao Power Plant had no electricity generation capacity as at June 30, 2011, the average number only include the Taiyanggong Power Plant and Jingfeng Power Plant.

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

As at June 30, 2011, we operated our gas-fired power and heat energy generation business through two gas-fired cogeneration plants and one gas-fired heat energy generation plant that are located in Beijing.

The table below sets out the details of our gas-fired power plants as at June 30, 2011:

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

Note:

(1) Jingqiao Power Plant had no electricity generation capacity as at June 30, 2011 and only sold heat-energy during the Track Record Period.

Gas-fired Power Plants in Operation

Taiyanggong Power Plant

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

Our Taiyanggong Power Plant has installed a 9F-grade gas-fired gas-steam combined cycle cogeneration system (9F級燃氣蒸汽聯合循環機組), with two gas turbine generator units manufactured by General Electric with an aggregate installed capacity of 510.00 MW, and one steam turbine generator with an installed capacity of 270.00 MW. As at December 31, 2010, the Taiyanggong Power Plant had an installed capacity of 780.00 MW, which accounted for 39.8% of the total installed capacity of all the gas-fired power plants in Beijing, according to Beijing Electric Power Industry Association (北京電力行業協會). As at June 30, 2011, our Taiyanggong Power Plant had an installed capacity of 780.00 MW and an installed heat energy generation capacity of 465.00 MW.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Installed capacity (MW)	780.00	780.00	780.00	780.00	780.00
Installed heat energy generation capacity (MW)	465.00	465.00	465.00	465.00	465.00
Capacity under construction (MW)	—	—	—	—	—
Heat energy generation capacity under construction (MW)	—	—	—	—	—
Average utilization hours (hours)	2,365	2,770	4,284	2,270	1,849[4]
Gross generation (MWh)	1,076,153[1]	2,160,359	3,341,370	1,770,810	1,442,228
Electricity sales (MWh)[2]	1,067,993[1]	2,085,122	3,239,236	1,718,404	1,403,551
Applicable on-grid tariff at year end (RMB/MWh)	472.0	528.0	528.0	528.0	538.0
Net power generation (MWh)	1,067,993	2,085,122	3,239,236	1,718,404	1,403,551
Heat energy generation (kGJ)	438.5	1,828.2	3,209.3	2,136.0	2,118.3
Availability factor (%)[3]	88.05[1]	97.80	91.40	90.67	76.54[4]
Heat rate / Net generation standard gas consumption rate (m^3/GJ)	34.13	33.00	33.00	33.00	33.00
Actual volumes of natural gas processed (km^3)	218,853	465,531	740,229	399,437	323,840

Notes:

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

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

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

(4) The decrease in the average utilization hours and the availability factor for the six months ended June 30, 2011 was due to the maintenance and technical adjustment conducted in the period, during which we installed on-time compressor blade cleaning devices to increase the gas consumption efficiency at our Taiyanggong Power Plant. We expect the gas consumption rate for the Taiyanggong Power Plant to decrease in 2011 as compared to 2010, through the installation of on-time compressor blade cleaning devices as well as raising the power generation load intensity.

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

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

During the Track Record Period, Taiyanggong Power purchased natural gas from Beijing Gas Group, with whom Taiyanggong Power entered into a natural gas supply agreement on December 2010, which is valid until December 31, 2013 and is subject to automatic extension after December 31, 2013 until (i) termination in writing due to reasons including gas supply failure and force majeure, or (ii) a new contract is entered into. According to this agreement, Beijing Gas Group will supply natural gas to the Taiyanggong Power Plant at a purchase price of RMB2.28 per m^3 (VAT inclusive) or at other prices, both of which are subject to adjustment by relevant government authority from time to time. The agreement also provided that Beijing Gas Group shall meter the volume of gas consumed every 15 days, and the Taiyanggong Power Plant shall pay for the gas consumed within ten days thereafter. We were not given priority as to the gas supply. Prior to this agreement, the Taiyanggong Power Plant entered into a natural gas supply agreement with Beijing Gas Group on August 15, 2007, which expired on December 31, 2010.

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

Jingfeng Power Plant

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

The Jingfeng Power Plant installed a 9F-grade gas-fired gas-steam combined cycle system (9F級燃氣蒸汽聯合循環機組) with a gas turbine manufactured by Mitsubishi in 2005 which started operation in 2006, and completed its cogeneration upgrade in 2008, which allowed it to sell both electricity and heat energy. As at December 31, 2010, the Jingfeng Power Plant had an installed capacity of 410.00 MW, representing 21% of the total installed capacity of all the gas-fired power plants in Beijing. As at June 30, 2011, the Jingfeng Power Plant had an installed capacity of 410.00 MW and an installed heat energy generation capacity of 116.00 MW.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Installed capacity (MW)	410.00	410.00	410.00	410.00	410.00
Installed heat energy generation capacity (MW)	116.00	116.00	116.00	116.00	116.00
Capacity under construction (MW)	—	—	—	—	—
Heat energy generation capacity under construction (MW)	—	—	—	—	—
Average utilization hours (hours)	4,917	4,133	4,148	2,291	2,278
Gross generation (MWh)	2,015,817	1,694,501	1,700,643	939,373	933,975
Electricity sales (MWh)(1)	1,976,258	1,663,184	1,666,658	922,888	912,955
Applicable on-grid tariff at year end (RMB/MWh)	472.0	528.0	528.0	528.0	538.0
Net power generation (MWh)	1,976,258	1,663,184	1,666,658	922,888	912,955
Heat energy generation (kGJ)	300.4	823.2	898.4	574.2	628.2
Availability factor (%)(2)	86.71	96.48	76.96	88.15	96.23
Heat energy generation rate / Net generation standard gas consumption rate (m^3/GJ)	34.50	34.50	34.99	34.33	33.58
Actual volumes of natural gas processed (km^3)	395,207	340,898	342,672	187,037	181,649

Notes:

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

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

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

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

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

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

Jingqiao Power Plant

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

The Jingqiao Power Plant consists of two phases. The first phase, which only generates heat energy with an installed heat energy generation capacity of 464.00 MW, has been in operation since December 2008. The second phase, a gas-fired cogeneration project, is expected to be completed by September 2012. The first phase has temporarily ceased producing heat energy due to its technical adjustment in connection with the construction of the second phase and is expected to resume production prior to the heat supply period starting from late 2012 after this adjustment. We expect the second phase of the Jingqiao Power Plant to have an installed capacity of 838.20 MW and an installed heat energy generation capacity of 592.00 MW.

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

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Installed heat energy generation capacity (MW)	464.00	464.00	464.00	464.00	464.00
Capacity under construction (MW)	—	—	838.20	—	838.20
Heat energy generation capacity under construction (MW)	—	—	592.00	—	592.00
Heat energy generation (kGJ)	384.3	2,463.4	1,517.4	1,350.7	648.0
Availability factor (%)	97.6	96.5	97.9	96.7	100.0
Heat rate / Net generation standard gas consumption rate (m^3/GJ)	30.67	30.67	30.66	30.70	31.41
Actual volumes of natural gas processed (km^3)	12,890	75,520	46,531	41,423	20,355

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

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

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

Our Pipeline Gas-fired Power and Heat Energy Generation Projects

Some of our gas-fired power and heat energy generation projects have not commenced construction. We refer to such projects as pipeline projects. As at June 30, 2011, we had four pipeline gas-fired and heat energy generation projects available for future development with a consolidated estimated capacity of 2,440.00 MW, all of which were strategically located in Beijing.

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

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

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

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

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

Sale of Electricity and Heat Energy

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

For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, revenue generated from sales of electricity from our gas-fired power plants amounted to RMB1,093.4 million, RMB1,545.7 million, RMB2,185.2 million and RMB1,034.3 million, respectively, accounting for 94.0%, 81.7%, 85.6% and 80.7% of our total revenue generated from our gas-fired power and heat energy generation business for each respective period.

For the years ended December 31, 2008, 2009, 2010 and the six months ended June 30, 2011, revenue generated from sales of the heat energy from our gas-fired power plants amounted to RMB70.2 million, RMB346.2 million, RMB368.6 million and RMB247.3 million, respectively, accounting for 6.0%, 18.3%, 14.4% and 19.3% of our total revenue generated from our gas-fired power and heat energy generation business for each respective period.

Sale of Electricity

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

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

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

On-grid Tariffs

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

Our gas-fired power plants are entitled to a higher on-grid tariff than coal-fired power plants in Beijing, mainly due to the price differences between natural gas and coal, as well as government policies encouraging the utilization of fuels that are more environmentally friendly. On May 27, 2011, the NDRC announced a further tariff increase in various provinces and municipalities in China. Accordingly, the on-grid tariff for our gas-fired power plants in Beijing increased from RMB528 per MWh to RMB538 per MWh, effective from April 10, 2011.

For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the weighted average on-grid tariffs (VAT inclusive) of our gas-fired cogeneration plants were RMB0.4202 per kWh, RMB0.4825 per kWh, RMB0.5211 per kWh and RMB0.5224 per kWh, respectively.

Power Output

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

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

	For the year ended December 31,			**For the six months ended June 30,**	
	2008	**2009**	**2010**	**2010**	**2011**
			(hours)		
Taiyanggong Power Plant	2,365	2,770	4,284	2,270	1,849
Jingfeng Power Plant	4,917	4,133	4,148	2,291	2,278

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

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
			(MWh)		
Taiyanggong Power Plant	1,067,993	2,085,122	3,239,236	1,718,404	1,403,551
Jingfeng Power Plant	1,976,258	1,663,184	1,666,658	922,888	912,955
Total	**3,044,251**	**3,748,306**	**4,905,894**	**2,641,291**(1)	**2,316,505**(1)

Note:

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

Sale of Heat Energy

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

During the Track Record Period, the Taiyanggong Power Plant and the Jingqiao Power Plant were within the centralized heat energy supply network, and sold all the heat energy they generated to BDHG, which distributed the heat energy to industrial or residential end users within the coverage of its network in Beijing. The Jingfeng Power Plant is within the area of regional heat energy supply, and entered into HESAs with two major heat energy end users adjacent to the power plant which was beyond the supply network of BDHG.

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

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

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
			(RMB/GJ)		
Taiyanggong Power Plant	68.21	67.76	68.89	67.68	78.63
Jingfeng Power Plant	55.53	68.55	70.60	67.99	79.63
Jingqiao Power Plant	85.32	85.61	86.98	85.97	97.00

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

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
			(kGJ)		
Taiyanggong Power Plant	438.5	1,828.2	3,209.3	2,136.0	2,118.3
Jingfeng Power Plant	300.4	823.2	898.4	574.2	628.2
Jingqiao Power Plant	384.3	2,463.4	1,517.4	1,350.7	648.0
Total	**1,123.2**	**5,114.8**	**5,625.1**	**4,060.8**(1)	**3,394.6**(1)

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

Preferential Government Policies

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

- *Feed-in tariff and government subsidies.* Pursuant to the Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》) and the Notice on Improving the Management of Subsidy to Power Enterprises (《關於加強電力企業補貼資金管理的通知》) our gas-fired power and heat energy generation business is entitled to government subsidies. The PRC Government provides relevant temporary financial subsidies through feed-in tariffs, which are higher than the on-grid tariff for electricity generated by gas-fired power plants. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the total amount of financial subsidies that we received from the PRC government for our gas-fired power and heat energy generation projects amounted to RMB471.3 million, RMB426.8 million, RMB408.7 million and RMB313.6 million, respectively.

- *PRC tax benefits.* PRC heat energy companies are entitled to an exemption of VAT levied on heat energy generated from gas-fired power that is sold to residential users. Please see the section headed "Regulatory Overview—VII. Taxation—2. Value Added Tax" for further details.

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

Suppliers

Natural Gas Suppliers

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

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

The price of gas is prescribed, reviewed and approved by the NDRC Beijing branch. The weighted average price (VAT inclusive) for our gas-fired power plants to purchase natural gas is RMB1.82 per cubic meter, RMB1.87 per cubic meter, RMB1.97 per cubic meter and RMB2.21 per cubic meter for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

Combined Cycle Cogeneration Units Suppliers

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

Other Suppliers

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

Cogeneration Process

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

Operation and Maintenance

We conduct major maintenance to our gas-fired power generators after one year of operation at full load, after which we perform such tasks every four to six years to maintain the performance of our power generators. We manage, repair and maintain our Jingfeng power plant through our own maintenance teams, and we have entered into a long-term spare parts management and services agreement with Mitsubishi Heavy Industries Dongfang Gas Turbine (Guangzhou) Co., Ltd., (三菱重工東方燃氣輪機（廣州）有限公司) while for our Taiyanggong power plant we outsource such services to General Electric, under a long-term Contractual Service Agreement.

The total maintenance expenses of our power plants for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were RMB76.0 million, RMB98.7 million, RMB104.5 million and RMB36.2 million, respectively, representing 3.4%, 2.1%, 2.9% and 1.9% of our total revenue for each respective period.

OUR WIND POWER BUSINESS

As at December 31, 2009 and 2010, we ranked sixth and eighth in China, respectively, according to the HydroChina Report, in terms of consolidated connected capacity of our wind farms. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 1.4%, 3.1% and 2.4%, respectively, of China's total wind power installed capacity, according to WWEA. In addition, we are the only wind farm operator in Beijing. Our wind power business has experienced a rapid growth in terms of consolidated installed capacity during the Track Record Period. As at December 31, 2008, 2009 and 2010, the consolidated installed capacity of our wind power business was 165.00 MW, 811.25 MW and 1,058.75 MW, respectively, representing a CAGR of 153.31%. As at June 30, 2011, the consolidated installed capacity for our wind power business was 1,094.75 MW. Our revenue generated from our wind power business segment were RMB115.3 million, RMB367.8 million, RMB1,032.5 million and RMB608.7 million for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Revenue contribution from our wind power business as a percentage of our total reportable segment revenue (which excludes revenue from concession construction arrangements) also increased over the Track Record Period and accounted for 8.6%, 15.3%, 28.3% and 32.2% of our total reportable segment revenue for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

We develop, manage and operate wind farms and sell electricity generated by our wind farms to local grid companies. As at June 30, 2011, our wind farms in operation and under construction were located in Inner Mongolia, Beijing, Ningxia and Liaoning Province. As at June 30, 2011, we had 17 wind farms in operation with a consolidated installed capacity of 1,094.75 MW, and 11 wind power projects under construction with a consolidated capacity under construction of 505.50 MW.

We also had a portfolio of pipeline wind power projects suitable for future development with a consolidated estimated capacity of 4,791.00 MW as at June 30, 2011, including two Tier 1 pipeline projects with a consolidated estimated capacity of 99.00 MW, 13 Tier 2 pipeline projects with a consolidated estimated capacity of 1,395.00 MW and 14 Tier 3 pipeline projects with a consolidated estimated capacity of 3,297.00 MW. These pipeline wind power projects are mainly located in north-east and northern China, including in Inner Mongolia, Beijing, Ningxia, Hebei Province and Liaoning Province, which offer abundant wind resources. We make our strategic decisions regarding the locations and the timing for development of these projects based on the feasibility studies we conduct for each project, which consider various factors, including local wind resources, construction conditions, power transmission and dispatch conditions, and on-grid tariffs. For further details about our pipeline wind power projects, please see the paragraph headed "—Our Pipeline Wind Power Projects" below.

According to our expansion plan, we expect the consolidated installed capacity of our wind power business to increase by 357.00 MW by the end of 2011, and further increase by 695.00 MW by the end of 2012, resulting in an estimated consolidated installed capacity of 2,146.75 MW by the end of 2012.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Total installed capacity (MW)	165.00	811.25	1,058.75	1,009.25	1,094.75
Consolidated installed capacity (MW)	165.00	811.25	1,058.75	1,009.25	1,094.75
Average consolidated installed capacity (MW)	125.25	357.44	981.75	926.75	1,088.75
Attributable installed capacity (MW)	165.00	811.25	1,058.75	1,009.25	1,094.75
Consolidated capacity under construction (MW)	745.25	283.50	393.00	214.50	505.50
Consolidated gross power generation (MWh)	270,037	801,772	2,326,242	1,103,176	1,331,073
Consolidated net power generation (MWh)	266,247	787,060	2,287,689	1,086,849	1,306,880
Average utilization hours (hours)	2,156	2,243	2,369	1,190	1,223
Availability factor (%)	98.16	98.02	98.22	98.17	98.34

Description of Our Wind Farms

The table below sets out the details of our wind power projects including wind farms in operation and under construction, and pipeline wind power projects as at June 30, 2011:

Project Type	Geographic Location	Number of Wind Farms	Consolidated Installed Capacity(1)
			(MW)
Wind farms in operation	Inner Mongolia	12	895.25
	Beijing	4	150.00
	Liaoning province	1	49.50
Total		**17**	**1,094.75**
Wind farms under construction	Inner Mongolia	7	307.50
	Ningxia	4	198.00
Total		**11**	**505.50**
Tier 1(2) pipeline wind power projects	Ningxia	1	49.50
	Liaoning province	1	49.50
Total		**2**	**99.00**
Tier 2(2) pipeline wind power projects	Inner Mongolia	8	1,147.50
	Ningxia	4	198.00
	Beijing	1	49.50
Total		**13**	**1,395.00**
Tier 3(2) pipeline wind power projects	Inner Mongolia	10	2,998.00
	Beijing	3	199.00
	Hebei province	1	100.00
Total		**14**	**3,297.00**

Notes:

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

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

Wind Farms in operation or under construction

Wind Farms in Inner Mongolia

We started to develop our first wind power project in Inner Mongolia in 2005. As at June 30, 2011, we had 12 wind power projects in operation in Inner Mongolia with a consolidated installed capacity of 895.25 MW.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Consolidated installed capacity (MW)	100.50	697.25	895.25	895.25	895.25
Average consolidated installed capacity (MW)	100.50	273.69	854.00	812.75	895.25
Consolidated capacity under construction (MW)	695.75	198.00	258.00	129.00	307.50
Consolidated gross power generation (MWh)	216,752	650,389	2,056,632	965,188	1,084,150
Consolidated net power generation (MWh)	214,957	641,140	2,022,964	950,023	1,067,240

The table below sets out details of our wind farms in operation and under construction as at June 30, 2011 in Inner Mongolia.

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

Note:

(1) This project is a concession project.

Name of the Wind Farms	Estimated Consolidated Installed Capacity (MW)	Ownership (%)	Estimated/ Commencement date of operation	On-grid Tariff (VAT inclusive) (RMB /kWh)
Under Construction				
Chifengqigan Wind Farm Phase I (赤峰旗杆風電場一期)	49.50	100.0	December 2011	0.550
Xinganmeng Keyouzhongqi Wind Farm Phase I (興安盟科右中旗風電場一期)	49.50	100.0	December 2011	0.550
Balinyou Wind Farm Phase I (巴林右風電場一期)	49.50	100.0	September 2011	0.550
Shangdu Wind Farm Phase II (商都風電場二期)	49.50	100.0	August 2011	0.520
Xianghuangqi Wind Farm Phase I (鑲黃旗風電場一期)	49.50	100.0	April 2012	0.510
Huitengxile Wind Farm Phase II (輝騰錫勒風電場二期)	30.00	100.0	August 2011	0.510
Huolinhe Wind Farm Phase II (霍林河風電場二期)	30.00	100.0	November 2011	0.540
Subtotal	**307.50**			

Wind Farms in Beijing

We started to develop our first wind power project in Beijing in 2007. As at June 30, 2011, we had four wind power projects in Beijing with a consolidated installed capacity of 150.00 MW.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Consolidated installed capacity (MW)	64.50	64.50	114.00	64.50	150.00
Average consolidated installed capacity (MW)	24.75	64.50	78.25	64.50	144.00
Consolidated capacity under construction (MW)	—	85.50	36.00	85.50	—
Consolidated gross power generation (MWh)	53,286	122,217	184,616	92,015	201,294
Consolidated net power generation (MWh)	51,291	117,269	180,569	90,864	194,392

The table below sets out details of our wind farms in operation as at June 30, 2011 in Beijing.

Name of the Wind Farms	Consolidated Installed Capacity	Ownership	Commencement date of operation	On-grid Tariff (VAT inclusive)
	(MW)	*(%)*		*(RMB /kWh)*
In Operation				
Lumingshan Guanting Wind Farm Phase I (鹿鳴山官廳風電場一期)	49.50	100.0	June 2008	0.750
Lumingshan Guanting Wind Farm Phase II (鹿鳴山官廳風電場二期)	49.50	100.0	September 2010	0.750
Lumingshan Guanting Wind Farm Phase II (Density Increased) (鹿鳴山官廳風電場二期加密)	36.00	100.0	January 2011	0.750
Yanqing Wind Farm (延慶風電場)	15.00	100.0	December 2008	0.750
Subtotal	**150.00**			

Wind Farm in Liaoning province

We started to develop our first wind power project in Liaoning province in 2008. As at June 30, 2011, we had one wind power project in operation in Liaoning province with a consolidated installed capacity of 49.50 MW.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Consolidated installed capacity (MW)	—	49.50	49.50	49.50	49.50
Average consolidated installed capacity (MW)	—	19.25	49.50	49.50	49.50
Consolidated capacity under construction (MW)	49.50	—	—	—	—
Consolidated gross power generation (MWh)	—	29,167	84,994	45,972	45,629
Consolidated net power generation (MWh)	—	28,651	84,156	45,962	45,248

The table below sets out details of our wind farm in operation as at June 30, 2011 in Liaoning province.

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

Wind Farms in Ningxia

As at June 30, 2011, we had four wind power projects under construction in Ningxia with a consolidated capacity under construction of 198.00 MW.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
Consolidated installed capacity (MW)	—	—	—	—	—
Average consolidated installed capacity (MW)	—	—	—	—	—
Consolidated capacity under construction (MW)	—	—	99.00	—	198.00
Consolidated gross power generation (MWh)	—	—	—	—	—
Consolidated net power generation (MWh)	—	—	—	—	—

The table below sets out details of our wind power projects under construction as at June 30, 2011 in Ningxia.

Name of the Wind Farm	Estimated Consolidated Installed Capacity	Ownership	Estimated commencement date of operation	On-Grid Tariff (VAT inclusive)
	(MW)	*(%)*		*(RMB/kWh)*
Under Construction				
Ningxia Taiyangshan Wind Farm Phase I (寧夏太陽山風電場一期)	49.50	100.0	August 2011	0.580
Ningxia Taiyangshan Wind Farm Phase II (寧夏太陽山風電場二期)	49.50	100.0	December 2011	0.580
Ningxia Lingwu Wind Farm Phase I (寧夏靈武風電場一期)	49.50	100.0	January 2012	0.580
Ningxia Lingwu Wind Farm Phase II (寧夏靈武風電場二期)	49.50	100.0	July 2012	0.580
Subtotal	**198.00**			

Our Pipeline Wind Power Projects

We refer to our wind power projects that have not commenced construction as pipeline wind power projects. As at June 30, 2011, we had 29 pipeline wind power projects available for future development with a consolidated estimated capacity of 4,791.00 MW.

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

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

Pipeline Project	Description
Tier 1	Tier 1 projects refer to those pipeline projects that have received all the relevant project initiation approvals from the PRC government. As at June 30, 2011, we had two Tier 1 pipeline wind power projects in Ningxia and Liaoning province, with a consolidated estimated capacity of 99.00 MW.
Tier 2	Tier 2 projects refer to those pipeline projects for which we have entered into investment and development agreements with local governments; preliminary assessment of wind resources has been conducted; and internal approval from our management has been obtained or is under review. As at June 30, 2011, we had 13 Tier 2 pipeline wind power projects, including eight projects in Inner Mongolia, four projects in Ningxia, and one project in Beijing with a consolidated estimated capacity of 1,395.00 MW.
Tier 3	Tier 3 projects refer to those pipeline projects for which we have obtained either investment and development agreements or preliminary memorandum of understanding from relevant government authorities. As at June 30, 2011, we had 14 Tier 3 pipeline wind power projects, including ten projects in Inner Mongolia, three projects in Beijing, and one project in Hebei province with a consolidated estimated capacity of 3,297.00 MW.

Standard Wind Farm Development Phases

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

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

Key Development Phase	Major Steps
Entering into investment and development agreements (excluding wind resource evaluation, generally three to six months)	• Identification and Evaluation—The first step is to identify a site and assess its potential to be developed into a wind farm. We will evaluate potential sites based on a range of criteria including wind conditions, topography, proximity to and available capacity of grid systems, size of estimated capacity, transportation access, availability and ownership of land and environmental characteristics. • Investment and Development Agreement—After we have identified a potential site, we enter into an investment and development agreement with the relevant local government, pursuant to which local governments typically agree to reserve specified sites for us, facilitate our wind farm development and construction processes, and grant us exclusive rights to develop our wind farms at specified sites for a specified period. • Surveys and Tests—After we enter into an investment and development agreement, our professional development team will conduct detailed site surveys and wind tests. We generally require a minimum of 12 months' wind data to assess the feasibility of constructing a wind power project.

Internal approval and government approvals (generally three to six months)	*Internal approval*
	
	• Internal approval—Based on results of the wind tests, our professional development team will apply for internal approval from management.
	
	• Preliminary work—After receiving management approval, we will commence the preliminary work for establishing a wind farm including conducting a feasibility study.
	
	Government approval and Third-party consents
	
	We are required to obtain a number of government permits, licenses and other approvals before we begin to construct a wind farm. This process generally involves the following major steps:
	
	• Obtaining Preliminary Government Approvals and Third-party Consents
	
	  • approval from the state or local environmental protection agency for the environmental impact assessment for construction of a wind power project
	
	  • preliminary approval for the wind farm's construction land from the Ministry of Land and Resources or its local counterpart
	
	  • a memorandum of understanding from banks that have agreed in principle to provide project financing

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

Our Concession Projects

While we developed most of our existing and pipeline wind power projects pursuant to investment and development agreements entered into with local governments, as at

June 30, 2011, we had also been awarded and operated four concession projects. We entered into service concession arrangements with the Inner Mongolia Development and Reforms Commission (內蒙古發展和改革委員會) for all of our concession projects through a competitive tender process.

As at June 30, 2011, our concession projects had consolidated installed capacity of 498.75 MW, accounting for 45.6% of the consolidated installed capacity of our wind power business. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, revenue generated from our wind power concession projects accounted for 4%, 4%, 13% and 13%, respectively, of our total revenue.

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

On-grid Tariffs

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

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

Pursuant to the Renewable Energy Law and the Trial Measure for the Renewable Resources Tariff and Cost Sharing (《可再生能源發電價格和費用分攤管理試行辦法》), with respect to renewable energy projects, including wind power projects, approved after January 1, 2006, the price premium for on-grid renewable power over the benchmark on-grid tariff for the desulfurized coal power in the same province, together with the grid connection cost of on-grid renewable power, will effectively be borne by all electricity end users. Grid companies charge a tariff surcharge on selling prices at the provincial and national levels to reflect their extra costs for purchasing and inter-connecting renewable power. According to the various notices regarding the adjustment of on-grid tariff in various regions of the PRC issued by the NDRC, the tariff surcharge was increased to RMB0.0040 per kWh effective from November 20, 2009. The Directors believe that our wind power business will benefit from the increase in tariff surcharge as additional funds are available for grid companies to settle receivables in the sales of electricity of our wind farms.

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

Mandatory Purchase and Grid Connection

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

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

Electricity Sale

We generate revenue in our wind power business primarily from the sale of electricity generated from our wind farms. Due to the mandatory purchase of electricity generated from renewable energy by the grid companies as provided under the current regulatory framework, our wind farms sell all of the electricity that they generate to local grid companies (except for auxiliary power usage and transmission loss). We sell electricity based on the PPAs we enter into with local grid companies in accordance with applicable PRC regulations. A PPA typically has various standard terms, such as on-grid tariff, metering and payment. The PPAs usually have a term of several months to five years.

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

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

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

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

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

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

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

Geographic location	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
			(MWh)		
Inner Mongolia	214,957	641,140	2,022,964	950,023	1,067,240
Beijing	51,291	117,269	180,569	90,864	194,392
Liaoning province	—	28,651	84,156	45,962	45,248
Total	**266,247**(1)	**787,060**	**2,287,689**	**1,086,849**	**1,306,880**

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

Government Subsidy

Pursuant to the *Notice of Temporary Measures on Management of Subsidies Funding to Beijing Urban Public Use Enterprises* 《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》 and the *Notice on Improving the Management on Subsidy to Power Enterprises*《關於加強電力企業補貼資金管理的通知》, all of our wind farms in Beijing are entitled to government subsidies. The PRC Government in Beijing provides relevant financial subsidies through the policy of feed-in tariffs, which are higher than the on-grid tariff for electricity generated by the relevant wind farms. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-

Purpose-Subsidy" for further details on the relevant policy. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the total amount of financial subsidies that we received from the PRC government for our wind power projects was nil, RMB7.5 million, RMB11.8 million and RMB15.6 million, respectively.

Suppliers

Wind Turbine Suppliers

Wind turbine purchase price generally accounts for approximately 55% to 70% of our upfront construction costs of a wind power project. We generally determine our wind turbine suppliers through a bidding process taking into account factors including reliability, reputation, product quality, price, technologies, production capabilities and after-sales support. We generally procure our wind turbine equipment from reputable suppliers.

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

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

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

Other Suppliers

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

Operation and Maintenance

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

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

OUR SMALL TO MEDIUM HYDROPOWER AND OTHER CLEAN ENERGY GENERATION BUSINESSES

In addition to our gas-fired power and heat energy generation business and wind power business, we also develop, manage and operate power generation projects utilizing various other clean energy resources, including five small to medium hydropower projects in operation and under construction that are located in Sichuan province and Yunnan province. As at June 30, 2011, we also had two pipeline small to medium hydropower projects (projects that have not commenced construction but for which we have acquired certain development rights) with a consolidated estimated capacity of 34.00 MW.

Revenue from hydropower and others were RMB59.5 million, RMB148.9 million, RMB56.6 million and RMB1.9 million for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Revenue contribution from hydropower and others accounted for 4.4%, 6.2%, 1.6% and 0.1% of our total revenue (excluding revenue from concession construction) for the respective periods.

As at June 30, 2011, our small to medium hydropower and other businesses had 6.40 MW of consolidated installed capacity and 224.40 MW of consolidated capacity under construction. We expect to have 12.80 MW and 309.39 MW of consolidated installed capacity for our small to medium hydropower and other business by the end of 2011 and 2012, respectively.

In addition, through our associates or jointly controlled entities, we develop, manage and/or operate geothermal, waste-to-energy and sewage-to-energy plants, and sell the electricity, heat energy and cooling source generated by these plants to external customers. We also participate in the construction of the heat energy transmission network through our associates or jointly controlled entities.

Small to Medium Hydropower Projects

The table below sets out the details of our small to medium hydropower projects in operation and under construction as at June 30, 2011:

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

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

Some of our small to medium hydropower projects and other clean energy power projects have not commenced construction. We refer to such projects as pipeline projects. As at June 30, 2011, we had five pipeline small to medium hydropower and other clean energy power projects with a consolidated estimated capacity of 78.59 MW. Among these projects, two were small to medium hydropower projects with a consolidated estimated capacity of 34.00 MW, both located in Yunnan province, and three were solar power projects with a consolidated estimated capacity of 44.59 MW, located in Beijing and Ningxia, respectively.

The following table illustrates our pipeline small to medium hydropower and other clean energy power projects as at June 30, 2011:

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

CARBON CREDIT TRANSACTIONS

In addition to generating revenue from selling electricity to local grid companies, we have also participated in carbon credit transactions through the sale of CERs and VERs, for emission reductions attributable to the electricity output of certain of our gas-fired power and heat energy generation projects, wind power projects and other clean energy projects. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, aggregate sales of CERs and VERs generated other net income of RMB12.7 million, RMB120.6 million, RMB156.3 million and RMB95.6 million, respectively. The sale of CERs and VERs fluctuated during the Track Record Period for a number of reasons. First, the number of our projects registered with CDM increased. Second, our accounting policy is to recognize the income from CERs and VERs when they are issued. For CERs, "issued" means not only that the project has been registered with CDM EB and started to generate electricity, but also the individual CERs were approved and announced through the United Nations Framework Convention on Climate Change website (www.unfccc.com). For VERs, "issued" means the relevant VERs have passed the required examination procedures mutually agreed by the buyer and the seller. The Group recognize income only after relevant carbon offsets were issued because the CERs/VERs became transferable to the buyer and the consideration became receivable at the time the CERs/VERs were "issued".

Clean Development Mechanism and Sale of CERs

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

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

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

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

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

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

According to the Measures for Operation and Management of Clean Development Mechanism Projects (《清潔發展機制項目運行管理辦法》, the "CDM Measures") jointly issued by the NDRC and other ministries, only companies which are wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. As at June 30, 2011, all of our power project companies meet this requirement.

According to the CDM Measures, the proceeds from the sale of CERs of a CDM project are owned by the PRC government and the CDM project operator, and they are allocated by a designated proportion. With respect to wind power projects and other renewable energy projects, the PRC government only imposes a levy of 2% on the proceeds from the sale of CERs.

As at June 30, 2011, we had 36 projects eligible to apply for CDM registration, 24 of which had obtained approval from the NDRC, with the remaining 12 pending approval from the NDRC, and 16 of which had been successfully registered with the CDM EB, with the remaining 8 pending registration with the CDM EB. Among the 16 CDM projects we had registered with CDM EB, two were gas-fired power projects with a total installed capacity of 1,190.00 MW and 14 were wind power projects with a total installed capacity of 745.25 MW.

As at June 30, 2011, we have entered into emission reduction purchase agreements with 13 independent third party purchasers. All of these purchasers are corporate buyers from Europe. The first CERs of our registered CDM projects were issued on May 14, 2008. As at June 30, 2011, both our registered gas-fired power CDM projects have generated other net income. We expect the majority of our registered wind power CDM projects to start generating other income in 2011. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, our income from sales of CERs was approximately RMB12 million, RMB98 million, RMB156 million and RMB96 million, respectively. As at September 30, 2011, it is estimated that our income from the sale of CERs would be approximately RMB122 million for the three months ended December 31, 2011.

Sale of VERs

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

We started selling VERs in 2007, and as at June 30, 2011, our Jingfeng gas-fired power project, Huitengxile wind power project and Guanting wind power project phase I have sold VERs, which generated income of RMB1.08 million, RMB22.55 million, nil and nil for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. The increase in sales of VERs from RMB1.08 million in 2008 to RMB22.55 million in 2009 was primarily due to increased clean energy projects commencing commercial operation, particularly our Jingfeng Power Plant and Lumingshan Guanting Wind Farm Phase I. Sales of VERs was nil in 2010 and the six months ended June 30, 2011 as we accelerated the registration of clean energy projects for CDM, and accordingly, sales of CERs increased from RMB98.10 million in 2009 to RMB156.26 million in 2010, and from RMB91.9 million in the six months ended June 30, 2010 to RMB95.6 million in the six months ended June 30, 2011.

FINANCIAL INVESTMENT

As at June 30, 2011, we owned a 20% equity interest in Beijing Jingneng International, which is a coal-fired power generation company. As at June 30, 2011, the total installed capacity of Beijing Jingneng International was 6,040.47 MW, and the installed capacity attributable to us from Beijing Jingneng International was 1,208.09 MW. As at June 30, 2011, our parent company, BEIH, holds the remaining 80% equity interest in Beijing Jingneng International.

In addition, as at June 30, 2011, we owned a 2% interest in BEIH Finance, a financial service company based in the PRC, and BEIH owned the remaining 98% interest.

TOP FIVE CUSTOMERS AND SUPPLIERS

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

For the years ended December 31, 2008 and 2009 and 2010 and the six months ended June 30, 2011, sales to our five largest customers in the aggregate represented 92.8%, 93.3%, 97.5% and 98.4%, respectively, of our revenue (excluding revenue from concession construction) for the corresponding periods. Sales to our largest customer represented 82.0%, 64.5%, 63.5% and 61.5%, respectively, of our revenue (excluding revenue from concession construction) during the same periods.

During the Track Record Period, purchases from our five largest suppliers accounted for 82.6%, 74.9%, 89.8% and 97.3% of the purchase (excluding the acquisition of property, plant and equipment) made by our Group, respectively. Purchases from our largest supplier, Beijing Gas Group, represented 77.7%, 70.2%, 87.2% and 94.8%, respectively, of the purchase (excluding the acquisition of property, plant and equipment) made by our group during the same periods. BDHG is a connected person of the Company as well as one of our five largest customers. Save as disclosed above, none of our Directors, Supervisors, executive officers, associates or shareholders (which hold more than 5% of the issued share capital of the Company) had any interest in any of our five largest customers during the Track Record Period. Jingfeng Thermal Power is a wholly-owned subsidiary of BEIH, as well as one of our five largest suppliers during the Track Record Period. Save as disclosed above, none of our Directors, Supervisors, executive officers, associates or shareholders (which hold more than 5% of the issued share capital of the Company) had any interest in any of our five largest suppliers during the Track Record Period.

COMPETITION

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

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

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

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

ENVIRONMENTAL REGULATIONS

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

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

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

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

HEALTH AND SAFETY COMPLIANCE

Our business operations, particularly our gas-fired power plants, involve risks and hazards inherent in such activities. These risks and hazards could result in damage to, or destruction of, property or production facilities, personal injury, environmental damage, business interruption and possible legal liability. See the section headed "Risk Factors—Risks Relating to Our Overall Business—Our assets and operations are subject to hazards customary to the electricity generation industry, and we may not have adequate insurance to cover all these hazards". Our power plants have adopted various internal policies and are taking protective measures to prevent health and safety hazards. As of June 30, 2011, we had complied with all the material PRC laws and regulations on environmental protection and workplace safety applicable to our operations, including the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Measures for Regulating the Work Safety of Electricity (《電力安全生產監管辦法》) and the Interim Provisions on the Investigation of Electric Power Generation Accidents (《電力生產事故調查暫行規定》). As at June 30, 2011, we had not been subject to any material fines or administrative actions involving non-compliance with any relevant regulations.

INTELLECTUAL PROPERTY

Our intellectual property consists of trademarks. We have registered our relevant trademarks in the PRC and Hong Kong. We have entered into a trademark license agreement dated May 23, 2011 with BEIH regarding our use of its trademarks for nil consideration.

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

INSURANCE

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

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

LEGAL COMPLIANCE AND PROCEEDINGS

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

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

PROPERTIES

Land

Land for Operating Projects

As at September 30, 2011, we owned, held or occupied 21 parcels of land with a total site area of 841,482.82 m^2 for our operating projects (including sites for our power plants and wind farms in operation, as well as office buildings, staff dormitories and other auxiliary purposes), among which we had not obtained land use right certificates for three parcels of land with a total site area of 90,741.28 m^2 or 10.78% of the total site area underlying our operating wind farms. Other than these three parcels of land, we had proper land use rights to all the land underlying our operating projects as at September 30, 2011.

Land for Projects under Construction

As at September 30, 2011, we owned, held or occupied 21 parcels of land with a total site area of approximately 701,853.99 m^2 for our projects under construction (including sites for power plants and our wind farms under construction, as well as office buildings and other auxiliary purposes), among which we had not obtained land use right certificates for 16 parcels of land or 83.28% with a total site area of 584,490.43 m^2.

Leased Land

As at September 30, 2011, we leased one parcel of land with the land use right certificate for a site area of 20,200 m^2, which is used as the site for one of our operating wind farms (which is also the site for a pipeline solar power project that supplements its wind power generation). Our PRC legal advisor has confirmed that the lease agreement for this parcel of land is valid and legally binding, and that although it was not registered, it will not affect its validity pursuant to PRC law.

Land for Operating Projects without Land Use Right Certificates

We owned, held or occupied in aggregate three parcels of land for operating projects with a total site area of 90,741.28 m^2 for which we had not obtained land use right certificates as of September 30, 2011. These title defects are primarily caused by the ongoing application process for relevant land use right certificates, as obtaining such certificates involves government approvals at different levels.

For one out of the three parcels of land above with a total site area of 71,950 m^2 underlying our Saihan Wind Farm Phase I, we have entered into land use right transfer agreements with relevant government authorities. Our PRC legal advisor has advised us that: (i) the land use right certificate for this parcel of land is being processed, (ii) we may continue to occupy and use the land, and (iii) there is no material legal impediment for us to obtain the land use right certificate. For the other two parcels of land mentioned above with a total site area of 18,791.28 m^2 underlying our Changtu Taiyangshan Wind Farm, our PRC legal advisor has advised us that the maximum fines to which we may be subject is RMB30 per m^2, or RMB563,738.40. In order to obtain land use right certificates for these two parcels of land, we need to first obtain government approval for the transfer of the respective land use right. If such process eventually fails, we may be forced to relocate. We are in the process of applying for such government approval, and our PRC legal advisor has advised us that there is no material legal impediment in obtaining the land use right certificate once our application is approved by the government. In addition, the current prescribed use of land relating to one of these two parcels of land, with a total site area of 11,153.28 m^2, is for agriculture. We have applied to the relevant PRC government authority for changing the prescribed use of land to construction. If we fail to obtain the approval from the relevant PRC government authority, we may be ordered to demolish the building sitting on this parcel of land. To our Directors' knowledge, as at September 30, 2011, we had not received any notice from the relevant authority imposing any penalties or order for relocation, demolishment or confiscation.

BEIH, our controlling shareholder, has undertaken in a letter of undertaking that it will indemnify us against our actual losses, claims, charges and expenses arising from our failure to obtain the outstanding land use right certificates. Our PRC legal advisor has confirmed that the above undertaking given by BEIH is legal, valid and binding. Our Directors are of the view that the title defects of these three parcels of land will not materially and adversely affect our operations, given the indemnities undertaken by BEIH and that the wind farms on top of these parcels of land had a total installed capacity of 99.00 MW, or only 4.3% of our total installed capacity as at June 30, 2011, and revenue contribution from the wind farms accounted for only 1.2%, 2.8% and 2.7%, respectively, of our total revenue in 2009, 2010 and the six months ended June 30, 2011. For further details and risks involved in these title defects, see "Appendix IV—Property Valuation", and the section headed "Risk Factors—Risks Relating to Our Overall Business—We do not possess title certificates in respect of some of the properties we own, and some of the landlords lack relevant title certificates for properties leased to us, which may materially and adversely affect our right to use such properties".

Land for Projects Under Construction without Land Use Right Certificates

We occupied in aggregate 21 parcels of land for projects under construction with a total site area of 701,853.99 m^2, 16 parcels of which with a total site area of 584,490.43 m^2 had not obtained land use right certificates as of September 30, 2011. These title defects are primarily caused by the ongoing application process for relevant land use right certificates and the fact that we are not able to initiate the application process until the boundaries of land have been determined and finalized.

For four out of the 16 parcels of land without land use right certificates with a total site area of 106,466.08 m^2, we have obtained preliminary government approvals necessary to obtain the respective land use right certificate. Our PRC legal advisor has confirmed that there is no material legal impediment for us to obtain the land use right certificates for these parcels of land. However, we have not obtained relevant exemptions from relevant local authorities with respect to penalties they may impose in connection with the title defects on these parcels of land. For these 16 parcels of land, we have been advised by our PRC legal advisor that the maximum fines we may be subject to is RMB30 per m^2 and a total amount of approximately RMB17,534,712.90, and that we may be forced to relocate should we fail to obtain the respective land use right certificate. In addition, according to the preliminary land use opinions issued by land administrative authorities, the current prescribed use of land relating to part or the whole of six of these 16 parcels of land is for agriculture or other purposes and the total site area of the land the use of which needs to be changed is approximately 246,815 m^2. We have applied to the relevant PRC government authorities for changing the prescribed use of land to construction. If we fail to obtain the approval from the relevant PRC government authorities, we may be ordered to demolish the buildings sitting on these six parcels of land. To our Directors' knowledge, as at September 30, 2011, we had not received any notice from relevant authorities imposing any penalty, including order for relocation, demolishment or confiscation. We are in the process of obtaining relevant government approvals and land use right certificates. As these parcels of land are for projects under construction and we expect that we are able to obtain the relevant land use right certificates by the time these projects complete constructions, we believe that the title defects in the current stage will not materially and adversely affect our operations. For further details of our owned land and risks involved in these title defects, see "Appendix IV—Property Valuation", and the section headed "Risk Factors—Risks Relating to Our Overall Business—We do not possess title certificates in respect of some of the properties we own, and some of the landlords lack relevant title certificates for properties leased to us, which may materially and adversely affect our right to use such properties".

Buildings

Owned Buildings

As at September 30, 2011, we owned 115 buildings with a total gross floor area of 146,898.15 m^2, among which we had not obtained building ownership certificates for 24 units with an aggregate gross floor area of 11,266.29 m^2, among which one unit with an area of 458.52 m^2 was a plant building, ten units with a total area of 3,040.79 m^2 were buildings for power distribution and relays, while the remaining 13 were auxiliary buildings for offices, warehouses, water-pumps and a security guard room. As of the Latest Practicable Date, out of the 24 buildings that had not obtained building ownership certificates, we had applied to the relevant government authorities for the certificates of five units and the government authorities had not issued the certificates. With respect to these 24 units, our PRC legal advisor has advised us that the potential legal risks may include suspension of construction, fines, demolishment or confiscation of the structure. Other than the mentioned above, there are no other material legal consequences arising from such non-compliances for the buildings indicated. To our Directors' knowledge, as at September 30, 2011, we had not received any notice from the relevant authority for any penalties. Other than these 24 units, we had obtained building ownership certificates for all the buildings and units owned, held or occupied by us as at September 30, 2011.

BEIH, our controlling shareholder, has undertaken in a letter of undertaking that it will indemnify us against our actual losses, claims, charges and expenses arising from our failure to obtain the outstanding building ownership certificates. Our PRC legal advisor has confirmed that the above undertaking given by BEIH is legal, valid and binding. Our directors are of the view that title defects of these buildings will not materially and adversely affect our operations, given the indemnities undertaken by BEIH and that those buildings are used mainly for auxiliary purposes, and we may find replacements of these buildings at reasonable costs. For further details on these buildings, see "Appendix IV—Property Valuation".

Leased Buildings

As at September 30, 2011, we leased 22 buildings in the PRC with a total gross floor area of approximately 17,003.10 m^2. Among these 22 buildings, the landlords of nine buildings, with a total gross floor area of approximately 10,421.34 m^2, had not obtained building ownership certificates. Our PRC legal advisor has advised us that the leases concerning these buildings may not be protected by the PRC law. As a result, third parties may challenge our rights to use these buildings and we may have to vacate the relevant premises should any challenge succeed. Our PRC legal advisor has advised us that as at September 30, 2011, the lease agreements for these 22 buildings were all valid and legally binding. As advised by our PRC legal advisor, although none of the lease agreements of these 22 buildings was registered, the validity of the lease agreements is not affected. However, we may be required by local government authorities to register the lease agreements within a stipulated period. If we are so required and fail to comply, we may be subject to a fine of above RMB1,000 but not exceeding RMB10,000 for each lease agreement required.

BEIH, our controlling shareholder, has undertaken in a letter of undertaking that it will indemnify us during the terms of our relevant leases against our actual losses, claims, charges and expenses arising from our landlord's failure to obtain the outstanding building ownership certificates and our relevant leases being deemed void. Our PRC legal advisor has confirmed that the above undertaking given by BEIH is legal, valid and binding. Our Directors believe that the lack of building ownership certificates will not materially and adversely affect our results of operations given the indemnities undertaken by BEIH and that these leased properties are primarily used for auxiliary purposes, such as office buildings and staff dormitories, and we may find replacements for these buildings at reasonable costs.

OVERVIEW

In preparation for the Global Offering, our Company was established as a foreign-invested joint stock company with limited liability under the Company Law on August 25, 2010. BEIH and its wholly-owned subsidiary, BIEE, were two of our Promoters and directly owned 85.75% and 0.55%, respectively, of our registered share capital upon establishment. BEIH, a wholly-owned subsidiary of BSAMAC, is a large state-owned investment enterprise incorporated and existing under the laws of the PRC and is principally engaged in the investment in energy, real estate, infrastructure, high-tech and financial sectors in the PRC. BEIH will, immediately upon completion of the Global Offering and assuming no exercise of the Over-allotment Option, remain as our controlling shareholder, and will beneficially own, directly and through BIEE, approximately 69.91% of our equity interest.

DELINEATION OF BUSINESS AND COMPETITION

Business Retained by BEIH

In preparation for the Global Offering, we undertook the Reorganization, through which, BEIH's clean energy generation business, which is our core business, was transferred to our Company by BEIH while the non-core businesses (including coal fired power, real estate, property management, equipment manufacturing, technology development, catering, tendering, fuel oil and storage) previously owned by us were spun off from our predecessor, Beijing Jingneng Technology and transferred to BEIH and its subsidiary and BDHG. Please see the section headed "Our History, Reorganization and Corporate Structure" for details of our Reorganization.

BEIH has the following clean energy business currently under construction / in operation which BEIH will continue to retain or operate directly or indirectly after the Global Offering (the "**Retained Business**"). Save for the Retained Business, there is no other clean energy business retained or operated by BEIH which will compete or is likely to compete with our core business. If the Retained Business held by BEIH were to be included in our Group or if we were to acquire the Retained Business which BEIH has agreed to acquire after the Track Record Period, our Group will still be able to satisfy the profit requirement contained in Rule 8.05(1)(a) of the Listing Rules. The Retained Business principally includes:

Business Type	Name of the Company	BEIH's Interest	Key Features	Location	Installed Capacity / Estimated Capacity (in MW)	Status as at the Latest Practicable Date
Gas-fired Power Business	Huaneng Beijing Thermal Power Co., Ltd. (華能北京熱電有限責任公司)	Beijing Jingneng International, a subsidiary of BEIH, holds a 34% equity interest in this company	Developing and operating gas-fired power plants and supplying heat energy	Beijing	923	Under construction
	Shenzhen Yuhu Power Co., Ltd. (深圳鈺湖電力有限公司)(1)	90%	Developing and operating gas-fired power plants	Guangdong	360	In operation

Business Type	Name of the Company	BEIH's Interest	Key Features	Location	Installed Capacity / Estimated Capacity (in MW)	Status as at the Latest Practicable Date
HydroPower Business	Hanjiang Hydro	16%	Developing and operating hydro plants	Hubei	563	Under construction
	Sichuan Dachuan Power Co., Ltd. (四川大川電力有限公司)	100%	Developing and operating hydro plants	Sichuan	119.1	In operation
	Sichuan Zhongneng Power Co., Ltd. (四川眾能電力有限公司)	100%	Developing and operating hydro plants	Sichuan	60.39	In operation
Biomass Power Business	Guodian Tangyuan	40%	Developing and operating biomass power plants	Heilongjiang	30	In operation
	Shandong Jingneng Energy	60%	Developing and operating biomass power plants	Shandong	24	In operation

Note:

(1) Shenzhen Yuhu Power Co., Ltd. and its subsidiary have two pipeline gas-fired power projects for future development. However, since these two projects had not been approved by NDRC or its local counterparts as at the Latest Practicable Date and are subject to concrete development plans, they are not included in this table as Retained Business.

Gas-fired Power Business

Beijing Jingneng International, a subsidiary of BEIH, holds, and will after the Global Offering continue to hold a 34% of the equity interest in Huaneng Beijing Thermal Power Co., Ltd. (華能北京熱電有限責任公司) with a capacity under construction of 923MW for its gas-fired power business. Huaneng Beijing Thermal Power Co., Ltd.'s gas-fired power plant is expected to be completed in late 2011 or early 2012. The Board was of the view that the relevant gas-fired power plant was still under construction and the profitability was uncertain. Therefore, BEIH's interest in this company was not transferred to us. Given that we have the option and the pre-emptive right to acquire BEIH's gas-fired power business pursuant to the Non-Competition Agreements (for details of which please see the paragraph headed "Non-Competition Agreements and Undertakings" below), we retain the flexibility to acquire BEIH's interest in this company from BEIH in the future if our Directors believe that such acquisition would be in the interest of our business and our Shareholders. The gas-fired power plant of Huaneng Beijing Thermal Power Co., Ltd. is still under construction and has not generated revenue. According to the interim report of Huaneng Power International, Inc. of 2011, the capital expenditure incurred for this gas-fired power plant as at June 30, 2011 was RMB590,154,880. In addition to its gas-fired power business, Huaneng Beijing Thermal Power Co., Ltd. has been engaged in coal-fired power business. Huaneng Beijing Thermal Power Co., Ltd. is a subsidiary of Huaneng Power International, Inc.

Our Directors believe that the gas-fired power plant of Huaneng Beijing Thermal Power Co., Ltd., which is still under construction, will not compete with the Company's business following completion of construction for the following reasons:

- the annual net power generation for each of our gas-fired power plants was determined by the NDRC Beijing Branch with reference to the total installed capacity of that plant as approved by the NDRC Beijing Branch prior to the construction; and

- it is usual for power plants in Beijing to supply heat energy to end users located within certain distance of the plant. Huaneng Beijing Thermal Power Co., Ltd. is located within the centralized heat energy supply network and, following completion, will supply heat energy to BDHG, one of the Group's direct customers. However, due to geographical distance between our plants and the plant to be operated by Huaneng Beijing Thermal Power Co., Ltd., the Group does not supply heat energy to the same end users as Huaneng Beijing Thermal Power Co., Ltd.

As at the Latest Practicable Date, BEIH has acquired a 90% equity interest in Shenzhen Yuhu Power Co., Ltd. (深圳鈺湖電力有限公司) from Independent Third Parties according to an equity transfer agreement dated July 10, 2011. Moreover, according to the same equity transfer agreement, BEIH agreed to procure its listed subsidiary to acquire Shenzhen Yuhu Power Co., Ltd. within two years from the date of the change of registration evidencing the equity transfer or otherwise buy out the remaining 10% equity interest in Shenzhen Yuhu Power Co., Ltd. The Company is not a party to this equity transfer agreement. Shenzhen Yuhu Power Co., Ltd. owns two 9E-grade gas-fired generation systems with an installed capacity of 360MW in total. In addition, Shenzhen Yuhu Power Co., Ltd. and its subsidiary have two pipeline gas-fired power projects for future development with 9F-grade generation systems with an expected capacity of 1,400MW in total. According to Shenzhen Yuhu Power Co., Ltd., as at the Latest Practicable Date, these two pipeline projects were still being planned and project approvals had not been obtained. Subject to concrete development plans and obtaining government approvals, BEIH will own 100% and 85%, respectively, of the equity interest in these two pipeline projects. The Directors were of the view that this company did not fit the acquisition criteria of the Company because of a wide range of reasons, including but not limited to, the estimated profitability, investment value and permits and approval requirements. The Company expected that the return of investment of these projects would not have exceeded 8%.

As at December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the net assets of Shenzhen Yuhu Power Co., Ltd. (unaudited) were approximately RMB495.8 million, RMB302.8 million, RMB51.9 million and RMB(454) million, respectively.

For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the net profit/(loss) of Shenzhen Yuhu Power Co., Ltd. (unaudited) were approximately RMB29.9 million, RMB(186.8) million, RMB(250.9) million and RMB(110.6) million, respectively.

As Shenzhen Yuhu Power Co., Ltd. can only sell electricity to its respective provincial grid company which is different from the Group's customers, the Directors consider that after the completion of the acquisition, BEIH's gas-fired power business will not compete with ours.

Hydropower Business Retained by BEIH

BEIH directly holds and will continue to hold, after the Global Offering, a 16% equity interest in Hanjiang Hydro. Hanjiang Hydro owns two hydropower plants with a total capacity under construction of 563MW in Hubei Province. However, as of the Latest Practicable Date, none of our hydropower plants was located in Hubei Province. Hanjiang Hydro's power plants can only sell electricity to its provincial grid company which is different from the Company's customers. As the Group does not share any common customers with Hanjiang Hydro's power plants, our Directors are of the view that Hanjiang Hydro's hydropower business does not compete with ours. Hanjiang Hydro has not commenced business operation. During the Track Record Period, net assets of Hanjiang Hydro (unaudited) were RMB400 million, RMB1,100 million, RMB1,100 million and RMB1,100 million, respectively.

BEIH directly holds and will continue to hold, after the Global Offering, 100% equity interest in Sichuan Dachuan Power Co., Ltd. (四川大川電力有限公司) and Sichuan Zhongneng Power Co., Ltd. (四川眾能電力有限公司), respectively. As at the Latest Practicable Date, these two power companies owned 14 operating hydropower plants, with an installed capacity of 179.49MW in total, in Sichuan Province where the Group also has hydropower business. The Directors were of the view that these plants did not fit the acquisition criteria of the Company because of a wide range of reasons, including but not limited to, low investment value due to the high purchase price and permits and approval requirements such as title certificates for land, project approval, water intake permit and environmental approval. The Company expected that the return of investment of these projects would not have exceeded 8%.

As at December 31, 2008, 2009, 2010 and the six months ended June 30, 2011, the net assets of Sichuan Dachuan Power Co., Ltd. (unaudited) were approximately RMB279.1 million, RMB331.9 million, RMB473.0 million and RMB486.3 million, respectively. The net profit of Sichuan Dachuan Power Co., Ltd. (unaudited) in 2008, 2009 and 2010 and the six months ended June 30, 2011 were RMB88.8 million, RMB143.3 million, RMB113.5 million and RMB12.9 million, respectively.

As at December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the net assets of Sichuan Zhongneng Power Co., Ltd. (unaudited) were approximately RMB257.2 million, RMB368.8 million, RMB381.0 million and RMB385.0 million, respectively. The net profit of Sichuan Zhongneng Power Co., Ltd. (unaudited) in 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately RMB58.3 million, RMB202.5 million, RMB96.6 million and RMB13.7 million, respectively.

Due to the similar business nature and common customers, the Directors consider that there may be potential competition between BEIH's hydropower business and that of the Group. However, the competition is not extreme for the following reasons:

- as advised by our PRC legal advisor, pursuant to the Administrative Measures regarding Full Off-take of Renewable Energy by Grid Companies (《電網企業全額收購可再生能源電量監管辦法》), the grid company of Sichuan Province is required to purchase the full amount of on-grid electricity generated by our hydropower plants within the coverage of its grid;

- the grid company of Sichuan Province sells electricity to other provinces as well as end users in Sichuan Province and therefore, there is no grid congestion issue in Sichuan Province due to excessive demand; and
- the PRC government regulates the on-grid tariff for hydropower plants.

Biomass Business Retained by BEIH

BEIH directly holds and will continue to hold, after the Global Offering, a 40% equity interest in Guodian Tangyuan and a 60% equity interest in Shandong Jingneng Energy. Guodian Tangyuan and Shandong Jingneng Energy are engaged in biomass power business. However, as of the Latest Practicable Date, none of our power plants was located in Heilongjiang Province or Shandong Province. Guodian Tangyuan and Shandong Jingneng Energy can only sell electricity to their respective provincial grid companies which are different from the Company's customers. As the Company does not share any common customers with Guodian Tangyuan and Shandong Jingneng Energy, our Directors are of the view that the business of Guodian Tangyuan and Shandong Jingneng Energy does not compete with ours.

During the Track Record Period, the net assets of Guodian Tangyuan (unaudited) were approximately RMB46.6 million, RMB39.7 million, RMB5.4 million and RMB(7.3) million, respectively. Guodian Tangyuan's net loss in 2008, 2009 and 2010 and the six months ended June 30, 2011 (unaudited) were approximately RMB2.2 million, RMB6.9 million, RMB34.3 million and RMB12.7 million, respectively.

During the Track Record Period, the net assets/(liabilities) of Shandong Jingneng Energy were approximately RMB43.9 million, RMB34.3 million, RMB(2.9) million and RMB(10.5) (unaudited), respectively. The net loss of Shandong Jingneng Energy during the same period were approximately RMB6.1 million, RMB9.6 million, RMB37.2 million and RMB7.6 million (unaudited), respectively.

The losses related to Guodian Tangyuan and Shandong Jingneng Energy had been consolidated in the Group's accounts for the three years ended December 31, 2008, 2009 and 2010. The Company disposed its interests in Guodian Tangyuan and Shandong Jingneng Energy because these two companies were loss making.

BEIH's Coal-fired Business

BEIH is also engaged in coal-fired power business, mainly through Beijing Jingneng International.

Beijing Jingneng International is directly owned as to 80% by BEIH and as to 20% by the Company.

Coal-fired Business Held by Beijing Jingneng International

Beijing Jingneng International is engaged in coal-fired power business. The table below sets out the coal-fired power plants of Beijing Jingneng International as at June 30, 2011:

Geographic Location	Number of Power Plants	Total Installed Capacity
		(MW)
Projects held by Subsidiaries		
In Operation		
Inner Mongolia	1	2,400.00
Ningxia	1	1,320.00
Projects held by Non-subsidiaries		
In Operation		
Inner Mongolia	5	6,930.00
Beijing	2(1)	1,725.00
Shanxi Province	1	3,720.00
Hebei Province	1	1,300.00
Under Construction		
Shanxi Province	1	600.00

Note:

(1) BEIH also has direct interest in one of the projects.

Other Coal-fired Business Held by BEIH

In addition to the coal-fired business held by Beijing Jingneng International, the table below sets out the other coal-fired power plants held by BEIH as at June 30, 2011:

Geographic Location	Number of Power Plants	Total Installed Capacity
		(MW)
Projects held by Subsidiaries		
In Operation		
Inner Mongolia	1	270.00
Shanxi	1	1,800.00
Projects held by Non-subsidiaries		
In Operation		
Inner Mongolia	4	4,980.00
Shanxi	1	1,800.00
Liaoning	1	1,200.00

Although BEIH and the Group have certain common customers, our directors believe that the competition between BEIH's coal-fired business and the clean energy business of the Group is not intense for the following reasons:

(i) according to the Renewable Energy Law and Administrative Measures regarding Full Off-take of Renewable Energy by Grid Companies (《電網企業全額收購可再生能源電量監管辦法》), grid companies are required to provide grid connection support, and purchase the full amount of electricity generated from renewable energy projects that are located in the areas covered by the grid company. In addition, the PRC government regulates the on-grid tariff for wind farms; and

(ii) the annual net power generation for each of our gas-fired power plants was determined by the NDRC Beijing Branch with reference to the total installed capacity of that plant as approved by the NDRC Beijing Branch prior to the construction and therefore sufficient demand is ensured after the gas-fired power plants commenced operation. In addition, most of the coal-fired power plants held by BEIH are located outside Beijing and do not share common customers with our gas-fired power plants.

For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the net assets of Beijing Jingneng International (unaudited) were approximately RMB8,645.8 million, RMB9,671.1 million, RMB9,023.2 million and RMB9,710.6 million, respectively.

For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, the net profit/(loss) of Beijing Jingneng International (unaudited) were approximately RMB(16.3) million, RMB576.7 million, RMB402.9 million and RMB622.3 million, respectively.

DIRECTORS' COMPETING INTERESTS

Other than certain directorships and/or positions held by some of our Directors in BEIH which is further discussed below, the 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 at the Latest Practicable Date.

NON-COMPETITION AGREEMENTS AND UNDERTAKINGS

Non-Competition

We entered into a non-competition agreement with BEIH on June 13, 2011 and a supplemental non-competition agreement on December 2, 2011, under which BEIH agreed not to, and to procure its subsidiaries (other than any listed subsidiary) not to, compete with us in our gas-fired power and heat energy generation, wind power and hydropower and other clean energy generation businesses (our "**Core Business**") and granted to us options for new business opportunities, options for acquisitions, and pre-emptive rights.

BEIH has irrevocably undertaken in the Non-Competition Agreements that, other than the Retained Business, during the term of the Non-Competition Agreements, it will not, and will also procure its subsidiaries (other than any listed subsidiary) 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 clean energy business that competes, or is likely to compete, directly or indirectly with our Core Business.

The foregoing restrictions do not apply to the holding of securities in a company that competes with our Core Business and whose securities are listed on any stock exchange, provided that BEIH and/or its subsidiaries do not hold or control in aggregate the voting rights in respect of 10% or more of the issued share capital of such company.

Options for New Business Opportunities

BEIH has undertaken in the Non-Competition Agreements that:

(i) during the term of the Non-Competition Agreements, if BEIH becomes aware of a new clean energy business opportunity which competes, or may compete, directly or indirectly with our Core Business, BEIH will notify us in writing immediately and provide to us all information which is reasonably necessary for us to consider whether or not to engage in such business opportunity ("**Offer Notice**"). BEIH is also obliged 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) BEIH shall procure its subsidiaries (other than any listed subsidiary) to first offer to us any new clean energy business opportunity which competes, or may compete directly or indirectly with our Core Business.

If we decide not to take up the new business opportunity for any reason or do not respond to BEIH and/or its subsidiaries within 30 days from receiving the Offer Notice, BEIH or its subsidiaries may operate such new business opportunity at its 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 by BEIH and/or its subsidiaries. When BEIH 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 reverting to BEIH and/or its subsidiaries within the 30 days period from the date of receiving such Offer Notice. When considering whether or not to exercise the options for new business opportunities, the independent non-executive Directors will form their views based on a range of factors, including but not limited to, the power plants' natural resource condition, geological characteristics, construction and grid connection condition, estimated profitability, investment value and permits and approval requirements.

Options for Acquisitions

In relation to:

(i) the Retained Business; and/or

(ii) any new clean energy business opportunity of BEIH referred to in the Non-Competition Agreements, which has been offered to, but has not been taken up by, the Company and has been retained by BEIH or any of its subsidiaries, which competes, or may lead to competition, directly or indirectly with our Core Business,

BEIH has undertaken to grant us the option which is exercisable at any time during the term of the Non-Competition Agreements, 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 Retained Business or new business as described above, or to operate the Retained Business and/or new businesses as described above by way of, including but not limited to, management outsourcing, lease 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 this case, BEIH will use its best efforts to procure the third party to waive its pre-emptive rights.

BEIH shall procure its subsidiaries (other than any listed subsidiary) to comply with the option granted to us by BEIH above.

The consideration shall be determined following negotiation between the parties under the fair and reasonable principle according to the valuation conducted by a third party professional valuer and the mechanism and procedure provided by the applicable laws and regulations.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the options for acquisitions. When considering whether or not to exercise the option for acquisitions, the independent non-executive Directors will form their views based on a range of factors, including but not limited to, the power plants' natural resource condition, geological characteristics, construction and grid connection condition, estimated profitability, investment value and permits and approval requirements.

Pre-emptive Rights

BEIH has undertaken that, during the term of the Non-Competition Agreements, 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) BEIH's Retained Business; and/or

(ii) any new clean energy business opportunity of BEIH referred to in the Non-Competition Agreements, which has been offered to, but has not been taken up by, the Company and has been retained by BEIH or any of its subsidiaries, which competes, or may lead to competition, directly or indirectly with our Core Business.

BEIH shall notify us by written notice ("**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 the Company to make a decision. We shall reply to BEIH within 30 days after receiving the Selling Notice from BEIH. BEIH has undertaken that until it receives the reply from the Company, it shall not notify any third party of the intention to transfer, sell, lease or license the business. If the Company decides not to exercise the pre-emptive rights or if the Company does not reply to BEIH within the agreed time period, BEIH is entitled to transfer, sell, lease or license the business to a third party pursuant to the terms stipulated in the Selling Notice.

BEIH shall procure its subsidiaries (other than any listed subsidiary) to comply with the above pre-emptive rights.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the pre-emptive rights. When BEIH 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 BEIH and/or its subsidiaries within the 30 days period from the date of receiving such Selling Notice. When considering whether or not to exercise the pre-emptive rights, the independent non-executive Directors will form their views based on a range of factors, including but not limited to, the power plants' natural resource condition, geological characteristics, construction and grid connection condition, estimated profitability, investment value and permits and approval requirements.

BEIH's Further Undertaking

BEIH has further undertaken that:

(i) Upon the request of our independent non-executive Directors, it will provide all information necessary for our independent non-executive Directors to review BEIH and its subsidiaries' compliance with and enforcement of the Non-Competition Agreements;

(ii) it agrees that we disclose the decision made by the independent non-executive Directors related to the compliance with and enforcement of the Non-Competition Agreements in our annual report, or by way of announcement; and

(iii) it will make a declaration to our Company and our independent non-executive Directors annually regarding its compliance with the Non-Competition Agreements for us to disclose in our annual report.

Our Company will also adopt the following procedures to make sure that the undertakings under the Non-Competition Agreements 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 BEIH 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 BEIH of the Non-Competition Agreements and (b) any decision made pursuant to the options and preemptive right granted to the Company and the basis of such decision; and

(iii) the Directors consider that the independent non-executive Directors have sufficient experience in assessing whether or not to take up the new business opportunities or exercise the pre-emptive rights. In any event, the independent non-executive Directors may appoint financial advisor 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 right under the Non-Competition Agreements.

The Non-Competition Agreements will become effective upon Listing and remain in full force and be terminated upon the earlier of:

(i) BEIH and its subsidiaries, directly and/or indirectly in aggregation, holding less than 30% of our total issued share capital; or

(ii) our H Shares no longer being listed on the Stock Exchange.

Our PRC legal advisor is of the view that the Non-Competition Agreements do not violate the applicable PRC laws, and BEIH's undertakings pursuant to the Non-Competition Agreements are valid and binding obligations of BEIH under PRC law after the Non-Competition Agreements take effect and may be enforced by us in the courts of the PRC by then.

Based on: (a) the undertaking by BEIH that it will give a priority support to our development of the Core Business, (b) the legally binding obligations of BEIH as set out in the Non-Competition Agreements and related grant of the options for new business opportunities and acquisitions and the pre-emptive rights, and (c) the information-sharing and other mechanisms in place as described above to monitor compliance by BEIH, the Directors are of the view that the Company has taken all appropriate and practicable steps to ensure compliance by BEIH with its obligations under the Non-Competition Agreements.

INDEPENDENCE FROM BEIH

Having considered the following factors, our Directors are satisfied that we can conduct our business independently from BEIH and its associates after the Global Offering.

Operational Independence

We are in possession of all production and operating facilities and technology relating to our business. Currently, we engage in our 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 BEIH with respect to supplies for our business operations. We have sufficient capital, equipment and employees to operate our business independently from BEIH.

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 Agreements between the Company and BEIH. Please see the paragraph headed "Non-Competition Agreements and Undertakings" in this section for details. The Company has 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 the relevant laws, rules and regulations.

The Group has entered into certain continuing connected transactions with BEIH pursuant to which BEIH and/or it associates may provide services to the Group. However, such services are readily available from Independent Third Parties. For instance, equipment maintenance service can be provided by a number of other independent suppliers, including the equipment manufacturers. In fact, maintenance for core machinery is provided by equipment manufacturers. BEIH and/or its associates only provide maintenance for non-core machinery. The consultancy and technical support service relating to operational safety can be provided by many other independent suppliers, such as power design institutes. For the operating services, we can employ in-house technicians who are not connected to BEIH. Moreover, the Directors believe there is a fully competitive market for such services. Thus, our Directors believe that the Company is able to find independent suppliers on similar terms at ease.

Based on the above, the Directors are of the view that the Company operates independently from BEIH.

Financial Independence

We have our own finance department responsible for discharging the treasury, accounting, reporting, group credit and internal control functions of the Company independent from BEIH.

We will have settled all amounts due to BEIH of non-trade nature and released all guarantees provided to us by BEIH prior to the Listing.

The Directors are of the view that we are capable of obtaining financing from third parties without relying on any guarantee or security provided by BEIH or other connected persons. Therefore, we operate independently from BEIH from a financial perspective.

Management Independence

Upon listing, our board of Directors will consist of 9 directors, 5 of whom are not associated with BEIH. Of these 9 Directors, 3 are independent non-executive Directors and 5 are non-executive Directors. Set out below is a table summarizing the positions held by the Directors at our Company and BEIH.

Name of Directors	Position with the Company	Position with BEIH as at the Latest Practicable Date
LU Haijun (陸海軍)	Chairman and Non-executive Director	Chairman and director
GUO Mingxing (郭明星)	Non-executive Director	Director and general manager
XU Jingfu (徐京付)	Non-executive Director	Deputy general manager
LIU Guochen (劉國忱)	Non-executive Director	Deputy general manager

Apart from the above, each of the Company and BEIH is managed by different management personnel, and none of the other Directors or senior management holds any position or has any roles or responsibility in BEIH or its associates.

None of our independent non-executive Directors has any relationship with BEIH. Therefore, there are sufficient non-overlapping directors who are independent and have relevant experience to allow the proper functioning of the Board.

We believe that the Directors and senior management are able to perform their roles in the Company independently and the Company is capable of managing its business independently of BEIH 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 conflict of interest, such as consideration of resolutions in relation to transactions with BEIH, the relevant Director(s) who are connected with BEIH shall abstain from voting and not be counted in the quorum. Further, when considering connected transactions, the independent non-executive Directors will review the relevant transactions;

- all of our Directors who hold positions in BEIH are non-executive Directors. As non-executive Directors, they are not involved in running the day-to-day business, but rather are primarily responsible for strategy and planning matters; the day-to-day operation of the Company is managed by our executive Director and senior management who are all independent of BEIH and are our full-time employees;

- none of the Directors or the senior management has any shareholding interest in BEIH;

- each of our Directors is aware of his or her fiduciary duties as a Director which requires, among others, that he or she acts for the benefit and in the best interests of us; and

- we have appointed 3 independent non-executive Directors, comprising one-third of our Board, to provide a balance of the number of interested and independent Directors with a view to promoting 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 BEIH.

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

CONNECTED PERSONS

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

- BEIH will hold more than 10% of our share capital and hence remain as our substantial shareholder;

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

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

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

AGREEMENTS RELATING TO THE REORGANIZATION

1. Reorganization Agreement

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

2. Non-Competition Agreements

As part of the Reorganization, we entered into a non-competition agreement with BEIH on June 13, 2011 and a supplemental non-competition agreement on December 2, 2011. Under the Non-Competition Agreements, we were granted options for new business opportunities, options for acquisitions and pre-emptive rights. See the section headed "Relationship with Our Controlling Shareholder—Non-Competition Agreements and Undertakings" for further details of the Non-Competition Agreements.

Implication under the Listing Rules

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

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

EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

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

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

1. Trademark Licensing Agreement

Parties: BEIH (as the licensor); and

The Company (as the licensee)

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

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

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

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

2. Entrusted Loan Service Provided by BEIH

Parties: BEIH Finance, a subsidiary of BEIH

The Company

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

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

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

Reasons for the transaction:

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

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

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

Background information about BEIH Finance

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

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

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

Historical figures: the historical figures of the commission for entrusted loan service provided by BEIH Finance to the Group for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately nil, RMB 14,096,000, RMB2,421,000 and RMB2,271,000, respectively.

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

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

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

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

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

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

Parties: GD Power Development (as the guarantor)

Taiyanggong Power (as the borrower)

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

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

Reasons for the transaction:

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

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

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

1. Framework Property Lease Agreement

Parties: BEIH (as the lessor)

The Company (as the lessee)

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

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

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

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

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

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

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

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

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

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

Historical figures: The historical figures of the rental paid to BEIH and Jingfeng Thermal Power for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately RMB3,593,000, RMB8,090,000, RMB8,115,000 and RMB4,025,000, respectively.

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

	proposed annual cap for the year ending December 31,		
	2011	**2012**	**2013**
		(RMB millions)	
Total payable rentals	10.00	12.00	14.00

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

2. Framework Equipment Maintenance Agreement

Parties: BEIH

The Company

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

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

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

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

The equipment maintenance services are provided by BEIH and/or its associates to our gas-fired power companies. Historically, we have engaged BIEE and Jingfeng Thermal Power to provide equipment maintenance services to Taiyanggong Power since 2009. Our Group has decided to engage BIEE to provide the maintenance services to Jingfeng Power since 2012. The equipment maintenance service provided by BEIH and/or its associates only covers non-core machinery while the maintenance of core machinery is being performed by manufacturers, who are Independent Third Parties.

Historical figures: The historical figures of the maintenance fees paid to BEIH and its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately nil, RMB11,389,000 RMB13,989,000 and RMB9,639,000, respectively. The amount of fees increased from 2009 to 2010 because the Company did not engage Jingfeng Thermal Power to provide equipment maintenance service to Taiyanggong Power until July 2009. The equipment maintenance service fees paid to Jingfeng Thermal Power for the second half of 2009 were approximately RMB5.56 million. The equipment maintenance service fees paid to Jingfeng Thermal Power for 2010 were approximately RMB8.44 million.

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

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
		(RMB millions)	
Total payable maintenance fees	19.00	25.00	25.00

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

3. Framework Electricity Sale and Purchase Agreement

Parties: BEIH

The Company

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

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

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

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

Historical figures: The historical figures of the amount paid by BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately nil, nil, RMB13,552,000 and nil, respectively.

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

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	(RMB millions)		
Total payable amount	16.00	15.00	13.00

Basis of Caps: In determining the above annual caps, our Directors have considered (i) the historical figures; (ii) the timetable for Jingfeng Thermal Power to dismantle its generation plant, which is estimated to be completed in mid 2012; (iii) Jingfeng Thermal Power's demand for electricity for daily administrative uses and for its follow-up work after dismantlement; and (iv) potential rise in electricity price. Jingfeng Thermal Power's actual electricity consumption volume in 2010 was approximately 12,907kWh while the Company and Jingfeng Thermal Power expect that the electricity consumption volume in 2011 would be approximately 15,000kWh. The increase is mainly because that most of the dismantling work will be conducted in the second half of 2011.

4. Framework Services Agreement

Parties: BEIH

The Company

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

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

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

(1) the bidding price where the bidding process is applicable;

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

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

Reasons for the transaction:

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

Historical figures: The historical figures of the service fees paid to BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately RMB320,000, RMB373,000 RMB27,200,000 and RMB9,182,762, respectively.

Type of service	Historical figures for the year ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
		(RMB)		*(RMB)*
Landscaping	0	0	1,207,543(1)	1,078,000
Property management	0	0	1,237,170(2)	1,477,452
Consultancy and technical support regarding operation safety	0	0	23,600,100(3)	N/A(6)
Conference service	320,421	373,347	1,155,205(4)	344,700
Bidding agency	0	0	0(5)	0
Project management	0	0	0(5)	6,000,000
Total	**320,421**	**373,347**	**27,200,018**	**8,900,152**

Notes:

(1) The Group did not start receiving landscaping service from BEIH and/or its associates until 2010. Before 2010, such service was provided by Independent Third Parties. As BEIH and/or its associates are engaged in providing landscaping service and their service charge is competitive, the Group has engaged BEIH and/or its associates to provide landscaping service since 2010.

(2) The Company relocated its office in late 2010 and has engaged Jingneng Electricity Logistic Services Co., Ltd., a professional property management company, to provide property management service (including routine property management service, such as daily cleaning work, and occasional property management service upon the Company's request, such as outdoor window maintenance and cleaning), to the Company since the relocation. The service fees paid to Jingneng Electricity Logistic Services Co., Ltd. for the last four months of 2010 were approximately RMB1,237,170.

(3) The Group did not start receiving consultancy and technical support services from BEIH until 2010 because the Group's Reorganization was completed in 2010. Before the Reorganization, the clean energy power generation businesses were operated by BEIH and/or its associates. Please see the section headed "Our History, Reorganization and Corporate Structure—Reorganization" for details of the Reorganization.

(4) The service fees for the year of 2008 and 2009 were paid by Jingfeng Power to BEIH and/or its associates. The amount of service fees increased from 2009 to 2010 because the Company and Taiyanggong Power started to receive conference services from BEIH and/or its associates in 2010. The service fees paid by the Company to BEIH and/or its associates for the last four months of 2010 were approximately RMB285,205. The service fees paid by Taiyanggong Power to BEIH and/or its associates in 2010 were approximately RMB870,000.
(5) We have engaged BEIH and/or its associates to provide bidding agency and project management services to our Group since 2010. In 2010, such services, together with equipment procurement and project construction services, were provided to us according to project contracting agreements. Accordingly, the fees we paid to BEIH and/or its associates for bidding agency and project management services in 2010 were included in the historical figures of the framework project contracting agreement. As the fees paid to BEIH and/or its associates for the purchase and installation of equipments and construction of projects under the project contracting agreements will eventually be paid to Independent Third Party providers, our Group has decided to enter into agreements for the purchase and installation of equipments and construction of projects with Independent Third Party providers directly when developing our projects in the future.
(6) The data was not available as no settlement was made as of June 30, 2011. The service fees will be paid in a lump sum at the end of the year according to the parties' arrangement.

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

	proposed annual cap for the year ending December 31,		
	2011	**2012**	**2013**
		(RMB millions)	
Total service fees payable	58.00	91.00	87.00

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

Type of service	**Annual caps for the year ending December 31,**		
	2011	**2012**	**2013**
		(RMB)	
Landscaping	1,317,921	1,381,317	1,447,882[(1)]
Property management	9,100,000[(2)]	10,000,000	11,100,000
Consultancy and technical support regarding operation safety	26,884,000	31,889,500	40,223,500[(3)]
Conference service	2,210,000[(4)]	2,450,000	2,720,000
Bidding agency	0	24,000,000	21,000,000[(5)]
Project management	17,800,000	21,000,000	10,400,000[(6)]
Total	**57,311,921**	**90,720,817**	**86,891,382**

Notes:
(1) The increase reflects an annual increase of 5% of the service fees over the preceding year in anticipation of the inflation.
(2) The amount of service fees increases from 2010 to 2011 because New Energy and Taiyanggong Power have engaged Jingneng Electricity Logistic Services Co., Ltd. to provide property management service since 2011. New Energy relocated its office in early 2011 and its business place is now in the same building as the Company and Taiyanggong Power. (i) The Company estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB4,500,000 while service fees paid to BEIH and/or its associates for the last four months of 2010 were approximately RMB1,237,170. The service fees are determined after arm's length negotiations between the Company and Jingneng Electricity Logistic Services Co., Ltd. based on the scope of service involved (including routine property management service and occasional property management services upon the Company's request). The Company expects that the service fees will increase in 2011 after its listing as the Company will conduct more business activities and incur more fees on catering service. (ii) New Energy estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB1,600,000 while the service fees paid to Independent Third Parties for the three years ended December 31, 2008, 2009 and 2010 were approximately RMB1,010,242, RMB1,395,256 and RMB927,473. The decrease from 2009 to 2010 was because New Energy relocated its office and rented its office from Jingqiao Power in September 2009. Jingqiao Power did not charge property management fees from New Energy separately apart from the rent. Before September 2009, New Energy had rented its office from Independent Third Parties. As New Energy relocated its office in early 2011 and the floor area is larger, New Energy expects the service fees to be paid to BEIH and/or its associates would increase compared to the service fees paid to Independent Third Parties during the Track Record Period. (iii) Taiyanggong Power estimates that

the service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB3,000,000 while the service fees paid to Independent Third Parties for the three years ended December 31, 2008, 2009 and 2010 were approximately RMB1,372,547, RMB2,033,089 and RMB2,862,836.

(3) The increase is primarily due to the expected increase in the consolidated installed capacity of the Group. The Company expects to have a total of 2,654.55MW and 4,684.34MW of consolidated installed capacity by the end of 2011 and 2012, respectively. The services fees are calculated by multiplying installed capacity at the end of the year with service fee rates. The service fee rates are determined after arm's length negotiation between relevant parties with reference to the business segments as well as the installed capacity of the Company and each subsidiary.

(4) The amount of service fees increases from 2010 to 2011 because (i) the Company estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB800,000 while the service fees paid to BEIH and/or its associates for the last four months of 2010 were RMB285,205; (ii) Taiyanggang Power estimates that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB960,000 while the service fees paid to BEIH and/or its associates in 2010 were RMB870,000; and (iii) Jingfeng Power has engaged BEIH and/or its associates to provide conference service since 2007 and received such service from BEIH and/or its associates in 2008 and 2009. Jingfeng Power did not receive conference service from BEIH and/or its associates in 2010. However, Jingfeng Power estimates that it will continue to receive conference service from BEIH and/or its associates in 2011 and the service fees to be paid to BEIH and/or its associates in 2011 are estimated to be approximately RMB450,000.

(5) The bidding agency service fees are determined after arm's length negotiation between relevant parties in accordance with the *Provisional Administrative Measures on the Fees for Bidding Agency Service* (《招標代理服務收費管理暫行辦法》) issued by NDRC, which provides for the standard service fees. The standard service fees are calculated by applying progressive fixed rate with reference to the successful bidding price of the relevant equipments used for construction of the projects. The bidding agency service fees paid to BEIH and/or its associates shall not be higher than the standard service fees as set out in the *Provisional Administrative Measures on the Fees for Bidding Agency Service*. The bidding agency service is to be provided to the Company in relation to 3 wind power projects, one gas-fired power project and one solar power project as well as to New Energy in relation to the wind power projects which the Company and New Energy expect to develop, respectively. The total capital expenditure of the projects for which the Company expects to engage BEIH and/or its associates to provide bidding agency service is approximately RMB31.00 million, and the total capital expenditure of the wind power projects for which New Energy expects to engage BEIH and/or its associates to provide bidding agency service is approximately RMB64.00 million. The Group expects that the capital expenditure for the projects for which the Group expects to engage BEIH and/or its associates to provide bidding agency service in 2012 and 2013 would be approximately RMB5,100 million and RMB4,400 million, respectively. Given the capital expenditure expected, the applicable progressive fixed rate ranges from 0.05% to 1.5%. Based on the above, the Group expects that service fees for bidding agency service to be paid to BEIH and/or its associates for the two years ended December 31, 2012 and 2013 are approximately RMB24,000,000 and RMB21,000,000, respectively.

(6) The project management service fees are determined after arm's length negotiation between relevant parties with reference to reasonable costs incurred in providing the project management services. The reasonable costs mainly includes the salary to be paid to the technicians as well as the administrative and living expenses incurred when providing the service. The project management service is to be provided to Jingqiao Power in relation to Jingqiao Power Plant Phase II and to New Energy in relation to the wind power projects which New Energy expects to develop.

Jingqiao Power expects that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB10,000,000. Jingqiao Power expects that BEIH and/or its associates will engage around 27 technicians to provide the project management service in Beijing in relation to Jingqiao Power Plant Phase II. For each technician, the annual base salary would be approximately RMB130,000 to RMB160,000, the pension insurance, unemployment insurance, medical insurance, housing fund and membership fees for labor union would be approximately RMB89,700 and the administrative and living expenses, including travelling and accommodation expenses, would be approximately RMB121,000. The Jingqiao Power Plant Phase II is expected to be completed by September 2012.

New Energy expects that service fees to be paid to BEIH and/or its associates in 2011 would be approximately RMB7,800,000. Such fees will be paid in a lump sum at the end of the year as agreed by the parties. New Energy expects that BEIH and/or its associates will engage around 6 technicians for each of the 6 wind power projects it expects to develop in 2011 and such services will be provided in Inner Mongolia and Ningxia. For each technician, the annual base salary would be approximately RMB70,000 to RMB100,000, the pension insurance, unemployment insurance, medical insurance, housing fund and membership fees for labor union would be approximately RMB46,000 and the administrative and living expenses, including travelling and accommodation expenses, would be approximately RMB98,000.

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

5. Framework Operating Agreement

Parties: BEIH

The Company

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

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

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

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

Historical figures: The historical figures of the fees paid to BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately RMB955,000, RMB1,419,000, RMB1,544,000 and RMB681,800, respectively.

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

	proposed annual cap for the year ending December 31,		
	2011	**2012**	**2013**
		(RMB millions)	
Total payable amount	2.00	4.00	8.00

Basis of Caps: In determining the above annual caps, our Directors have considered (i) the historical figures, (ii) the expected increase in consolidated installed capacity and the number of power plants which are expected to be put into operation and (iii) the potential rise in future market price for the service to be provided. As at June 30, 2011, the installed capacity of our Sanlian Power was 6.4MW and the capacity under construction of Sanlian Power was 44.4MW, which is expected to commence operation in late 2011 or 2012. Jingqiao Power Plant Phase II with a capacity under construction of 838.20MW is expected to be completed by September 2012.

6. Framework Equipment Operating and Maintenance Agreement

Parties: BEIH

The Company

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

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

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

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

- As Jingfeng Thermal Power is in the process of closing its electricity generation business and dismantling its power generation equipments, it has engaged Jingfeng Power to provide operating and maintenance services to its power transmission and transformation equipments and pump house. The transmission and transformation equipments are used for transmitting and transforming high-voltage electricity into low-voltage electricity before connecting to electric equipments. The pump house is used for a variety of infrastructure systems to pump fluids from one place to another.

- Inner Mongolia Daihai Electricity Generation Co., Ltd. is engaged in coal-fired power business and its equipments are subject to inspection and maintenance. As Jingfeng Power's technicians process equipment operating and maintenance expertise, and are experienced in providing such services, Inner Mongolia Daihai Electricity Generation Co., Ltd. has entered into a letter of intent with Jingfeng Power to engage Jingfeng Power to provide such services since 2011 with the service fees of RMB35 million. Inner Mongolia Daihai Electricity Generation Co., Ltd. and Jingfeng Power are in the process of entering into final agreement and the parties expect that the service fees for the services provided since October 2011 will be approximately RMB13 million. The parties expect that the service fees for the year of 2012 and 2013 will be RMB35 million, respectively, by taking into consideration of the scope of service involved and actual demand.

Historical figures: As the Company only starts providing equipment operating and maintenance services to BEIH and/or its associates since 2011, the historical figures of the operating and maintenance fees paid by BEIH and its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were nil, nil, nil and nil, respectively.

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

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	(RMB millions)		
Total payable fees	15.00	37.00	37.00

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

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

1. Project Contracting Agreements

Parties: BIEE, a subsidiary of BEIH

New Energy

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

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

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

Existing project contracting agreements: The existing project contracting agreements between New Energy and BIEE cover the following projects which were under construction as at June 30, 2011:

Project name	Consideration of agreement	Historical figures in 2010	Historical figures for the six months ended June 30, 2011
	(RMB)	*(RMB)*	*(RMB)*
Balinyou Wind Farm Phase I	401,448,100.00	247,003,562.51	17,272,500
Ningxia Taiyangshan Wind Farm Phase I	382,188,200.00	245,378,250.00	18,400,500
Chifengqigan Wind Farm Phase I	421,230,800.00	12,439,677.55	390,549,900
Xinganmeng Keyouzhongqi Wind Farm Phase I	404,056,600.00	240,752,197.02	40,216,800
In total	**1,608,923,700.00**	**745,573,687.08**	466,439,700

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

Historical figures: As our Group did not start to construct our wind farm through project contracting until 2010, the historical figures of the fees paid to BEIH and/or its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately nil, nil, RMB745,574,000 and RMB466,440,000, respectively.

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

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

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

2. Framework Heat Sale and Purchase Agreement with BDHG

Parties: BDHG

The Company

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

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

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

Historical figures: The historical figures of the fees (including fees for heat energy generated during testing period and tax) paid by BDHG and/or its associates for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately RMB97,863,000, RMB336,374,000, RMB354,440,000 and RMB230,208,000, respectively.

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

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

	proposed annual cap for the year ending December 31,		
	2011	2012	2013
	(RMB millions)		
Total payable amount	345,000	627.00	914.00

Basis of Caps: In determining the above annual caps, our Directors have considered the historical figures, the production capacity of the Group in respect of heat energy, the actual amount of fees payable by BDHG and/or its associates in the first half of 2011 and the potential rise in heat energy price in the future. As at June 30, 2011, the installed heat energy generation capacity of Taiyanggong Power and Jingqiao Power was 929.00MW in total. As at June 30, 2011, the Jingqiao Power Plant Phase II with heat energy generation capacity under construction of 592.00MW is expected to be completed by September 2012. The heat energy price (VAT inclusive) of Taiyanggong Power increased from RMB68 per GJ to RMB79 per GJ, which was effective from the legal heat supply period from late 2010 to early 2011.

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

Parties: Company (as the guarantor)

Huayuan Heating (as the borrower)

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

Principal terms: Pursuant to four guarantee agreements, the Company agreed to provide guarantee for the obligation of Huayuan Heating, an associate of BDHG, in relation to its loan obligation in the total amount of RMB589.44 million. Details of the guarantee agreements are as follows:

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

Note:

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

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

Reasons for the transaction:

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

Historical figures: The historical figures of the guarantee obligation (representing the maximum outstanding balance of principal and the aggregate interest on the loan) for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately nil, RMB208.00 million, RMB662.00 million and RMB594.77 million, respectively.

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

	proposed annual cap for the year ending December 31,		
	2011	**2012**	**2013**
	(RMB millions)		
Total payable amount	634.00	623.00	619.00

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

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

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

	Nature of transactions and parties involved	Historical Figures (RMB millions)				Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
		Year ended December 31,			Six months ended	Year ending December 31,			
		2008	2009	2010	June 30, 2011	2011	2012	2013	
1.	Framework Property Lease Agreement with BEIH	3.59	8.09	8.12	4.03	10.00	12.00	14.00	Rule 14A.34; waiver from announcement requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework property lease agreement.			
2.	Framework Equipment Maintenance Agreement with BEIH	Nil	11.39	13.99	9.64	19.00	25.00	25.00	Rule 14A.34; waiver from announcement requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework equipment maintenance agreement.			

	Nature of transactions and parties involved	Historical Figures (RMB millions)				Proposed annual caps (RMB millions)			Applicable Listing Rule and waiver sought
		Year ended December 31,			Six months ended	Year ending December 31,			
		2008	2009	2010	June 30, 2011	2011	2012	2013	
3.	Framework Electricity Sale and Purchase Agreement with BEIH	Nil	Nil	13.55	Nil	16.00	15.00	13.00	Rule 14A.34; waiver from announcement requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework electricity sale and purchase agreement.			
4.	Framework Service Agreement with BEIH	0.32	0.37	27.20	8.90	58.00	91.00	87.00	Rule 14A.34; waiver from announcement requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework service agreement.			
5.	Framework Operating Agreement with BEIH	0.96	1.42	1.54	0.68	2.00	4.00	8.00	Rule 14A.34; waiver from announcement requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework operating agreement.			

	Nature of transactions and parties involved	Historical Figures (RMB millions) Year ended December 31, 2008	2009	2010	Six months ended June 30, 2011	Proposed annual caps (RMB millions) Year ending December 31, 2011	2012	2013	Applicable Listing Rule and waiver sought
6.	Framework Equipment Operating and Maintenance Agreement with BEIH	Nil	Nil	Nil	Nil	15.00	37.00	37.00	Rule 14A.34; waiver from announcement requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework equipment operating and maintenance agreement.			

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

(B) Waiver Sought for Non-exempt Continuing Connected Transactions ("Category B Transactions")

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

		Historical Figures (RMB millions)				Proposed annual caps (RMB millions)			
	Nature of transactions and parties involved	Year ended December 31,			Six months ended	Year ending December 31,			Applicable Listing Rule and waiver sought
		2008	2009	2010	June 30, 2011	2011	2012	2013	
1.	Project Contracting Agreements with BIEE	Nil	Nil	745.57	466.44	864.00	0	0	Rule 14A.35; waiver from announcement and independent shareholders' approval requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the project contracting agreements.			
2.	Framework Heat Sale and Purchase Agreement with BDHG	97.86	336.37	354.44	230.21	345.00	627.00	914.00	Rule 14A.35; waiver from announcement and independent shareholders' approval requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the framework heat sale and purchase agreement.			

	Nature of transactions and parties involved	Historical Figures (RMB millions) Year ended December 31, 2008	2009	2010	Six months ended June 30, 2011	Proposed annual caps (RMB millions) Year ending December 31, 2011	2012	2013	Applicable Listing Rule and waiver sought
3.	Financial Assistance provided by the Company under the Guarantee Agreements	Nil	208.00	662.00	594.77	634.00	623.00	619.00	Rule 14A.63; waiver from announcement and independent shareholders' approval requirements
						These Caps are equivalent to the forecast figures for the three years ending December 31, 2011, 2012 and 2013 for transactions contemplated under the guarantee agreements.			

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

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

Confirmation from Directors

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

Confirmation from the Joint Sponsors

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

DIRECTORS

Upon the Listing Date, our Board will consist of 9 Directors, comprising 1 executive Director, 5 non-executive Directors and 3 independent non-executive Directors. The functions and duties of our Board include convening shareholders' meetings, reporting the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with our Articles of Association. We have entered into service contracts with each of our executive Directors, non-executive Directors and independent non-executive Directors.

The following table sets out certain information relating to our Directors.

Name	Age	Position	Date of Appointment
LU Haijun (陸海軍)	54	Chairman and Non-executive Director	January 26, 2010
GUO Mingxing (郭明星)	43	Non-executive Director	January 26, 2010
XU Jingfu (徐京付)	56	Non-executive Director	January 26, 2010
LIU Guochen (劉國忱)	55	Non-executive Director	January 26, 2010
MENG Wentao (孟文濤)	42	Executive Director	November 16, 2010
YU Zhongfu (于仲福)	41	Proposed Non-executive Director	November 16, 2010, effective from the Listing Date
LIU Chaoan (劉朝安)	55	Proposed Independent Non-executive Director	November 16, 2010, effective from the Listing Date
SHI Xiaomin (石小敏)	61	Proposed Independent Non-executive Director	November 16, 2010, effective from the Listing Date
LAU Miu Man (樓妙敏)	40	Proposed Independent Non-executive Director	November 16, 2010, effective from the Listing Date

Save as disclosed herein, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

Non-Executive Directors

Mr. LU Haijun (陸海軍), aged 54, is our chairman of the Board and has been a non-executive Director of our company since January 2010. Mr. Lu is responsible for our business strategy and overall development. Mr. Lu has more than 17 years of experience in management, investment management, capital management and human resource management in large power companies. He joined BEIH as the chairman in December 2008. From June 1998 to December 2008, Mr. Lu held various governmental roles while working for Beijing Municipal Government. Between February 2003 and December 2008, he was deputy director then director of Beijing Municipal Administration Commission (北京市市政市容管理委員會). He served as the deputy director of Chongwen District of Beijing from October 1998 to February 2003, and he was the assistant director of Beijing Municipal Public Utility Bureau (北京市公用局) from June 1998 to October 1998. Between January 1988 and June 1998, he worked as a deputy manager then manager of Beijing Liquefied Petroleum & Gas Company (北京市液化石油氣公司). From July 1982 to January 1988, he worked for Beijing Gas Company and held various positions including deputy manager and the deputy manager of the Bottling Plant in Northern Suburb (北郊灌瓶廠) of the company. He studied enterprise management at the Department of Industrial Economics at Capital University of Economics and Business (首都經濟貿易大學, formerly known as Beijing School of Economics (北京經濟學院)) from September 1978 to July 1982 obtaining a bachelor's degree, and studied enterprise management in the same university from September 1994 to July 1997 respectively, and now holds a master's degree.

Mr. GUO Mingxing (郭明星), aged 43, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Guo has more than 15 years of experience in production, construction, business management and capital management in the power industry. In January 2005, Mr. Guo joined BEIH as an assistant general manager. There he was promoted to deputy general manager in December 2005 and then general manager and director in December 2008. Also, since January 2007, he has been the president of Beijing Jingneng International. From June 2003 to December 2005, he was the general manager at Inner Mongolia Daihai Electric Power Generation Co., Ltd. (內蒙古岱海發電有限責任公司). Between September 2000 and December 2004, he worked with Beijing International Power Development and Investment Corporation (北京國際電力開發投資公司) as the deputy manager and then the manager of the electric investment management division and was then promoted to the assistant general manager in June 2003. From November 1999 to September 2000, he was an assistant director of the People's Government of Shenhe District in Shenyang. Between September 1990 and March 1993, Mr. Guo worked as an electrical technician and a secretary of the factory office at Shenyang Shenhai Power Plant (瀋陽瀋海熱電廠), then as the manager of fuel division from September 1995 to November 1999. Between October 1997 and April 1998, he attended a training program at Tokyo Electric Power (日本東京電力公司). Mr. Guo obtained a bachelor's degree in electric power engineering from Chengdu University of Science and Technology (成都科技大學) in July 1990 and a master's degree from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) in March 1995. Between 2003 and 2006, he studied quantitative economics in Jilin University and obtained a doctorial degree. Between 2007 and 2008, he was a part-time student at the centre for post-doctoral studies of the management school of Beijing University of Technology (北京工業大學).

Mr. XU Jingfu (徐京付), aged 56, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Xu has over 10 years of experience in management and investment in the power industry. He has been a deputy general manager in BEIH since November 2004, and has also been the chairman of BEIH-Property Co., Ltd. (京能置業股份有限公司, a company listed on the Shanghai Stock Exchange) since November 2005. From February 2000 to November 2004, Mr. Xu was the deputy general manager of Beijing Comprehensive Investment Company (北京市綜合投資公司), the predecessor of BEIH. From March 1980 to January 2000, he worked at Beijing Bureau of Technical Supervision (北京市技術監督局) for almost twenty years, as deputy section head, department head and deputy director, in that respective order. Mr. Xu graduated from the School of Mechanical Engineering at Beijing University of Technology (北京工業大學) in January 1980, major in optical instruments, and he obtained an MBA degree from Asia International Open University (Macau) (亞洲（澳門）國際公開大學) in April 2003.

Mr. LIU Guochen (劉國忱), aged 55, is a non-executive Director and is responsible for our business strategy and overall development. Mr. Liu has more than six years of experience in the management of finance, property and accounting of large power companies. Mr. Liu joined BEIH in November 2004 and has held the position of deputy general manager to this present day. Between September 2004 and November 2004, he worked with Beijing International Power Development and Investment Corporation (北京國際電力開發投資公司) as the deputy general manager. From August 1996 to March 1998, Mr. Liu worked as the vice director of Dalian Golden Pebble Beach Resort Management Commission (大連金石灘度假區管委會). Between March 1998 and September 2004, he was the deputy director of Dalian Economic and Technology Development Area Administration Commission (大連經濟技術開發區管理委員會). Mr. Liu studied financial management at Liaoning Institute of Finance and Economics (遼寧財經學院) from September 1978 to October 1982 and was awarded a bachelor's degree. He was awarded a master's degree in investment economics in June 1986, and studied industrial economics in Dongbei University of Finance and Economics (東北財經大學) and obtained a doctoral degree.

Mr. YU Zhongfu (于仲福) aged 41, is a non-executive Director of our Company. Mr. Yu has been the deputy general manager of Beijing State-owned Assets Operation and Management Center (北京國有資本經營管理中心) since May 2009, and the director of Beijing Rural Commercial Bank Co., Ltd.(北京農村商業銀行股份有限公司), Beijing Automobile Co., Ltd. (北京汽車股份有限公司), and Beijing BOE Display Technology Co., Ltd. (北京京東方顯示技術有限公司) since December 2009. From November 2003 to May 2009, he worked with Beijing State-owned Assets Supervision and Administration Commission (北京國有資產監督管理委員會), as deputy director of Department of Reform and Development, deputy director then director of Department of Enterprise Reform, in that respective order. From September 1996 to November 2003, he worked with Beijing Economic and Trade Commission (北京市經濟貿易委員會), where he was a senior staff, principal staff, then deputy director of Department of Small and Medium Enterprises, then deputy director of the Department of Enterprise Reform, in that respective order. From January 1996 to September 1996, Mr. Yu worked with Shijingshan District Economic Planning Commission (石景山區計劃經濟委員會) in Beijing as a staff then deputy section chief of Industry Section. Mr. Yu started his career as a staff at Shijingshan District Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議石景山區委員會) in Beijing, where he worked from July 1992 to January 1996. Mr. Yu studied at North China University of Technology (北方工業大學) from

September 1988 to July 1992, where he obtained a bachelor's degree of engineering. From September 2000 to July 2002, he studied in a post-graduate course at Central University of Finance and Economics (中央財經大學), major in finance. He is currently taking a post-graduate course in Peking University, major in public administration.

Executive Director

Mr. MENG Wentao (孟文濤), aged 42, is an executive Director and general manager of our Company. Mr. Meng has been the general manager of our Company since June 2010. He has over 18 years of experience in production, construction and business management in the power industry. He joined our Company in June 2010 and has been the general manager. Mr. Meng worked as a director and the general manager at Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司, a company listed on the Shanghai Stock Exchange) from May 2007 to July 2010, and the deputy head of the department of safety production supervision of Huaneng Northern Company (華能北方公司) from November 2006 to May 2007. From March 2005 to November 2006, he was the deputy general manager of Inner Mongolia Daihai Electric Power Generation Co., Ltd. (內蒙古岱海發電有限責任公司). Mr. Meng worked at Dalate Power Plant from July 1992 to March 2005, where he served successively as the operation team leader and shift leader of the operation department, the deputy director of the organization department, the deputy director, director then the vice chief engineer of the inspection and maintenance department. Mr. Meng obtained a master's degree in power system and its automation from North China Electric Power University (華北電力大學), China in June 2002.

Independent Non-executive Directors

Mr. LIU Chaoan (劉朝安), aged 55, is an independent non-executive Director. Mr. Liu is currently an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (stock code: 1798) and was an independent non-executive director of Datang International Power Generation Co., Ltd. (stock code: 991) from 2007 to 2010. Mr. Liu has 30 years of experience in the field of electric power design, and has been the chairman of the board of China Power Engineering Consulting Group Corporation North China Electric Power Design Institute Engineering Co., Ltd. (中國電力工程顧問集團公司華北電力設計院工程有限公司) since 2010. Between 2005 and 2010, he was the chairman of the board of Beijing Guodian North China Electric Engineering Co., Ltd. (北京國電華北電力工程有限公司). From 1999 to 2005, he worked as a deputy general manager at Guodian North China Electric Engineering Co., Ltd.(國電華北電力工程有限公司). Between 1984 and 1999, he worked at North China Electric Power Design Institute (華北電力設計院) as section chief, deputy department chief and then assistant president. He worked as a technician and an assistant engineer at Beijing Electric Power Design Institute (北京電力設計院) between 1980 to 1984. Mr. Liu obtained a bachelor's degree in engineering from Changchun College of Geology (長春地質學院, which has merged into Jilin University (吉林大學)) in 1980 and a double-bachelor's degree in management engineering from North China Electric Power University (華北電力大學) in 2001. Mr. Liu is a professor-grade senior engineer.

Mr. SHI Xiaomin (石小敏), aged 61, is an independent non-executive Director. Mr. Shi is an expert in China's economic reform. He is a vice president of China Society of Economic Reform (中國經濟體制改革研究會), and has been working there since 1991 as the director of research office, deputy secretary-general, secretary-general and vice president, in that respective order. Between August 2005 and December 2007, he was an independent director of China Galaxy Holdings Co., Ltd. (銀河控股股份公司). Between 1983 to 1991, he worked at the State Reform Committee (國家體制改革委員會), first as deputy department chief then department chief. From 1982 to 1983, Mr. Shi worked at the Theory Department of Economic Daily (經濟日報). Mr. Shi studied at Peking University between 1978 and 1982, and obtained a bachelor's degree in economics in 1982.

Ms. LAU Miu Man (樓妙敏), aged 40, is an independent non-executive Director. Ms. Lau now serves as the Chief Financial Officer of Sunnywafer Holdings Limited (華盛恒能光電控股有限公司). Before then, Ms. Lau served as the Chief Financial Officer of the China Renji Medical Group Ltd. (中國仁濟醫療集團有限公司, stock code: 648) from December 2007 to March 2011. She was a Practising Director of Shinewing (HK) CPA Limited from September 2005 to December 2007. Between January 1994 and August 2005, she worked with Ho and Ho & Company, Certified Public Accountants, holding positions including Audit Manager and Partner, in that respective order. Ms. Lau has more than 13 years of professional experience in finance, accounting and auditing, and she provided auditing, business advisory, due diligence review, mergers and acquisition transactions and internal controls review for listed companies, state-owned enterprises and foreign investment enterprises. Ms. Lau graduated from Monash University in Australia in 1994 and obtained a bachelor's degree of economics, major in accounting. She has been a fellow member of Hong Kong Institute of Certified Public Accountants and Certified Practising Accounting of CPA (Aust.) since 1997.

SUPERVISORS

The Board of Supervisors of the Company currently consists of three members. The following table sets out certain information about our Supervisors.

Name	Age	Position	Date of Appointment
CHEN Yanshan (陳燕山)	57	Chairman of the Board of Supervisors	January 26, 2010
LIU Jiakai (劉嘉凱)	44	Supervisor	January 26, 2010
HUANG Linwei (黃林偉)	43	Supervisor	January 26, 2010

Save as disclosed herein, there are no other matters in respect of each of our Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matters relating to our Supervisors that need to be brought to the attention of our Shareholders.

Mr. CHEN Yanshan (陳燕山), aged 57, has served as the chairman of the Board of Supervisors of our Company since January 2010. Mr. Chen has over 6 years of experience in resource management and auditing in power companies. He joined BEIH in November 2004 and has served as a director and a member of the Audit Committee of the board of BEIH since then. From April 2004 to November 2004, he worked as the deputy secretary of the Communist Party committee of Beijing International Power Development and Investment Corporation (北京國際電力開發投資公司). From July 1985 to April 2004, he worked at the

Organization Department of Beijing Municipal Committee (北京市委組織部), where he held various positions, including the deputy director of the division of general affairs (綜合處副處長), and the director of the division of cadres (幹部處處長) of the Organization Department of Beijing Municipal Committee. Mr. Chen studied labor economics at Beijing School of Economics (北京經濟學院) and was awarded a bachelor's degree in 1984. Additionally, he took a post-graduate course in economic management from the Party School of Beijing Municipal Committee (北京市委黨校) in July 1998.

Mr. LIU Jiakai (劉嘉凱), aged 44, has served as a Supervisor of our Company since January 2010. Mr. Liu has over 20 years of experience in construction and accounting in the power industry. Mr. Liu joined BEIH in December 2009 and has been the director of the department of finance and property management. Also, he was the chief accountant of Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司, a company listed on the Shanghai Stock Exchange) between April 2006 and April 2007 and has been a supervisor of the same company since June 2007. From July 2006 to December 2009, he held the position of the chief financial officer at Beijing Jingneng International. Between July 2003 and April 2006, he was the chief accountant at Inner Mongolia Daihai Electric Power Generation Co., Ltd. (內蒙古岱海發電有限責任公司). Mr. Liu worked as the director of the finance department and the vice director of the audit department of Inner Mongolia Power Control Bureau (內蒙古電管局) for eleven years from March 1992 to July 2003. Mr. Liu obtained a bachelor's degree in economics from Central University of Finance and Economics of China (中央財經大學) in June 1989.

Ms. HUANG Linwei (黃林偉), aged 43, has served as a Supervisor of our Company since January 2010. Ms. Huang has more than 16 years of experience in accounting and auditing in power companies. She joined Beijing Jingneng Technology in December 1993, where she has held various positions successively, including cashier, accountant, supervisory accountant and deputy manager of the finance department, and deputy manager of the department of audit and internal control. Ms. Huang took an on-job post-graduate course in the Party School of Beijing Municipal Committee (北京市委黨校) in July 2009. Ms. Huang is an intermediate accountant.

SENIOR MANAGEMENT

The senior management team of the Company, in addition to the executive Director listed above, is as follows:

Name	Age	Position	Date of Appointment
MENG Wentao (孟文濤)	42	General Manager	June 9, 2010
REN Qigui (任啟貴)	49	Deputy General Manager	June 9, 2010
LI Haibin (李海濱)	46	Deputy General Manager	December 14, 2009
KANG Jian (康健)	48	Deputy General Manager, Secretary of the Board of Directors	March 11, 2010 / December 14, 2009
LI Zhijian (李志堅)	41	Deputy General Manager	March 11, 2010
LI Yuehua (李曰華)	50	Deputy General Manager	August 19, 2010
ZHU Baocheng (朱保成)	38	Chief Accountant	March 11, 2010
ZHANG Jurui (張巨瑞)	44	Chief Engineer	March 11, 2010

Each of the members of the senior management team listed above can be contacted at the Company's registered address at Room 118, 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing.

Biographies of each of the members of the senior management team are set out below:

Mr. MENG Wentao (孟文濤), aged 42, is an executive Director and general manager of our Company. His biographical details are set out above under the paragraph headed "—Executive Director".

Mr. REN Qigui (任啟貴), aged 49, is a deputy general manager of our Company and is responsible for our business strategy and overall development. Mr. Ren has more than 14 years of experience in production, construction and management in the power industry. He joined our Company in December 1995 and since then has held the following positions respectively: manager of the division of investment and the division of information, assistant general manager, deputy general manager, and general manager. From July 1986 to May 1995, Mr. Ren worked at the Department of Energy and Power of China Research Institute of Agricultural Machinery (中國農業機械研究院能源動力所). Mr. Ren obtained a master's degree in business management from Xiamen University (廈門大學) in June 2008.

Mr. LI Haibin (李海濱), aged 46, has been a deputy general manager of our Company since December 2009. Mr. Li has more than 6 years of experience in power production and power project planning. In December 2009, he was appointed as a deputy general manager of our Company and has held this position since then. He worked at the research centre of energy strategy of BEIH between December 2004 and March 2006 and was subsequently promoted to the role of the project manager of the department of power energy in March 2006. He held this position until December 2009. Between October 2006 and December 2009, he was on secondment to Beijing Municipal Development and Reform Commission (北京市發展和改革委員會). From January 2004 to December 2004, he was the project manager of the department of power investment and construction of Beijing International Power Development and Investment Corporation (北京國際電力開發投資公司). Between January 2000 and January 2004, he was teaching at Beijing Jiaotong University (北京交通大學) and was promoted to the director of the center of power simulation in October 2001. He obtained a bachelor's degree in industrial electronic technology from Zhejiang University (浙江大學) in July 1986. Between September 1986 and January 1989, he studied the thermal energy and automation of power plants in North China Electric Power University (華北電力大學, formerly known as North China Electric Power College (華北電力學院)), and obtained a master's degree.

Mr. KANG Jian (康健), aged 48, has been a deputy general manager of our Company since March 2010 and the secretary of the Board since December 2009. Mr. Kang has over 15 years of experience in strategic management, sales management and investor relationship management in large state-owned enterprises and transnational corporations. Mr. Kang has been the deputy general manager of our Company since March 2010, and the secretary of the Board since December 2009. Between August 2009 and December 2009, Mr. Kang worked for BEIH as the deputy director of the office of strategic investment. Mr. Kang worked at several transnational corporations, including as a senior manager of the department of automation system of Automation & Drives Group and the director of strategic development and customer relations of the company's Strategic Marketing Department at Siemens Ltd., China (西門子（中國）有限公司) from January 2004 to July 2009, as a regional manager of the Greater China area of Canadian Tucows Inc. (加拿大Tucows有限公司) from April 2000 to March 2003, and as the assistant manager of the Marketing Division of the U.S. Albany International Company (美國奧爾伯尼國際公司) from July 1999 to February 2000. Mr. Kang obtained a bachelor's degree in international trade from Beijing University of Technology (北京工業大學) in July 1988, and an MBA degree from Rensselaer Polytechnic Institute in the United States (美國仁斯利爾理工大學) in May 1999.

Mr. LI Zhijian (李志堅), aged 41, has been a deputy manager of our Company since March 2010. Mr. Li has over 15 years of experience in production and management in the power industry. Mr. Li has been a deputy general manager of our Company since March 2010. He worked as the deputy general manager of New Energy from July 2009 to March 2010, as the deputy general manager of Wulanyiligeng Power from August 2008 to July 2009, the project manager of the Chayouzhong Project of Inner Mongolia Wind Power Division of Beijing Jingneng International from September 2007 to August 2008. Between November 2001 and September 2007, he worked for Jingfeng Thermal Power, where he served successively as the vice director (and later the director) of the boiler maintenance branch, the leader of the division of project extension, and the deputy head of the department of maintenance. From July 1995 to November 2001, he worked at Beijing No. 3 Thermal Power Plant (北京第三熱電廠) and held various positions successively. These included being a boiler forge engineer and the vice director of the ash plant. Mr. Li obtained a bachelor's degree in power plant thermal energy and power engineering from Northeast China Institute of Electric Power Engineering (東北電力學院) in July 1995.

Mr. LI Yuehua (李曰華), aged 50, has been a deputy general manager of our Company since August 2010. Mr. Li has over 21 years of experience in project management in the power industry. In April 2005, he joined our company and has held various positions subsequently. These included being the manager of the comprehensive utilization of the resources division and the manager of the regional energy division between January 2006 and March 2008, the deputy chief engineer between March 2008 and May 2009, and the chief engineer of our Company between May 2009 and August 2010. Between August 2003 and April 2005, he was the deputy manager of Beijing Huaxin Electric Power Industry General Company Limited of Guodian North China Electric Power Design Institute (國電華北電力設計院北京華信電力實業總公司). Between May 1985 and December 1998, Mr. Li worked for North China Electric Power Design Institute (華北電力設計院) as an officer of the hydro engineering division, and between December 1998 and August 2003, he worked for Guodian North China Electric Power Design Institute Engineering Co., Ltd.(國電華北電力設計院工程有限公司), where he was promoted to the role of chief engineer of the subsidiary of consolidated engineering in December 2002. Mr. Li obtained a bachelor's degree in construction machinery from Liaoning Institute of Construction (遼寧建築工程學院), China in July 1983. He is a senior engineer.

Mr. ZHU Baocheng (朱保成), aged 38, has been the chief accountant of our company since March 2010. Mr. Zhu is experienced in accounting and property ownership management in power companies. In March 2010, Mr. Zhu joined our Company as the chief accountant. He was the chief accountant at Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司, a company listed on the Shanghai Stock Exchange) from May 2009 to March 2010. Between April 2007 and May 2009, he worked as the manager of the finance department at Beijing Jingneng International. From October 2002 to April 2007, he worked with China Grand Enterprises (中國遠大集團公司) where he was the chief accountant of the medical division and the manager of investment management department. From January 2001 to September 2002, he was the chief financial officer at Beijing Wantong Technology Investment Co., Ltd. (北京世紀萬通科技投資有限公司), before which he was a manager of the audit department of Hebei Hua'an Certified Public Accountants Co., Ltd. (河北華安會計師事務所) from July 1996 to December 2000. Mr. Zhu obtained a bachelor's degree in accounting from Hebei University of Economics and Business (河北經貿大學) in June 1996 and a master's degree in world economics at Hebei University (河北大學) in June 2002. Between September 2004 and June 2007, he also studied accounting at Renmin University of China (中國人民大學) to obtain a doctoral degree. Mr. Zhu is a senior accountant.

Mr. ZHANG Jurui (張巨瑞), aged 44, has been a chief engineer of our Company since March 2010. Mr. Zhang has over 6 years of experience in project management in the power industry. He joined our Company and has been the chief engineer since March 2010. Between January 2008 and April 2010, he worked at the department of planning and development of Beijing Jingneng International. From February 2004 to January 2008, Mr. Zhang worked at the Inner Mongolia Daihai Electric Power Generation Co., Ltd. (內蒙古岱海發電有限責任公司), starting as assistant manager of the maintenance department and director of the electrics office, and then the chief engineer of the power generation subsidiary and was later appointed as the deputy director of the department of safe production. He worked at the Second Power Plant in Datong of Guodian Power Development (國電電力大同第二發電廠) from July 1989 to February 2004, holding various positions including senior engineer. Mr. Zhang obtained a bachelor's degree in power system and its automation from School of Electric Power of Taiyuan University of Industry (太原工業大學電力分院) in July 1989. He is a senior engineer.

COMPANY SECRETARY

Mr. KANG Jian, serves as secretary to the Board and one of the joint company secretaries. Please refer to his biography under the paragraph headed "—Senior Management."

Ms. LEUNG, Wai Han Corinna (梁慧嫻), aged 43, serves as the joint company secretary of our Company. She is a senior manager of Tricor Services Limited, a company secretarial services provider and has almost 20 years of experience in corporate secretarial work. Ms. Leung is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. As of the Latest Practicable Date, Ms. Leung acted as the joint company secretary of Honghua Group Limited (stock code: 196) and SBI Holdings, Inc. (stock code: 6488), both companies are listed on the Stock Exchange.

In order to discharge her duties as joint company secretary of our Company, Ms. LEUNG has confirmed to us that a team of professional staff from Tricor Services Limited with appropriate chartered secretary qualifications will be designated to assist Ms. LEUNG in discharging her duties as company secretary of our Company.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference that complies with Rule 3.21 of the Listing Rules and paragraph C3 of the Code of Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The Audit Committee consists of two independent non-executive Directors who are Ms. LAU Miu Man and Mr. LIU Chaoan and one non-executive Director who is Mr. LIU Guochen. The Audit Committee is chaired by Ms. LAU Miu Man. The primary duties of the Audit Committee are to: assist our Board by providing an independent view of the effectiveness of the financial reporting process, handle the internal control and risk management systems of our Group, oversee the audit process and perform other duties and responsibilities that are assigned by our Board.

REMUNERATION AND NOMINATION COMMITTEE

We have established a remuneration and nomination committee with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The remuneration and nomination committee consists of two independent non-executive Directors who are Mr. LIU Chaoan and Mr. SHI Xiaomin and one non-executive Director who is Mr. GUO Mingxing. The remuneration and nomination committee is chaired by Mr. GUO Mingxing, a non-executive Director. The primary duties of the remuneration and nomination committee include (but without limitation): (i) making recommendations to the Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to the corporate goals and objectives that are resolved by the Directors from time to time; (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme; and (v) making recommendations to our Board about who should fill any vacancy on our Board.

STRATEGY COMMITTEE

We have established a strategy committee with written terms of reference. The current members of the strategy committee are Mr. LU Haijun, Mr. GUO Mingxing, Mr. XU Jingfu, Mr. LIU Guochen and Mr. MENG Wentao. The strategy committee is chaired by Mr. LU Haijun. The primary function of the strategy committee is to make recommendations to our Board about long-term development strategies of the Company.

COMPLIANCE ADVISER

We have appointed Somerley Limited as our compliance adviser pursuant to Rule 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and, if necessary, seek advice from our compliance adviser, Somerley Limited, on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares of our Company.

Pursuant to Rule 19A.06 of the Listing Rules, Somerley Limited will on a timely basis, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Somerley Limited will also inform us of any amendment or supplement to the applicable laws and guidelines.

The term of appointment of Somerley Limited shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be further extended subject to mutual agreement.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including salaries, allowances and other benefits and contributions to pension schemes) which were paid to our Directors for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were nil, nil, RMB258,000 and RMB246,000, respectively.

Under the current arrangements, the Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending

December 31, 2011 under arrangement in force as at the date of this prospectus which is expected to be approximately RMB1,000,000 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, 2011 under arrangement in force as at the date of this prospectus which is expected to be approximately RMB330,000 in aggregate.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, by us or any of our subsidiaries to our Directors.

EMPLOYEES

As at the June 30, 2011, we had 1,157 employees. Since our inception, we have not experienced any strikes or other labor disputes which materially affected our business activities. We consider our labor relations to be good.

The remuneration package of our employees mainly includes salaries, discretionary bonuses and contributions to mandatory social security funds. As required by the PRC regulations, we participate in various defined pension schemes for our employees, including those organized by provincial or municipal governments as well as supplemental pension schemes. The employees covered by such scheme include our Directors, Supervisors and senior management personnel. Bonuses are generally discretionary and based on the overall performance of our business. For the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, we incurred staff costs of approximately RMB72.1 million, RMB119.4 million, RMB184.3 million and RMB81.2 million, respectively, representing 3.2%, 2.5%, 5.1% and 4.3%, of our revenue for those periods, respectively. The total amount of contributions we made for welfare plans, including social security funds and housing accumulation funds for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, were approximately RMB31 million, RMB36 million, RMB45 million and RMB24 million, respectively.

So far as the Directors are aware, each of the following persons (other than our Directors or chief executive) will, immediately following completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option), has an interest or short position in 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, who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings:

Shareholder	Class of Shares held after the Global Offering	Nature of interest	Number of Shares held immediately after the Global Offering and assuming the Over-allotment Option is not exercised	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering and assuming the Over-allotment Option is not exercised[1]	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering and assuming the Over-allotment Option is not exercised[2]
BEIH[3]	Domestic Shares	Beneficial interest and interest of controlled company	4,217,360,071(L)	93.22%	69.91%
BSAMAC[4]	Domestic Shares	Beneficial interest and interest of controlled company	4,442,302,231(L)	98.19%	73.64%
BEETI[5]	H Shares	Beneficial interest	219,200,000(L)	14.54%	3.63%
Barclays[6]	H Shares	Beneficial interest	153,450,000(L)	10.18%	2.54%
Barclays PLC[7]	H Shares	Interest of controlled company	153,450,000(L)	10.18%	2.54%
SAIF Partners IV L.P.[8]	H Shares	Beneficial interest	233,532,000(L)	15.49%	3.87%
SAIF IV GP, L.P.[9]	H Shares	Interest in controlled company	233,532,000(L)	15.49%	3.87%
SAIF IV GP Capital Ltd.[9]	H Shares	Interest in controlled company	233,532,000(L)	15.49%	3.87%
Andrew Y. Yan[9]	H Shares	Interest in controlled company	233,532,000(L)	15.49%	3.87%
Goldwind New Energy (HK) Investment Limited[10]	H Shares	Beneficial interest	140,118,000(L)	9.29%	2.32%
Xinjiang Goldwind Science & Technology Co., Ltd.[10]	H Shares	Interest in controlled company	140,118,000(L)	9.29%	2.32%

Shareholder	Class of Shares held after the Global Offering	Nature of interest	Number of Shares held immediately after the Global Offering and assuming the Over-allotment Option is not exercised	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering and assuming the Over-allotment Option is not exercised(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering and assuming the Over-allotment Option is not exercised(2)
CSOF Inno Investments Limited(11)	H Shares	Beneficial interest	94,414,000(L)	6.26%	1.57%
China Special Opportunities Fund III. L.P.(11)	H Shares	Interest in controlled company	94,414,000(L)	6.26%	1.57%
Jetcote Investments Limited(12)	H Shares	Beneficial interest	140,118,000(L)	9.29%	2.32%
China Aerospace Science and Technology Corporation(12)	H Shares	Interest in controlled company	140,118,000(L)	9.29%	2.32%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (as applicable) of the Company after the Global Offering and the mid-point of the indicative Offer Price range.

(2) The calculation is based on the total number of 6,032,200,000 Shares in issue after the Global Offering and the mid-point of the indicative Offer Price range.

(3) BEIH is beneficially interested in 4,190,384,605 Domestic Shares, representing 69.47% of the total share capital of the Company. BEIH wholly owns BIEE and therefore, is deemed to be interested in 26,975,467 Domestic Shares held by BIEE, representing 0.45% of the total share capital of the Company.

(4) BSAMAC is beneficially interested in 224,942,160 Domestic Shares, representing 3.73% of the total share capital of the Company. BSAMAC wholly owns BEIH and therefore, is deemed to be interested in 4,217,360,071 Domestic Shares held by BEIH and BIEE, representing 69.91% of the total share capital of the Company.

(5) BEETI is beneficially interested in 219,200,000 H Shares, representing 3.63% of the total share capital of the Company.

(6) Barclays holds 153,450,000 H Shares, representing 2.54% of the total share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option has not been exercised), which is expected to be 10.18% of the total H Shares in issuance at that time. Barclays entered into a transaction in May 2010 with an Independent Third Party for which it passed through the economic interests on 137,008,928 of those Shares but retained all rights and obligations as a shareholder in all of the Shares and is subject to the applicable lock-ups. By virtue of such transaction, Barclays may need to report such transaction as a short position for the purposes of Part XV of the SFO.

(7) Barclays PLC wholly owns Barclays and therefore, is deemed to be interested in 153,450,000 H Shares held by Barclays, representing 2.54% of the total share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option has not been exercised), which is expected to be 10.18% of the total H Shares in issuance at that time.

(8) SAIF Partners IV L.P., an exempted limited partnership registered in the Cayman Islands. See "Cornerstone Investors" section.

(9) SAIF Partners IV L.P. is an exempted limited partnership registered in the Cayman Islands whose sole general partner is SAIF IV GP, L.P., a limited partnership established in the Cayman Islands. SAIF IV GP, L.P. holds the entire voting power of SAIF Partners IV L.P. The sole general partner of SAIF IV GP, L.P. is SAIF IV GP Capital Ltd., an exempted limited liability company incorporated in the Cayman Islands, which is wholly owned and controlled by Mr. Andrew Y. Yan. SAIF IV GP Capital Ltd. holds the entire voting power of SAIF IV GP, L.P. Therefore, each of SAIF IV GP, L.P., SAIF IV GP Capital Ltd. and Mr. Andrew Y. Yan is deemed to be interested in 233,532,000 H Shares held by SAIF Partners IV L.P., representing 3.87% of the total issue share capital of the Company.

(10) Goldwind New Energy (HK) Investment Limited is a limited liability company incorporated in Hong Kong and is wholly owned by Xinjiang Goldwind Science & Technology Co., Ltd.. See "Cornerstone Investors" section.

(11) CSOF Inno Investments Limited is incorporated in British Virgin Islands and is wholly-owned by China Special Opportunities Fund III, L.P.. See "Cornerstone Investors" section.

(12) Jetcote Investments Limited is a limited company registered in British Virgin Islands and is a wholly owned subsidiary of China Aerospace Science and Technology Corporation. See "Cornerstone Investors" section.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, please see "Appendix IX—Statutory and General information—4. Disclosure of Interests—C Interests of the substantial shareholders of any member of the Group (other than our Company)".

Save as disclosed in this prospectus, the 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 10% 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.

SHARE CAPITAL

As at the date of this prospectus, the registered share capital of the Company is RMB5,000,000,000, divided into 5,000,000,000 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
4,524,130,000	Domestic Shares[1]	75.00%
372,650,000	H Shares converted from unlisted foreign Shares held by BEETI and Barclays	6.18%
1,135,420,000	H Shares issued and sold under the Global Offering[2]	18.82%
6,032,200,000		100%

Notes:

(1) These Domestic Shares are held by BEIH, BIEE, BDHG, Shenghui and BSAMAC.

(2) 103,220,000 Domestic Shares (assuming no exercise of the Over-allotment Option) will be converted into H Shares to be offered for sale by the Selling Shareholders. Please see the section headed "Structure of the Global Offering-The Selling Shareholders".

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
4,508,648,000	Domestic Shares[1]	72.87%
372,650,000	H Shares converted from unlisted foreign Shares held by BEETI and Barclays	6.02%
1,305,722,000	H Shares issued and sold under the Global Offering[2]	21.11%
6,187,020,000		100%

Notes:

(1) These Domestic Shares are held by BEIH, BIEE, BDHG, Shenghui and BSAMAC.

(2) 118,702,000 Domestic Shares (assuming full exercise of the Over-allotment Option) will be converted into H Share to be offered for sale by the Selling Shareholders. Please see the section headed "Structure of the Global Offering-The Selling Shareholders".

The above tables assume the Global Offering becomes unconditional and is completed.

Our Shares

Upon completion of the Global Offering, 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 Renminbi. 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 investors of the PRC. We must pay all dividends in respect of H Shares in Hong Kong dollars and all dividends in respect of Domestic Shares in Renminbi.

Our Promoters hold all existing Domestic Shares and unlisted foreign 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 25, 2010, on which we were organized as a joint stock limited company. This lock-up period will expire on August 24, 2011. 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 on any stock exchange. In addition, on April 15, 2011, two of the Promoters, BEETI and Barclays undertook that they will not transfer any interest in Shares held by them prior to the Listing for a period of one year following the Listing Date. Upon the approval of the State Council or its authorized regulatory departments and with the consent of the Stock Exchange, the Domestic Shares and unlisted foreign 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 VII, 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.

Under our Articles of Association, any change or abrogation of the rights of class shareholders should be approved by way of a special resolution of the general meeting of shareholders and by a separate meeting of shareholders convened by the affected class shareholders. However, as provided in our Articles of Association, the procedures for the approval by separate class shareholders shall not apply (i) where we issue, upon approval by a special resolution of our Shareholders in a general meeting, either separately or concurrently in any twelve-months period, not more than 20% of each of the existing issued Domestic Shares and H Shares; (ii) where the plan for the issue of Domestic Shares and H Shares upon the Company's establishment is implemented within fifteen months following the date of approval by the authorized securities regulatory authorities of the State Council; or (iii) upon the transfer of our Domestic Shares held by the holders of our Domestic Shares to overseas investors and the listing and trading of such transferred shares shall have obtained the approval of the authorized securities regulatory authorities of the State Council.

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. We have not approved any share issue plan other than the Global Offering.

CONVERSION OF OUR DOMESTIC SHARES AND UNLISTED FOREIGN 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. The relevant procedural requirements for the transfer and conversion of the Domestic Shares to H Shares are:

(1) The holder of Domestic Shares is to obtain the requisite approval of CSRC or the authorized securities approval authorities of the State Council for the transfer of all or part of its Domestic Shares into H Shares.

(2) The holder of Domestic Shares is to issue to us a removal request in respect of a specified number of the Shares attaching the relevant documents of title.

(3) Subject to obtaining the approval of the Board, we would then issue a notice to the H Share Registrar with instructions that, with effect from a specified date, our H Share Registrar is to issue the relevant holders with H share certificates for such specified number of Shares.

(4) Such specified number of Domestic Shares to be transferred to H Shares are then re-registered on the H share register maintained in Hong Kong on the condition that:

   (a) our H Share Registrar lodges with the Hong Kong 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 certificate; and

   (b) the admission of the H Shares (converted from Domestic Shares) to trade in Hong Kong will comply with the Hong Kong Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time.

(5) Upon completion of the transfer and conversion, the shareholding of the relevant holder of Domestic Shares in our domestic share register will be reduced by such number of Domestic Shares transferred and the number of H Shares in the H share register will correspondingly be increased by the same number of Shares.

(6) We will comply with the Listing Rules to inform our shareholders and the public by way of an announcement of such fact not less than three days prior to the proposed effective date.

Conversion of Unlisted Foreign Shares

Upon completion of the Global Offering, unlisted foreign Shares held by BEETI and Barclays will be converted to H Shares on a one-for-one basis and will be listed for trading on the Stock Exchange. BEETI and Barclays are not connected persons of the Company. Accordingly, the H Shares held by BEETI and Barclays, upon completion of the Global Offering, will be part of our Company's public float within the meaning of Rule 8.24 of the Listing Rules.

SHARE LOCK-UP

Upon completion of the Global Offering, the Domestic Shares and H Shares converted from unlisted foreign shares will be subject to the following regulatory transfer restrictions (as applicable)

- Under the Company Law, Shares which have been issued before we publicly issue Shares are prevented from being transferred within one year from the date of listing on a stock exchange;

- Under the Listing Rules, BEIH as our controlling shareholder is prevented from, among others (i) disposing of or agreeing to dispose any of the Shares for a period of six months from the date of listing on the Hong Kong Stock Exchange; and (ii) during a period of six months thereafter, disposing of or agreeing to dispose of any of the Shares if, immediately after such disposition, it would cease to be our controlling shareholder.

Upon any re-registration of the Shares held by BEIH, BIEE, BDHG, BSAMAC and Shenghui on our Hong Kong branch share register, the Shares held by BEIH, BIEE, BDHG, BSAMAC and Shenghui will remain subject to the above transfer restrictions under the Company Law and Listing Rules to the extent that such restrictions have not expired. H Shares converted from unlisted foreign shares will also remain subject to the above transfer restrictions under the Company Law to the extent that such restrictions have not expired.

SALE OF THE SALE SHARES

In accordance with relevant PRC regulations regarding disposal of State-owned shares, In the event of an initial public offering or a share placement to public shareholders in overseas securities markets by a PRC joint stock company in which the State has an interest, such company shall dispose of its State-owned shares representing 10% of the amount received from such offering or placement. Proceeds generated from the disposal of such State-owned shares shall be remitted to the NSSF.

We made a proposal to the SASAC in connection with the transfer of up to an aggregate of 246,428,550 Shares in accordance with the relevant PRC regulations by the Selling Shareholders to the NSSF. Such proposal was approved by the SASAC on September 28, 2010. The conversion of those Shares into H Shares was approved by the CSRC on April 29, 2011. Pursuant to a letter issued by the NSSF (Shebaojijingfa (2010) No. 172) on December 1, 2010, the NSSF authorized us to sell those Shares currently registered under the names of the Selling Shareholders as the Sale Shares in the Global Offering. Please see the section headed "Structure of the Global Offering—The Selling Shareholders". We have been advised by our PRC legal counsel, Tian Yuan Law Firm, that such sale and conversion have been approved by the relevant PRC authorities and are legal under PRC law.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to 《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》 (the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange) 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 working days upon listing.

GENERAL MANDATE TO ISSUE SHARES

Subject to the completion of the Global Offering, our Board has been granted a general mandate to allot and issue Domestic Shares and H Shares at any time, either separately or concurrently, within a period of up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association and to file such amendments to the relevant administration bureau for industry and commerce for registration, provided that, the number of Domestic Shares or H Shares to be issued shall not exceed 20% of the number of each of our Domestic Shares and H Shares in issue, respectively, as at the Listing Date.

Furthermore, we need to obtain approvals from the CSRC and other relevant PRC authorities for the actual issuance of H Shares and Domestic Shares.

For more details of this general mandate, please see "Appendix IX—Statutory and General Information—1. Further Information About our Company—C Proceedings at the Company's shareholders' meeting held on November 16, 2010 and November 9, 2011".

The Cornerstone Placing

We have entered into placing agreements with the following investors (each a "Cornerstone Investor", collectively, the "Cornerstone Investors"), who in aggregate have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of approximately US$140 million (or equivalent). Assuming an Offer Price of HK$1.67, the mid-point of the estimated Offer Price range set forth in this prospectus, the total number of H Shares to be subscribed for by the Cornerstone Investors would be approximately 653,810,000 H Shares, representing approximately 10.84% of our total issued and outstanding share capital or 57.58% of the H Shares issued and offered for sale under the Global Offering immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). Each of the Cornerstone Investors is an Independent Third Party not connected with us and will not be a substantial shareholder of the Company upon Listing and during the six-month lock-up period as described below. All H Shares to be held by the Cornerstone Investors will be counted as part of our public float.

The cornerstone placing forms part of the International Offering. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective placing agreement. Immediately following the completion of the Global Offering, no Cornerstone Investor will have any board representation in the Company. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering". Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations for the Hong Kong Public Offering to be published on December 21, 2011.

Our Cornerstone Investors

We set forth below a brief description of our Cornerstone Investors:

SAIF Partners IV L.P.

SAIF Partners IV L.P. 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 with an aggregate amount of US$50 million (or equivalent) at the Offer Price. Assuming an Offer Price of HK$1.67 (being the mid-point of the Offer Price range set forth in this prospectus), SAIF Partners IV L.P. would subscribe for approximately 233,532,000 H Shares, representing approximately 20.57% of the H Shares issued and offered for sale under the Global Offering and approximately 3.87% of our total issued share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

SAIF Partners IV L.P. is an exempted limited partnership registered in the Cayman Islands on September 11, 2009. SAIF Partners IV L.P. is an investment fund managed by SAIF Partners and its affiliates. SAIF Partners is a leading private equity firm that provides growth capital to companies in Asia.

Goldwind New Energy (HK) Investment Limited

Goldwind New Energy (HK) Investment Limited ("Goldwind New Energy") 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 with an aggregate amount of approximately US$30 million at the Offer Price. Assuming an Offer Price of HK$1.67 (being the mid-point of the Offer Price range set forth in this prospectus), Goldwind New Energy would subscribe for approximately 140,118,000 H Shares, representing approximately 12.34% of the H Shares issued and offered for sale under the Global Offering and approximately 2.32% of our total issued share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Goldwind New Energy is a limited liability company incorporated in Hong Kong and is wholly owned by Xinjiang Goldwind Science & Technology Co., Ltd. ("Xinjiang Goldwind"). Goldwind New Energy is mainly engaged in wind power project investment, development and construction. Xinjiang Goldwind is one of the largest wind turbine manufacturers in the world with operations in Asia, Australia, Europe and the Americas.

Everbright Private Equity

Everbright Inno Investments Limited ("EIIL") and CSOF Inno Investments Limited ("CSOF", together with EIIL, "Everbright Private Equity") have agreed to subscribe for such number of H Shares (rounded down to the nearest board lot) which may be purchased with an aggregate amount of approximately US$9.77 million and US$20.23 million (or equivalent) at the Offer Price, respectively. Assuming an Offer Price of HK$1.67 (being the mid-point of the Offer Price range set forth in this prospectus), the number of Offer Shares that EIIL and CSOF would acquire would be approximately 45,626,000 H Shares and 94,414,000 H Shares, respectively, representing approximately 4.02% and 8.32% of the H Shares issued and offered for sale under the Global Offering and approximately 0.76% and 1.57% of our total issued share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), respectively.

EIIL and CSOF, both incorporated in British Virgin Islands, are wholly-owned by Windsor Venture Limited ("WVL") and China Special Opportunities Fund III, L.P. (the "CSO Fund"), respectively. WVL is a company incorporated in British Virgin Islands and the CSO Fund is an exempted limited partnership registered in the Cayman Islands. Both EIIL and CSOF are managed by the private equity team of China Everbright Limited ("Everbright"), which is incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (stock code: 00165). Leveraging the reputation of Everbright and the extensive network and expertise of the private equity team of Everbright, the CSO Fund focuses on sectors with high growth potential in China.

Jetcote Investments Limited

Jetcote Investments Limited ("Jetcote") 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 with an aggregate amount of US$30 million (or equivalent) at the Offer Price. Assuming an Offer Price of HK$1.67 (being the mid-point of the Offer Price range set forth in this prospectus), Jetcote would subscribe for approximately 140,118,000 H Shares, representing approximately 12.34% of the H Shares issued and offered for sale under the Global Offering and approximately 2.32% of our total issued share capital immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Jetcote is a limited liability company registered in British Virgin Islands on March 30, 1993. It is a wholly owned subsidiary of China Aerospace Science and Technology Corporation (中國航天科技集團公司), which is a large state-owned enterprise group in aerospace industry in China. Jetcote and its wholly owned subsidiaries are the controlling shareholders of China Aerospace International Holdings Limited (中國航天國際控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0031).

Conditions Precedent

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) and not having been terminated; and (ii) the Listing Committee of the Hong Kong Stock Exchange having granted the Listing of, and permission to deal in, the H Shares and that such approval or permission has not been revoked.

Restrictions on the Cornerstone Investors' Investment

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six (6) months following the Listing Date, dispose of (as defined in the relevant placing agreement) any of the H Shares or any interest in any company or entity holding any of the relevant H Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary or affiliate of such Cornerstone Investor provided that, among others, such wholly-owned subsidiary or affiliate undertakes to, and the Cornerstone Investor undertakes to procure that such subsidiary or affiliate will, abide by the terms and restrictions imposed on the Cornerstone Investor.

The following discussion and analysis should be read in conjunction with our consolidated audited or reviewed financial statements as at and for the years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2010 and 2011 included in the Accountants' Report in Appendix I, together with the accompanying notes, included elsewhere in this prospectus. The consolidated financial statements included in the Accountants' Report (Consolidated Financial Statements) have been prepared in accordance with IFRSs.

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

OVERVIEW

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

Gas-fired power and heat energy generation segment

In our gas-fired power and heat energy generation segment, we primarily sell electricity to local grid companies and heat to BDHG or directly to commercial and residential end users in Beijing. We had two gas-fired cogeneration plants and one gas-fired heat energy generation plant in operation with a consolidated installed capacity of 1,190.00 MW and a consolidated installed heat energy generation capacity of 1,045.00 MW as at June 30, 2011, all of which were located in Beijing. As at June 30, 2011, we also had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and a heat energy generation capacity under construction of 592.00 MW. According to Beijing Electric Power Industry Association (北京電力行業協會), we were the largest gas-fired power provider in Beijing, in terms of our consolidated installed capacity as at December 31, 2008, 2009 and 2010, which accounted for approximately 65%, 61% and 61%, respectively, of the total gas-fired power installed capacity in Beijing. As at December 31, 2010, our total heat energy supply coverage area was 17 million m^2, accounting for 73.9% of the gas-fired cogeneration centralized heat energy supply in Beijing according to BDHG. In 2008, 2009, 2010 and in the six months ended June 30, 2011, sales from our gas-fired power and heat energy generation segment were RMB1,163.7 million, RMB1,893.1 million, RMB2,553.8 million and RMB1,281.6 million, which represented 86.9%, 78.6%, 70.1% and 67.7% of our total reportable segment revenue[(1)], respectively. During the Track Record Period, we purchased natural gas from Beijing Gas Group, which was our only natural gas supplier.

Note:

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

Wind power segment

In our wind power segment, we sell electricity to local grid companies. As at December 31, 2009 and 2010, we were the sixth and eighth largest wind power operator in the PRC, respectively, in terms of consolidated connected capacity, according to the HydroChina Report. As at December 31, 2008, 2009 and 2010, our consolidated installed capacity accounted for approximately 1.4%, 3.1% and 2.4%, respectively, of China's total wind power installed capacity, according to WWEA. As at June 30, 2011, we had 17 wind farms in operation with consolidated installed capacity of 1,094.75 MW and 11 wind farms under construction with a consolidated capacity under construction of 505.5 MW. As at June 30, 2011, our wind farms in operation were strategically located in Inner Mongolia, Beijing, and Liaoning Province. In 2008, 2009 and 2010 and in the six months ended June 30, 2011, sales from our wind power segment were RMB115.3 million, RMB367.8 million, RMB1,032.5 million and RMB608.7 million, which represented 8.6%, 15.3%, 28.3% and 32.2% of our total reportable segment revenue, respectively.

Hydropower and others

Hydropower and others consists primarily of sales of electricity to local grid companies generated through other clean energy production methods, such as hydropower and biomass. We have leveraged our established market position in wind and gas-fired power and heat energy generation segment to expand into hydropower and other businesses in southwest China and northern China. Our consolidated installed capacity in our hydropower and others was 6.40 MW as at June 30, 2011. In 2008, 2009, 2010 and for the six months ended June 30, 2011, sales from hydropower and others were RMB59.5 million, RMB148.9 million, RMB56.6 million and RMB1.9 million, which represented 4.4%, 6.2%, 1.6% and 0.1% of our total reportable segment revenue, respectively.

BASIS OF PRESENTATION

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

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

Supplemental measures for the Group

Adjusted revenue

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

Operating expenses

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

Adjusted operating expenses

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

Adjusted operating profit and adjusted operating profit margin

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

Supplemental measures by segment

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

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

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

Recent Developments

On November 2, 2011, the Group decided that a subsidiary, New Energy would issue medium-term notes amounting to RMB1,000 million with maturity for three years in the inter-bank bond market in the PRC, which is to finance its construction and operations for certain wind power farms. New Energy has filed an application to the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) for approval of this notes issue, which is expected to be obtained in early 2012. The joint underwriters will be Shanghai Pudong Development Bank Co., Ltd and Bank of Beijing Co., Ltd.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

Segment and business mix

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

Our results of operations over the Track Record Period were affected by the relative size and performance of our wind power and gas-fired power and heat energy generation segments. For instance, in 2008, 2009 and 2010 and the six months ended June 30, 2011, our overall Adjusted Segment Operating Profit Margin was 11.5%, 11.4%, 19.3% and 27.3%, respectively. The Adjusted Segment Operating Profit Margin of our gas-fired power and heat energy generation segment declined from 11.3% in 2008 to 8.2% in 2009 but increased to

10.9% in 2010 and further increased to 18.0% in the six months ended June 30, 2011. The increase in the Adjusted Segment Operating Profit Margin reflected the improvement of our operation efficiency. The Adjusted Segment Operating Profit Margin of our wind power segment increased from 7.2% in 2008 to 38.6% in 2009 and to 49.9% in 2010 and further increased to 53.9% in the six months ended June 30, 2011.

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

Business expansion

Our results of operations during the Track Record Period have been significantly affected by the growth in our consolidated installed capacity. Our consolidated installed capacity has increased from 1,361.40 MW as at December 31, 2008 to 2,007.65 MW as at December 31, 2009 and further to 2,255.15 MW as at December 31, 2010, representing a CAGR of 28.70% from 2008 to 2010. Our consolidated installed capacity further increased to 2,291.15 MW as at June 30, 2011. During the Track Record Period, we experienced significant revenue growth, with our Adjusted Revenue increasing from RMB1,809.8 million in 2008 to RMB4,063.3 million in 2010, representing a CAGR of 49.8% from 2008 to 2010. Our Adjusted Revenue increased from RMB2,097.1 million for the six months ended June 30, 2010 to RMB2,221.5 million for the six months ended June 30, 2011.

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

	As at or for the year ended December 31,			As at or for the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Gas-fired power and heat energy generation segment					
Consolidated installed capacity (MW)	1,190.00	1,190.00	1,190.00	1,190.00	1,190.00
Consolidated heat energy generation capacity (MW)	1,045.00	1,045.00	1,045.00	1,045.00	1,045.00
Revenue (RMB'000)	1,163,718	1,893,108	2,553,763	1,443,978	1,281,462
Reportable segment profit / (loss) (RMB'000)	186,108	286,542	466,490	295,744	382,420
Wind power segment					
Consolidated installed capacity (MW)	165.00	811.25	1,058.75	1,009.25	1,094.75
Revenue (RMB'000)	115,305	367,800	1,032,494	492,584	608,719
Reportable segment profit / (loss) (RMB'000)	32,340	184,289	556,838	267,802	338,728
Hydropower and others					
Consolidated installed capacity (MW)	30.40(1)	30.40(1)	30.40(1)	30.40(1)	6.40
Revenue (RMB'000)	59,495	148,864	56,561	36,076	1,894
Reportable segment profit / (loss) (RMB'000)	21,332	(1,178)	(51,927)	(14,091)	(14,342)

Note:

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

Our consolidated installed capacity in our gas-fired power and heat energy generation segment grew during 2008 as a result of the addition of new power plants. In May 2008, we commenced operation of our Taiyanggong Power Plant in Beijing, which added 780.00 MW to our consolidated installed capacity. In December 2008, we commenced operation of our Jingqiao Power Plant Phase I in Beijing. During the Track Record Period, we generated revenue from sales of electricity and heat energy generated from Taiyanggong Power Plant and Jingfeng Power Plant, as well as sales of heat energy generated by Jingqiao Power Plant Phase I. As at June 30, 2011, we had a gas-fired cogeneration plant under construction in Beijing with a capacity under construction of 838.20 MW and four pipeline gas-fired cogeneration projects in Beijing with a consolidated estimated capacity of approximately 2,440.00 MW.

Our wind power segment's consolidated installed capacity has increased as a result of the addition of operating wind farms during the Track Record Period. For information about the addition of operating wind farms during the Track Record Period, please see the section headed "Business—Our Wind Power Business—Description of our Wind Farms." We also had a portfolio of pipeline wind power projects suitable for future development with a consolidated estimated capacity of approximately 4,791.00 MW as at June 30, 2011.

Changes in on-grid tariffs

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

Gas-fired power and heat energy generation segment

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

According to the *Provisional Measures for the Administration of On-grid Tariff* (《上網電價管理暫行辦法》) issued by the NDRC in 2005, provincial pricing bureaus determine on-grid tariffs for our gas-fired power plants. These tariffs generally reflect production costs plus a reasonable investment return. Other consideration factors include fuel type, cost structure, economic life of the facilities and applicable tax rates. In addition, once the on-grid tariff is approved, provincial pricing bureaus may adjust the tariff in the event of material changes, such as a dramatic fluctuation in the market price of natural gas.

On May 27, 2011, the NDRC announced a further tariff increase in various provinces and municipalities in China to cope with the energy price increases, including in Beijing. Accordingly, the on-grid tariff for gas-fired power in Beijing increased by RMB0.01 per kWh effective as at April 10, 2011. As government grants and subsidies related to our gas-fired power generation are expected to continue until the controlled price of on-grid tariffs reaches a level which provides us with a reasonable income and return, and that there is generally an inverse correlation between the amount of such government grants and subsidies and the on-grid tariffs, we believe that such tariff increase would not have a significant impact on our future business operations and financial results.

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

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

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
			(RMB/kWh)		
Weighted average on-grid tariff[1]					
Including VAT	0.4202	0.4825	0.5211	0.5221	0.5224
Excluding VAT	0.3592	0.4124	0.4454	0.4462	0.4465

Note:

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

Wind power segment

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

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

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

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

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	(RMB per kWh)				
Weighted average on-grid tariff(1)					
Including VAT	0.5015	0.5412	0.5281	0.5303	0.5450
Excluding VAT	0.4286	0.4626	0.4513	0.4532	0.4658

Note:

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

Our weighted average on-grid tariff (including VAT) was RMB0.5015 per kWh in 2008, as our wind power business expanded into areas with higher government guided price, such as Lumingshan Guanting Wind Farm Phase I in Beijing, which commenced operations in 2008. The decrease in the weighted average on-grid tariff (including VAT) of our wind power projects from 2009 to 2010 reflected (i) higher on-grid tariffs as approved by relevant government authorities that benefited some of our wind power projects established in 2008 and 2009 and (ii) our expansion into areas with abundant wind resources but lower on-grid tariffs compared to earlier projects. The weighted average on-grid tariff (including VAT) of our wind power projects from the six months ended June 30, 2010 to the six months ended June 30, 2011 increased slightly from RMB0.5303 to RMB0.5450. For details about the on-grid tariff for our wind farms, please refer to the section headed "Business—Our Wind Power Business—On-grid Tariffs." We expect the weighted average on-grid tariffs of our wind power projects will have a gradual upward trend, or at least remain steady at the current level, as many of our new projects are located in regions with comparatively higher fixed prices than the previously approved tariffs.

Output and average utilization hours

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

Gas-fired power and heat energy generation segment

The average utilization hours and associated output levels of a gas fired power plant are affected by various factors, including, weather conditions, changes in the installed capacity over a period, supply and demand for electricity and heat, and any planned or unplanned suspension of operating units due to repair or system failure. With respect to the sale of electricity, our gas-fired power plants are not subject to any specific restrictions on utilization hours pursuant to the PPAs entered between us and the local grid companies. There is no specific restriction on the output volume of heat energy in the HESAs we enter into with heat energy distributors or end users, and our plants will supply heat energy to our customers based on their requirements. Heat energy distributors are obliged to pay for the actual heat energy volume incurred.

For the years ended December 31, 2008, 2009 and 2010, the average utilization hours of gas-fired power generation operation of our gas-fired power plants amounted to 3,575 hours, 3,239 hours, 4,237 hours, respectively, while the average utilization hours for the six months ended June 30, 2010 and 2011 were 2,277 hours and 1,997 hours, respectively. The average utilization hours of gas-fired power generation operation of our gas-fired power plants slightly decreased from 3,575 hours in 2008 to 3,239 hours in 2009, primarily due to the increase of sales of electricity in 2008 as the PRC government encouraged the utilization of electricity generated from gas-fired power plants to limit air pollution during the Beijing Olympic Games, but such policy was no longer implemented in 2009. In addition, our Taiyanggong Power Plant experienced grid connection problems when it commenced operations in May 2008 mainly caused by infrastructure construction delays in Beijing throughout 2008 due to the Beijing Olympic Games, which were not resolved until October 2009 leading to an increase in and the normalization of our average utilization hours in 2010 as compared to 2009. The average utilization hours decreased from 2,277 hours in the six months ended June 30, 2010 to 1,997 hours in the six months ended June 30, 2011, primarily due to our Taiyanggong Power Plant's maintenance and technical adjustment conducted in the first half of 2011.

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

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
				(Unaudited)	
Consolidated net power generation (GWh)	3,044	3,748	4,906	2,641	2,317
Revenue from electricity sales (RMB'000)	1,093,414	1,545,725	2,185,168	1,178,547	1,034,340
Revenue from heat energy sales (RMB'000)	70,245	346,183	368,595	265,241	247,302
Average utilization hours of gas-fired power generation operation(1) (hours)	3,575	3,239	4,237	2,277	1,997

Note:

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

Wind power segment

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

For the years ended December 31, 2009 and 2010, the average utilization hours of our wind farms in West Inner Mongolia were well above the industry average in the same region.

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

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Consolidated net power generation (GWh)	266.2	787.1	2,287.7	1,086.8	1,306.9
Revenue from electricity sales (RMB'000)	114,118	364,077	1,032,494	492,584	608,719
Average utilization hours[(1)]	2,156	2,243	2,369	1,190	1,223

Note:

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

Government grants and subsidies

We rely in part on government grants and subsidies to fund our gas and wind power operations. Our historical profitability was impacted by the government grants and subsidies, without which we would have incurred losses or our profitability would have been substantially reduced during the Track Record Period. The following table provides a breakdown of our government grants and subsidies related to clean energy production.

	For the year ended December 31,			For the six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB million)		
Gas-fired					
Taiyanggong Power Plant	**181.2**	**280.3**	**299.6**	**95.9**	**201.4**
Electricity price subsidy	181.2	280.3	245.9	95.9	105.5
Natural gas price subsidy	—	—	53.7	—	95.9
Jingfeng Power Plant	**290.1**	**146.5**	**109.1**	**28.6**	**112.2**
Electricity price subsidy	290.1	146.5	84.2	28.6	54.7
Natural gas price subsidy	—	—	24.9	—	57.5
Sub-total	**471.3**	**426.8**	**408.7**	**124.5**	**313.6**
Wind					
Lumingshan Guanting Wind Farms	—	7.5	11.8	—	15.6
Total	**471.3**	**434.3**	**420.5**	**124.5**	**329.2**

For the six months ended June 30, 2011, government grants and subsidies increased significantly to RMB329.2 million as compared to RMB124.5 million for the six months ended June 30, 2010. This increase reflected (i) an increase in power generation volume as we commenced operations of Lumingshan Guanting Wind Farm Phase II in September 2010 (as well as the subsequent increase in the density of wind turbines at this wind farm in January 2011) and (ii) the grant of natural gas price subsidies of RMB153.4 million in order to compensate us for an increase in natural gas price of RMB0.33 per cubic meter starting from September 28, 2010, partially offset by the NDRC on-grid tariff increase effective as at April 10, 2011.

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

We believe that government grants and subsidies are recurring in nature. The purpose of such grants and subsidies by the government is to (i) compensate clean energy producers like us for the difference between the controlled price of on-grid tariffs and the reasonable cost of the production of energy and (ii) provide clean energy public utilities like us with a reasonable income and return (and not merely to compensate for losses). Such grants and subsidies are expected to continue until the controlled price of on-grid tariffs reaches a level which provides us with a reasonable income and return. Accordingly, there is generally an inverse correlation between the amount of government grants and subsidies we receive and the on-grid tariffs for the sale of electricity. The government grants and subsidies that we receive primarily relate to our clean energy production and were mainly provided by the Beijing municipal government. Government grants and subsidies relating to electricity generation are calculated by reference to the amount of on-grid electricity we generated annually as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. On December 6, 2011, the Beijing Development and Reform Commission issued the Letter from the Beijing Development and Reform Commission regarding Certain Issues on the Gas-fired Power Tariff Subsidy Mechanism (《北京市發展和改革委員會關於燃氣電價補貼機制有關問題的函》), providing that our gas-fired power plants in Beijing will continue to receive subsidies from the Beijing municipal government for the gap between the provisional settlement tariffs as stipulated by the NDRC and the on-grid tariff as examined and approved by the Beijing municipal government. The letter further states the tariff subsidy in Beijing will continue until a formal tariff for gas-fired power plants is issued by the Chinese government and the gap between the aforementioned tariffs is closed. Government grants and subsidies for gas price increases are calculated by reference to the amount of gas consumption as well as the actual gas price increase as confirmed by government authorities, and is paid to us three times a year as prescribed by the Beijing Municipal Finance Bureau. Please also see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies".

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

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

Gas-fired power and heat energy generation segment

Pursuant to the *Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises* (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》) *and the Notice on Improving the Management of Subsidy to Power Enterprises* (《北京市財政局關於加強電力企業補貼資金管理的通知》) and letter from the Beijing Development and Reform Commission regarding Certain Issues on the Gas-fired Power Tariff Subsidy Mechanism (《北京市發展和改革委員會關於燃氣電價補貼機制有關問題的函》) issued on December 6, 2011, our gas-fired power and heat energy generation segment is entitled to government subsidies granted by the Beijing municipal government. In line with current policy and practice, the actual amount of subsidies we receive is determined by Beijing municipal government and is based on the annual approved quantity of on-grid electricity generation entitled to subsidies, and no subsidy will be provided for the actual electricity generated in excess of the aforementioned approved amount. The electricity price subsidies provided to us is calculated based on the gap between the feed-in tariffs (excluding tax) declared by the Beijing municipal government and the settlement tariffs approved by the NDRC. The actual electricity price subsidies paid by Beijing municipal government is adjusted annually according to adjustment in on-grid tariffs. For natural gas price subsidies, the amount of subsidies granted is based on application and approval by the Beijing Municipal Finance Bureau. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details.

Wind power segment

Pursuant to the *Notice of Temporary Measures on Management of Subsidy Funding to Beijing Urban Public Use Enterprises* (《關於印發北京市城市公用企業補貼資金使用管理暫行辦法的通知》) and *the Notice on Improving the Management of Subsidy to Power Enterprises* (《北京市財政局關於加強電力企業補貼資金管理的通知》), our wind farms in Beijing are entitled to government subsidies. The amount of subsidies we receive is determined by Beijing municipal government and is based on the annual approved quantity of on-grid electricity generation entitled to subsidies, and no subsidy will be provided for the actual electricity generated in excess of the aforementioned approved amount. The subsidy provided to us is calculated based on the gap between the feed-in tariffs (excluding tax) declared by the Beijing municipal government and the settlement tariffs approved by the NDRC. The actual subsidy paid by Beijing municipal government is adjusted annually according to adjustment in on-grid tariffs. Please see the section headed "Regulatory Overview—III. Regulatory Requirements Relating to Renewable Energies—5. Designated-Purpose-Subsidy" for further details on the relevant policy.

Sales of CERs and VERs

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

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB'000)		
Wind power segment	12,746	25,867	31,982	8,870	—
Gas-fired power and heat energy generation segment	—	88,369	124,281	83,070	95,600
Hydropower and others	—	6,411	—	—	—
Total	12,746	120,647	156,263	91,940	95,600

In 2008, we began selling two kinds of carbon credits: (i) CERs, generated from wind farms or other clean energy facilities that have been registered under the CDM, and (ii) VERs generated from CDM projects but generated before registration with CDM. We record sales of CERs and VERs as other income on our consolidated statements of comprehensive income. As at June 30, 2011, we had 36 projects eligible to apply for CDM registration, 24 of which had obtained the approval of the NDRC, with the remaining 12 pending approval from the NDRC. Among the 24 CDM projects that we had obtain approval from the NDRC, 16 were successfully registered with the CDM EB, with the remaining 8 pending registration with the CDM EB. Among the 16 CDM projects we had registered with CDM EB, 14 were wind power projects and the other two were gas-fired power projects.

Our sales of CERs and VERs generated from our CDM projects depend on our ability to procure buy for such carbon credits, which in turn depends on the CDM arrangements under the Kyoto Protocol. Please see the section headed "Risk Factors—Risks Relating to Our Overall Business—Sales of CERs depend on the CDM arrangements under the Kyoto Protocol, and any change of or expiration of these arrangements could limit our income from the sales of CERs and VERs".

Gas consumption

While our other power generation facilities rely on wind and other natural power resources to generate energy, our gas-fired power plants exclusively use natural gas. Our results of operations have been directly affected by gas consumption expenses, which represented 63.2%, 58.1%, 60.8%, 63.8% and 63.7% of our Adjusted Operating Expenses in 2008, 2009, 2010 and the six months ended June 30, 2010 and 2011, respectively.

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

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

	Year ended December 31,			Six months ended June 30	
	2008	2009	2010	2010	2011
	(RMB per m³)				
Weighted average gas price(1)					
Including VAT	1.818	1.869	1.971	1.887	2.207
Excluding VAT	1.609	1.654	1.745	1.670	1.954

Note:

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

Price of wind turbines

Approximately 55% to 70% of our upfront construction costs of a wind power project are attributable to the purchase price of our wind turbines. The prices of wind turbines directly impact our results of operations and financial condition because we incur depreciation cost. Prior to the end of 2008, the prices of wind turbines generally increased each year due to strong demand and tight supply in the market. However, since the end of 2008, the rapid expansion of the wind turbine sector, the advancement of wind turbine technology and emergence of more manufacturers, combined with the global economic downturn, have resulted in declining wind turbine prices. According to China Agricultural Machinery Association (中國農機工業協會), the average price (including VAT) of foreign brand wind turbines in the PRC market decreased from RMB7,000/kW for the fourth quarter of 2008 to RMB6,500/kW for the fourth quarter of 2009 and further to RMB4,000/kW for the fourth quarter of 2010, while the average price (including VAT) of domestic brand wind turbines in the PRC market decreased from RMB5,500/kW for the fourth quarter of 2008 to RMB5,200/kW for the fourth quarter of 2009 and further to RMB4,000/kW for the fourth quarter of 2010.

Construction costs relating to gas-fired power plants

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

Financing arrangements

We have financed the development and construction of our gas-fired power plants, wind farms and other capital expenditures primarily through bank borrowings and other borrowings, although we also have relied on financing from capital contributions and cash flows from operations. As at December 31, 2008, 2009, 2010 and June 30, 2011 our total bank borrowings amounted to RMB4,838.0 million, RMB8,180.2 million, RMB8,251.7 million and RMB12,848.7 million, respectively, representing 74.3%, 67.8%, 71.0% and 100.0% of our total borrowings. Please see "—Indebtedness" in this section for more details.

In 2008, 2009, 2010 and the six months ended June 30, 2011, our total interest expenses amounted to RMB366.9 million, RMB462.0 million, RMB629.9 million and RMB351.8 million, respectively. Any significant increase in interest rates will affect our borrowing costs, which may materially and adversely effect our results of operations. For further disclosure on this risk, please refer to the section headed "Risk Factors—Risks Relating to Our Overall Business—We operate in a capital-intensive business, and our business, financial condition and results of operations are subject to the availability of external financing as well as fluctuations in the costs of external financing".

PRC tax incentives

Enterprise income tax

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

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

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

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

VAT

In the PRC, the sale of electricity is subject to 17% VAT. Since 2004, the PRC government has adopted a series of reform measures upon the VAT scheme. In November 2008, the PRC government issued the Provisional Regulations of the People's Republic of China on Value added Tax (《中華人民共和國增值稅暫行條例》), which came into effect on January 1, 2009 and allows all the general VAT payers to deduct from output VAT the input VAT relating to the purchase of fixed assets and service concession assets. As a result, we recorded deductible VAT in the amount of RMB535.6 million as at December 31, 2009, RMB562.5 million as at December 31, 2010 and RMB494.7 million as at June 30, 2011 as part of our other non-current assets. In addition, after deducting the input VAT from output VAT, we are entitled to a tax rebate equivalent to 50% of the net VAT payable by our wind power segment and full tax refunds on the VAT we have paid on our sales of heat energy for residential use. See "Regulatory Overview—VII. Taxation—2. Value Added Tax".

CRITICAL ACCOUNTING POLICIES

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

Revenue recognition

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

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

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

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

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

Government grants and subsidies

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

Property, plant and equipment

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

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

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

Intangible assets

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

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

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

Impairment losses on tangible and intangible assets excluding goodwill

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

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

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

Provision for bad debts

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

Estimated cost of completed construction-in-progress

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

DESCRIPTION OF KEY STATEMENT OF COMPREHENSIVE INCOME LINE ITEMS

Revenue

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

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

Revenue	Year ended December 31,						Six months ended June 30,			
	2008	Total Reportable Segment Revenue	2009	Total Reportable Segment Revenue	2010	Total Reportable Segment Revenue	2010	Total Reportable Segment Revenue	2011	Total Reportable Segment Revenue
	(RMB '000)	(%)	*(RMB '000)*	(%)	*(RMB '000)*	(%)	*(RMB '000) (unaudited)*	(%)	*(RMB '000)*	(%)
Gas-fired power and heat energy generation segment										
Sales of electricity	1,093,414	81.8	1,545,725	64.1	2,185,168	60.0	1,178,547	59.7	1,034,340	54.7
Sales of steam	70,245	5.2	346,183	14.4	368,595	10.1	265,241	13.5	247,302	13.0
Other sales	59	0.0	1,200	0.0	—	0.0	190	0.0	—	0.0
Total	***1,163,718***	***86.9***	***1,893,108***	***78.5***	***2,553,763***	***70.1***	***1,443,978***	***73.2***	***1,281,642***	***67.7***
Wind power segment										
Sales of electricity	114,118	8.5	364,077	15.1	1,032,494	28.3	492,584	25.0	608,719	32.2
Sales of steam	—	0.0	—	0.0	—	0.0	—	0.0	—	0.0
Other sales	1,187	0.1	3,723	0.2	—	0.0	—	0.0	—	0.0
Total	***115,305***	***8.6***	***367,800***	***15.3***	***1,032,494***	***28.3***	***492,584***	***25.0***	***608,719***	***32.2***
Hydropower and others										
Sales of electricity	14,021	1.0	61,595	2.6	54,374	1.5	35,399	1.8	1,875	0.1
Sales of steam	8,821	0.7	10,824	0.4	—	0.0	—	0.0	19	0.0
Other sales	36,653	2.7	76,445	3.2	2,187	0.1	677	0.0	—	0.0
Total	***59,495***	***4.4***	***148,864***	***6.2***	***56,561***	***1.6***	***36,076***	***1.8***	***1,894***	***0.1***
Total Reportable Segment Revenue	**1,338,518**	**100.0**	**2,409,772**	**100.0**	**3,642,818**	**100.0**	**1,972,638**	**100.0**	**1,892,255**	**100.0**
Add: Service concession construction revenue	918,135		2,375,681		—		—		—	
Total Revenue	**2,256,653**		**4,785,453**		**3,642,818**		**1,972,638**		**1,892,255**	
Less: Service concession construction revenue	(918,135)		(2,375,681)		—		—		—	
Add: Government grants and subsidies related to clean energy production	471,327		434,290		420,487		124,463		329,235	
Adjusted Revenue[(1)]	**1,809,845**		**2,844,062**		**4,063,305**		**2,097,101**		**2,221,490**	

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

We generate revenue in our gas-fired power and heat energy generation segment primarily though the sale of electricity and heat energy generated from our gas-fired power plants. Revenue contribution from this business segment accounted for 86.9%, 78.5% and 70.1%, of our total reportable segment revenue (which excludes revenue from service concession construction arrangements) in 2008, 2009 and 2010, respectively. For the six months ended June 30, 2010 and 2011, revenue contribution from this business segment accounted for 73.2% and 67.7% of our reportable segment revenue, respectively. The decrease in contribution in 2009 and 2010 was primarily due to the significant increase in revenue from our wind power segment in 2009 and 2010, reflecting the significant number of wind farms that were put into production during those years. The decrease in revenue contribution from 73.2% for the six months ended June 30, 2010 to 67.7% for the six months ended June 30, 2011 was primarily due to (i) the decrease in sales of electricity and heat energy generated by our Taiyanggong Power Plant as a result of its air compressor upgrade which lengthened maintenance time during the period, and (ii) the increase in the revenue contribution from our wind power segment as a result of the commencement of operations of the Lumingshan Guanting Wind Farm Phase II in September 2010, and (iii) the partial operation of certain wind farms that were put in operation during the first half of 2010 as compared to their full operation during the first half of 2011. Revenue growth from our wind power segment started to outpace our revenue growth in the gas-fired power and heat energy generation segment starting from 2009, leading to a decrease in contribution from our gas-fired power business starting that year.

We generate revenue in our wind power segment primarily from the production and sale of electricity generated from our wind farms. Revenue contribution from our wind power segment as a percentage of our total reportable segment revenue (which excludes revenue from service concession construction arrangements) increased over the Track Record Period and accounted for 8.6%, 15.3% and 28.3% of our total reportable segment revenue in 2008, 2009 and 2010, respectively, and for the six months ended June 30, 2010 and 2011, revenue contribution was 25.0% and 32.2%, respectively. The increase in contribution from 2008 to June 30, 2011 was primarily due to the commencement of operation of new wind farms throughout the period. The number of wind farms in operation increased significantly from three as at December 31, 2008 to 11 as at December 31, 2009, to 16 as at December 31, 2010 and further to 17 as at June 30, 2011. Revenue growth from our gas-fired power and heat energy generation segment outpaced our revenue growth in our wind power segment in 2008, leading to a decrease in contribution from our wind power segment in that year.

We generate revenue in hydropower and others primarily from the production and sale of electricity and steam, and from our other clean energy generating units, including hydropower and biomass. Revenue from hydropower and others contributed to 4.4%, 6.2% and 1.6% of our total reportable segment revenue in 2008, 2009 and 2010, respectively. For the six months ended June 30, 2010 and 2011, revenue contribution from our hydropower and others accounted for 1.8% and 0.1% of our total reportable segment revenue, respectively. The decrease in contribution over the Track Record Period reflected various divestitures in 2009 and in the first half of 2011. Please see section headed “Business—Small to Medium Hydropower and Other Clean Energy Generation Businesses”.

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

Other income

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

	Year ended December 31,						Six months ended June 30,			
	2008		2009		2010		2010		2011	
							(unaudited)			
	(RMB'000)	(%)	*(RMB'000)*	(%)	*(RMB'000)*	(%)	*(RMB'000)*	(%)	*(RMB'000)*	(%)
Other Income										
Government grants and subsidies related to:										
Clean energy production	471,327	93.9	434,290	74.8	420,487	69.0	124,463	56.2	329,235	76.7
Construction of assets	—	—	2,631	0.5	2,755	0.5	1,378	0.6	1,316	0.3
Value-added tax refunds	12,263	2.4	21,822	3.8	11,160	1.8	1,817	0.8	2	0.0
Income from CERs and VERs	12,746	2.5	120,647	20.8	156,263	25.7	91,940	41.5	95,600	22.3
Income from resale of purchased electricity	—	—	—	—	11,010	1.8	—	0.0	—	0.0
Others	5,906	1.2	856	0.1	7,369	1.2	1,766	0.8	3,148	0.7
Total Other Income	**502,242**	**100.0**	**580,246**	**100.0**	**609,044**	**100.0**	**221,364**	**100.0**	**429,301**	**100.0**

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

Operating expenses

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

	Year ended December 31,						Six months ended June 30,			
	2008	Adjusted Operating Expenses	2009	Adjusted Operating Expenses	2010	Adjusted Operating Expenses	2010	Adjusted Operating Expenses	2011	Adjusted Operating Expenses
							(unaudited)			
	(RMB '000)	(%)	*(RMB '000)*	(%)	*(RMB '000)*	(%)	*(RMB '000)*	(%)	*(RMB '000)*	(%)
Operating Expenses										
Gas consumption	1,008,461	63.1	1,458,644	58.0	1,970,455	60.8	1,048,780	63.8	1,027,237	63.7
Depreciation and amortization	253,618	15.9	496,447	19.8	758,117	23.4	362,904	22.1	391,610	24.3
Personnel costs	72,103	4.5	119,396	4.8	184,343	5.7	64,690	3.9	81,204	5.0
Repairs and maintenance	76,026	4.8	98,745	3.9	104,497	3.2	42,603	2.6	36,163	2.2
Other expenses	196,779	12.3	335,854	13.4	253,186	7.8	113,511	6.9	76,745	4.8
Other (gains) and losses	(10,291)	(0.6)	3,632	0.1	(27,780)	(0.9)	11,212	0.7	(305)	0.0
Adjusted Operating Expenses	**1,596,696**	100.0	**2,512,718**	100.0	**3,242,818**	100.0	**1,643,700**	100.0	**1,612,654**	100.0
Add: Service concession construction costs	918,135	—	2,375,681	—	—	—	—	—	—	—
Total Operating Expenses	**2,514,831**	**—**	**4,888,399**	**—**	**3,242,818**	**—**	**1,643,700**	**—**	**1,612,654**	**—**

Gas consumption

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

Depreciation and amortization

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

Personnel costs

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

Repairs and maintenance

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

Other expenses

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

Other gains and losses

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

Service concession construction costs

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

Interest income

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

Finance costs

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

Share of results of associates

Our share of the results of associates primarily represents our share of the profits of Beijing Jingneng International, in which we owned 20% interest as at December 31, 2009, December 31, 2010 and June 30, 2011. Beijing Jingneng International is a coal-fired power generation company with installed capacity attributable to us of 1,208.09 MW as at June 30, 2011. We owned a 10.72% interest in Beijing Jingneng International as at December 31, 2008. For further information about our shareholding in associates, see note 48 to the Accountants' Report in Appendix I.

Share of results of jointly controlled entities

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

Income tax expense

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

In accordance with relevant income tax laws and regulations, a number of our subsidiaries were and are entitled to preferential tax treatments. For details about the PRC tax incentives enjoyed by our PRC subsidiaries and the effect of the New EIT Law, please see "—Significant Factors Affecting Our Results of Operations and Financial Condition—PRC tax incentives" in this section and the section headed "Regulatory Overview—VII. Taxation".

Profit attributable to non-controlling interests

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

RESULTS OF OPERATIONS

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

	Year ended December 31,			Six Months ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
			(RMB'000)		
Supplemental Measures[1]:					
Adjusted Revenue	1,809,845	2,844,062	4,063,305	2,097,101	2,221,490
Adjusted Operating Expenses	(1,596,696)	(2,512,718)	(3,242,818)	(1,643,700)	(1,612,654)
Adjusted Operating Profit	213,149	331,344	820,487	453,401	608,836
Statement of Income:					
Total revenue	2,256,653	4,785,453	3,642,818	1,972,638	1,892,255
Other income	502,242	580,246	609,044	221,364	429,301
Operating expenses	(2,514,831)	(4,888,399)	(3,242,818)	(1,643,700)	(1,612,654)
Profit from operations	**244,064**	**477,300**	**1,009,044**	**550,302**	**708,902**
Interest Income	21,912	17,974	12,707	6,385	9,178
Finance costs	(214,348)	(299,201)	(500,259)	(255,773)	(283,755)
Share of results of associates	9,933	15,559	55,151	53,312	78,298
Share of results of jointly controlled entities	7,628	5,105	440	365	(1,281)
Profit before taxation	**69,189**	**216,737**	**577,083**	**354,591**	**511,342**
Income tax expense	(19,954)	(17,790)	(56,280)	(47,760)	(76,273)
Profit attributable to:					
Equity owners of the Company	44,956	179,585	488,919	285,361	403,889
Non-controlling Interests	4,279	19,362	31,884	21,470	31,180
Profit for the year/period	**49,235**	**198,947**	**520,803**	**306,831**	**435,069**

Note:

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

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Revenue

Our total revenue decreased by 4.1% from RMB1,972.6 million in the six months ended June 30, 2010 to RMB1,892.3 million in the six months ended June 30, 2011 primarily due to: (i) our Taiyanggong Power Plant conducted its air compressor upgrade in the first half of 2011, resulting in a longer maintenance duration and subsequently a lower power sales volume compared to the corresponding period, and (ii) our Shandong Jingneng Straw-fired Biomass Power Plant was divested in January 2011, resulting in a revenue decrease of approximately RMB33 million as compared to the corresponding period. This decrease was partially offset by an increase in revenue from wind power segment. Our Adjusted Revenue (which excludes service concession construction revenue but includes government grants and subsidies from clean energy production) increased by 5.9% from RMB2,097.1 million in the six months ended June 30, 2010 to RMB2,221.5 million in the six months ended June 30, 2011, primarily due to the increase in government grants and subsidies related to clean energy production.

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

Segment Revenue	Six months ended June 30, 2010	%	Six months ended June 30, 2011	%	% Change
	(unaudited)		*(RMB '000)*		
Gas-fired power and heat energy generation segment:					
Sales of electricity	1,178,547	59.7	1,034,340	54.7	(12.2)
Sales of heat energy	265,241	13.5	247,302	13.1	(6.8)
Others	190	0.0	—	0.0	(100.0)
Total	*1,443,978*	*73.2*	*1,281,642*	*67.7*	*(11.2)*
Wind power segment:					
Sales of electricity	492,584	25.0	608,719	32.2	23.6
Others	—	0.0	—	0.0	—
Total	*492,584*	*25.0*	*608,719*	*32.2*	*23.6*
Hydropower and others:					
Sales of electricity	35,399	1.8	1,875	0.1	(94.7)
Sales of heat energy	—	0.0	19	0.0	—
Others	677	0.0	—	0.0	(100.0)
Total	*36,076*	*1.8*	*1,894*	*0.1*	*(94.7)*
Total reportable segment revenue	**1,972,638**	**100.0**	**1,892,255**	**100.0**	**(4.1)**
Service concession construction revenue	—		—		—
Total Revenue	1,972,638		1,892,255		(4.1)

Gas-fired power and heat energy generation segment

Revenue from our gas-fired power and heat energy generation segment decreased by 11.2% from RMB1,444.0 million in the six months ended June 30, 2010 to RMB1,281.6 million in the six months ended June 30, 2011, primarily due to the decrease in sales of electricity and heat energy of our Taiyanggong Power Plant as a result of the air compressor upgrade. Our consolidated net power generation in this segment decreased by 12.3% from the six months ended June 30, 2010 to the six months ended June 30, 2011. The weighted average on-grid tariff (including VAT) slightly increased from RMB0.5221 per kWh in the six months ended June 30, 2010 to RMB0.5224 per/kWh in the six months ended June 30, 2011.

Wind power segment

Revenue from our wind power segment increased by 23.6% from RMB492.6 million in the six months ended June 30, 2010 to RMB608.7 million in the six months ended June 30, 2011, due to (i) the commencement of operations of the Lumingshan Guanting Wind Farm Phase II in September 2010 and (ii) the partial operation of certain wind farms that were put in operation during the first half of 2010 as compared to their full operation during the first half of 2011. The weighted average on-grid tariff (including VAT) of our wind farms increased from RMB0.5303/kWh in the six months ended June 30, 2010 to RMB0.5450/kWh in the six months ended June 30, 2011. For details, please refer to the paragraph headed "—Significant Factors Affecting Our Results of Operations and Financial Condition—Changes in on-grid tariffs—Wind power segment" in this section. For information about our wind farms, including the dates of commencement of operations and the consolidated installed capacities of our wind farms, please see the section headed "Business—Our Wind Power Business".

Hydropower and others

Revenue from hydropower and others decreased by 94.7% from RMB36.1 million in the six months ended June 30, 2010 to RMB1.9 million in the six months ended June 30, 2011, primarily due to the divestiture of Shandong Jingneng Straw-fired Biomass Power Plant in January 2011.

Service concession construction revenue

We did not have any service concession construction revenue in the six months ended June 30, 2011, as we have not commenced any additional concession projects since the end of 2009 after all of our existing concession wind farms commenced business operations.

Other income

Other income increased by 93.9% from RMB221.4 million in the six months ended June 30, 2010 to RMB429.3 million in the six months ended June 30, 2011, primarily due to the increase in government grants and subsidies related to clean energy production as a result of: (i) an increase in power generation volume as we commenced operations of Lumingshan Guanting Wind Farm Phase II in September 2010 as well as the subsequent increase in the density of wind turbines at this wind farm in January 2011 and (ii) the grant of natural gas price subsidies of RMB153.4 million in order to compensate us for an increase in natural gas price of RMB0.33 per cubic meter starting from September 28, 2010.

Operating expenses and Adjusted Operating Expenses

Our operating expenses (and Adjusted Operating Expenses, as we did not have any service construction costs during these periods) decreased by 1.9% from RMB1,643.7 million in the six months ended June 30, 2010 to RMB1,612.7 million in the six months ended June 30, 2011, primarily due to: (i) lower gas consumption as we conducted technical adjustments to upgrade our Taiyanggong Power Plant, and (ii) our divestiture of Shandong Jingneng Straw-fired Biomass Power Plant in January 2011, resulting in a decrease in the consolidated operating expenses. Our Adjusted Operating Expenses as a percentage of Adjusted Revenue decreased from 78.4% for the six months ended June 30, 2010 to 72.6%

for the six months ended June 30, 2011, primarily due to (i) the increase in the government grants and subsidies relating to clean energy production that we received during this period, which resulted in the increase in our Adjusted Revenue, and (ii) the improvement of our operation efficiency, such as the decrease in the gas consumption rate at our Taiyanggong Power Plant and Jingfeng Power Plant.

Depreciation and amortization costs increased by 7.9%, from RMB362.9 million in the six months ended June 30, 2010 to RMB391.6 million in the six months ended June 30, 2011, primarily due to the commencement of operation of the Lumingshan Guanting Wind Farm Phase II in September 2010 and the subsequent increase in the density of wind turbines at this wind farm in January 2011. As a percentage of Adjusted Revenue, depreciation and amortization costs increased slightly from 17.3% in the six months ended June 30, 2010 to 17.6% in the six months ended June 30, 2011.

Personnel costs increased by 25.5%, from RMB64.7 million in the six months ended June 30, 2010 to RMB81.2 million in the six months ended June 30, 2011, primarily due to the increase of employee headcounts as a result of increased operational needs from our business expansion.

Other expenses decreased by 32.3% from RMB113.5 million in the six months ended June 30, 2010 to RMB76.8 million in the six months ended June 30, 2011, primarily due to the divestiture of Shandong Jingneng Straw-fired Biomass Power Plant in January 2011, resulting in a decrease of fuel costs.

Profit from operations

As a result of the foregoing, our profit from operations increased by 28.8% from RMB550.3 million in the six months ended June 30, 2010 to RMB708.9 million in the six months ended June 30, 2011.

Adjusted Operating Profit and Adjusted Operating Profit Margin

Our Adjusted Operating Profit increased by 34.3%, from RMB453.4 million in the six months ended June 30, 2010 to RMB608.8 million in the six months ended June 30, 2011, primarily due to the increase in government grants and subsidies related to clean energy production as discussed above. Our Adjusted Operating Profit Margin increased from 21.6% in the six months ended June 30, 2010 to 27.4% in the six months ended June 30, 2011. Adjusted Operating Profit and Adjusted Operating Profit Margin are not standard measures under IFRSs.

Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin

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

	Six months ended June 30,			
	2010		2011	
	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)
	(RMB'000)			
Gas-fired power and heat energy generation segment	212,449	13.5	286,668	18.0
Wind power segment	257,133	52.2	336,510	53.9
Hydropower and others	(17,028)	N/A[(3)]	(16,438)	N/A[(3)]
Total Adjusted Segment Operating Profit[(2)]	**452,554**	**21.6**	**606,740**	**27.3**
Less: Government grants and subsidies related to clean energy production	124,463		329,235	
Add: Other income	221,364		429,301	
Add: Unallocated[(1)]	847		2,096	
Profit from operations	**550,302**		**708,902**	

Notes:

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

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

(3) Adjusted Segment Operating Profit Margin for the six months ended June 30, 2010 and 2011 for hydropower and others are not comparable due to the divestiture of Shandong Jingneng Straw-fixed Biomass Power Plant in January 2011. Adjusted Segment Revenue for hydropower and others was only RMB1.9 million for the six months ended June 30, 2011 while Adjusted Segment Revenue was RMB36.1 million over the same period in 2010, reflecting the divestiture.

Gas-fired power and heat energy generation segment

Adjusted Segment Operating Profit for our gas-fired power and heat energy generation segment increased by 34.9% from RMB212.4 million in the six months ended June 30, 2010 to RMB286.7 million in the six months ended June 30, 2011 primarily due to (i) the increase in the government grants and subsidies relating to clean energy production that we received during this period, and (ii) the improvement of our operation efficiency, such as the decrease in the gas consumption rate at our Taiyanggong Power Plant and Jingfeng Power Plant. Adjusted Segment Operating Profit Margin increased from 13.5% in the six months ended June 30, 2010 to 18.0% in the six months ended June 30, 2011 due to the same reasons above.

Wind power segment

Adjusted Segment Operating Profit for our wind power segment increased from RMB257.1 million in the six months ended June 30, 2010 to RMB336.5 million in the six months ended June 30, 2011 primarily due to (i) the commencement of operations of the Lumingshan Guanting Wind Farm Phase II in September 2010, and (ii) the partial operation of certain wind farms that were put in operation during the first half of 2010 as compared to their full operation during the first half of 2011. Adjusted Segment Operating Profit Margin increased from 52.2% in the six months ended June 30, 2010 to 53.9% in the six months ended June 30, 2011.

Hydropower and others

Adjusted Segment Operating Loss for hydropower and others decreased from RMB17.0 million in the six months ended June 30, 2010 to RMB16.4 million in the six months ended June 30, 2011. In January 2011, we divested Shandong Jingneng Straw-fired Biomass Power Plant, which had been loss generating.

Interest income

Our interest income increased by 43.8% from RMB6.4 million in the six months ended June 30, 2010 to RMB9.2 million in the six months ended June 30, 2011, primarily due to (i) the increase in the principal of entrusted loans to an associate and a jointly controlled entity and (ii) the increase of interest rates for the entrusted loans.

Finance costs

Our finance costs increased by 10.9% from RMB255.8 million in the six months ended June 30, 2010 to RMB283.8 million in the six months ended June 30, 2011, primarily due to the expensing of interest expenses previously capitalized of projects that commenced operations, the increase in the average balance of loans compared to the corresponding period of 2010 and the increase in effective interest rate of loans granted to our Group.

Share of results of associates

Our share of the results of our associates increased by 46.9% from RMB53.3 million in the six months ended June 30, 2010 to RMB78.3 million in the six months ended June 30, 2011. The increase was primarily due to the increased profit attributable to shareholders of Beijing Jingneng International, in which we held a 20% equity interest.

Share of results of jointly controlled entities

Our share of the results of our jointly controlled entities decreased from RMB0.4 million in the six months ended June 30, 2010 to a loss of RMB1.3 million in the six months ended June 30, 2011, primarily reflecting the net loss generated by Huayuan Heating, a jointly controlled entity, during the first half of 2011.

Profit before taxation

As a result of the foregoing, our profit before taxation increased by 44.2% from RMB354.6 million in the six months ended June 30, 2010 to RM511.3 million in the six months ended June 30, 2011.

Income tax expense

Our income tax expense increased by 59.6% from RMB47.8 million in the six months ended June 30, 2010 to RMB76.3 million in the six months ended June 30, 2011, and our effective tax rate increased from 13.5% in the six months ended June 30, 2010 to 14.9% in the six months ended June 30, 2011, primarily due to higher proportion of profit attributable to the gas-fired power segment, which was subject to the statutory 25% tax rate.

Profit for the period

As a result of the foregoing, our profit for the period increased by 41.8% from RMB306.8 million in the six months ended June 30, 2010 to RMB435.1 million in the six months ended June 30, 2011.

Profit for the period attributable to equity owners of the Company

Profit for the period attributable to equity owners of the Company increased by 41.5% from RMB285.4 million in the six months ended June 30, 2010 to RMB403.9 million in the six months ended June 30, 2011.

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

Revenue

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

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

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

Gas-fired power and heat energy generation segment

Revenue from our gas-fired power and heat energy generation segment increased by 34.9% from RMB1,893.1 million in 2009 to RMB2,553.8 million in 2010, primarily due to increased sales of electricity and heat energy from this segment. Revenue generated from sales of electricity increased by 41.4% from RMB1,545.7 million to RMB2,185.2 million, primarily due to the increase of sales of electricity from Taiyanggong Power Plant as the grid connection problems at that plant were resolved in October 2009. The grid connection problems were mainly caused by infrastructure construction delay in Beijing throughout 2008 due to the Beijing Olympic Games. For the full year 2010, power production resumed normal levels. Revenue from sales of heat increased by 6.5% from RMB346.2 million in 2009 to RMB368.6 million in 2010, primarily due to an increase in sales volume. Our consolidated net power generation in this segment increased by 30.9% from 2009 to 2010. The weighted average on-grid tariff (including VAT) also increased from RMB0.4825 per kWh in 2009 to RMB0.5211 per/kWh in 2010.

Wind power segment

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

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

Hydropower and others

Revenue from hydropower and others decreased by 62.0% from RMB148.9 million in 2009 to RMB56.6 million in 2010, primarily due to the divestiture of four subsidiaries that do not conduct clean or renewable energy generation business, namely Beijing Yuanshen Energy-saving Technology Co., Ltd. (北京源深節能技術有限責任公司), Beijing Boer Energy-saving Equipment Technology Co., Ltd. (北京博爾節能設備技術開發有限責任公司), Beijing Huayuangaojie Energy Supplying Technology Co., Ltd. (北京華源高潔能源供應技術有限責任公司), Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd. (北京嘉捷博大汽車節能技術有限公司). In January 2011, we transferred our entire interest in Shandong Jingneng Straw-fired Biomass Power Plant to BEIH. See section headed "Our History, Reorganization and Corporate Structure—Acquisitions and Transfers".

Service concession construction revenue

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

Other income

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

Operating expenses and Adjusted Operating Expenses

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

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

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

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

Profit from operations

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

Adjusted Operating Profit and Adjusted Operating Profit Margin

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

Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin

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

	Year ended December 31,			
	2009		2010	
	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)
	(RMB '000)			
Gas-fired power and heat energy generation segment	190,430	8.2	324,008	10.9
Wind power segment	144,984	38.6	521,543	49.9
Hydropower and others	(11,717)	N/A[(3)]	(62,707)	N/A[(3)]
Total Adjusted Segment Operating Profit[(2)]	**323,697**	**11.4**	**782,844**	**19.3**
Less: Government grants and subsidies related to clean energy production	(434,290)		(420,487)	
Add: Other income	580,246		609,044	
Add: Unallocated[(1)]	7,647		37,643	
Profit from operations	**477,300**		**1,009,044**	

Notes:

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

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

(3) Adjusted Segment Operating Profit Margin for 2009 and 2010 for hydropower and others are not comparable due to the divestitures of certain non-clean energy related businesses. See "Business—Small to Medium Hydropower and Other Clean Energy Generation Business" for further details.

Gas-fired power and heat energy generation segment

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

Wind power segment

Adjusted Segment Operating Profit for our wind power segment increased significantly from RMB145.0 million in 2009 to RMB521.5 million in 2010 primarily due to a substantial increase in the number of wind farms in operation. We had 11 wind farms in operation as at the end of 2009 compared to 16 wind farms as at the end of 2010. Adjusted Segment

Operating Profit Margin increased from 38.6% in 2009 to 49.9% in 2010 primarily due to improved economies of scale from the respective increased power generation volume by Huitengxile Wind Farm Phase I, Saihan Wind Farm Phase I and Huolinhe Wind Farm Phase I, leading to a decrease in per unit cost of power generated.

Hydropower and others

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

Interest income

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

Finance costs

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

Share of results of associates

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

Share of results of jointly controlled entities

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

Profit before taxation

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

Income tax expense

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

Profit for the year

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

Profit for the year attributable to equity owners of the Company

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

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

Revenue

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

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

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

Gas-fired power and heat energy generation segment

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

Wind power segment

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

Note:

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

Hydropower and others

Revenue from hydropower and others increased by 150.2% from RMB59.5 million in 2008 to RMB148.9 million in 2009, primarily due to the full-year operation of two additional power plants in 2009, compared to the partial year operation of those power plants in 2008. Our biomass power plant (Shandong Jingneng Straw-fired Biomass Power Plant) commenced operations in September 2008 and our hydropower plant (Heishui Sanlian—Zhawo Grade I Hydropower Plant) commenced operations in July 2008.

Service concession construction revenue

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

Other income

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

Operating expenses and Adjusted Operating Expenses

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

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

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

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

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

Profit from operations

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

Adjusted Operating Profit and Adjusted Operating Profit Margin

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

Adjusted Segment Operating Profit and Adjusted Segment Operating Profit Margin

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

	Year ended December 31,			
	2008		2009	
	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)	Adjusted Segment Operating Profit / (Loss)	Adjusted Segment Operating Profit Margin (%)
		(RMB '000)		
Gas-fired power and heat energy generation segment	185,104	11.3	190,430	8.2
Wind power segment	8,336	7.2	144,984	38.6
Hydropower and others	15,425	N/A(3)	(11,717)	N/A(3)
Total Adjusted Segment Operating Profit(2)	**208,865**	**11.5**	**323,697**	**11.4**
Less: Government grants and subsidies related to clean energy production	(471,327)		(434,290)	
Add: Other income	502,242		580,246	
Add: Unallocated(1)	4,284		7,647	
Profit from operations	**244,064**		**477,300**	

Notes:

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

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

(3) Adjusted Segment Operating Profit Margin for 2008 and 2009 for hydropower and others are not comparable due to the divestiture of non-clean energy related businesses as part of the Reorganization.

Gas-fired power and heat energy generation segment

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

Wind power segment

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

Hydropower and others

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

Interest income

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

Finance costs

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

Share of results of associates

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

Share of results of jointly controlled entities

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

Profit before taxation

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

Income tax expense

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

Profit for the year

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

Profit for the year attributable to equity owners of the Company

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

As at December 31, 2008, 2009, and 2010 and as at June 30, 2011, we had cash and cash equivalents of RMB569.5 million, RMB753.9 million, RMB638.8 million and RMB1,196.5 million, respectively.

Net Current Liabilities

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

	As at December 31,			As at June 30,	As at October 31,
	2008	2009	2010	2011	2011
			(RMB'000)		
Current assets					
Inventories	85,841	35,032	35,103	37,255	51,213
Trade and bill receivables	301,718	849,787	1,157,357	732,888	915,266
Other receivables, deposits and prepayments	126,472	85,419	105,727	191,662	275,794
Current tax assets	—	—	—	32,746	15,507
Amounts due from related parties	14,773	100,497	16,240	3,724	4,879
Loan to jointly controlled entities	—	—	40,604	—	—
Prepaid lease payments	703	1,040	1,294	2,965	1,890
Value-added tax recoverable	2,584	178,763	245,434	258,259	263,319
Held-to-maturity financial asset	20,000	—	—	—	—
Restricted bank deposits	68	13,979	—	—	—
Cash and cash equivalents	569,513	753,899	638,825	1,196,527	1,062,167
	1,121,672	2,018,416	2,240,584	2,456,026	2,590,035
Assets classified as held for sale	—	—	282,398	—	—
	1,121,672	2,018,416	2,522,982	2,456,026	2,590,035
Current liabilities					
Trade and other payables	1,317,322	1,563,497	1,644,320	719,197	871,630
Amounts due to related parties	246,297	97,594	157,605	364,899	301,771
Bank and other borrowings—due within one year	2,718,222	3,599,122	2,731,300	5,416,024	5,675,790
Income tax payable	2,046	9,251	43,495	15,066	62
Deferred income—current portion	19,936	27,859	90,576	3,409	—
	4,303,823	5,297,323	4,667,296	6,518,595	6,849,253
Liabilities associated with assets classified as held for sale	—	—	176,147	—	—
	4,303,823	5,297,323	4,843,443	6,518,595	6,849,253
Net current liabilities	(3,182,151)	(3,278,907)	(2,320,461)	(4,062,569)	(4,259,218)

We recorded net current liabilities of RMB3,182.2 million, RMB3,278.9 million and RMB2,320.5 million as at December 31, 2008, 2009 and 2010, respectively. As at October 31, 2011, being the latest practicable date such information is available to us, our net current liabilities were RMB4,259.2 million. Our net current liability position during the Track Record Period mainly reflected the high levels of the current portion of our bank borrowings. These borrowings were primarily used to finance the expansion of our wind power segment and gas fired power business. Our net current liability position also reflected significant trade and other payables mainly related to the purchase of wind turbines in connection with the expansion of our wind farms. Our net current liabilities decreased from December 31, 2009 to December 31, 2010, as a result of a decrease in our current bank and other borrowings. Our net current liabilities increased by RMB1,662.1 million from December 31, 2010 to June 30, 2011 primarily due to the increase in bank borrowings. See "—Indebtedness" in this Financial Information section.

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

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

- We have maintained long-term relationships with domestic and foreign financial institutions from which we are able to obtain banking facilities on competitive terms to fund our business expansion. As at October 31, 2011, being the latest practicable date such information is available to us, we had unutilized banking facilities of approximately RMB13,997 million.

- We obtained most of our banking facilities from reputable commercial banks in the PRC and our good credit history has been recognized by various PRC financial institutions. During the Track Record Period, we have not experienced any material difficulty in renewing our short-term loans from our principal banks upon maturity of the existing term loans. We believe that we will be able to roll over our existing short-term loans upon maturity, if necessary, based on our past repayment and credit history. As at October 31, 2011, being the latest practicable date such information is available to us, we received a credit rating of AA+ from China Construction Bank, Beijing Branch which is an Independent Third Party.

- Our existing cash resources improved during the Track Record Period. Our cash generated from operating activities slightly decreased from RMB386.2 million for the year ended December 31, 2008 to RMB270.4 million for the year ended December 31, 2009, but increased to RMB1,538.2 million for the year ended December 31, 2010. Our cash and cash equivalents as at June 30, 2011 was RMB1,196.5 million.

- We have strong operating cash flows. Our net cash generated from operating activities have increased from RMB386.2 million in 2008 to RMB1,538.2 million in 2010 and was RMB1,212.6 million in the first half of 2011. We expect our net cash generated from operating activities to remain strong for the remainder of 2011 and in 2012 to support our operations and expansion plans.

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

Our current ratio (as calculated by dividing our current assets by current liabilities) was 0.26, 0.38, 0.50 and 0.38 as at December 31, 2008, 2009 and 2010 and as at June 30, 2011, respectively. The increase in our current ratio between December 31, 2008 and 2009 primarily reflected increased current assets from trade and bills receivable from greater sales of energy, while the increase in current liabilities, mainly resulting from increased borrowings and trade and other payables, grew as at a slower pace. The increase in our current ratio between December 31, 2009 and December 31, 2010 primarily reflected increased current assets from trade and bills receivable from greater sales of energy while current liabilities decreased from lower portion of current bank and other borrowings reflecting lower new borrowings as compared to 2009. The decrease in the current ratio between December 31, 2010 and June 30, 2011 primarily reflected (i) decreased trade and bill receivables due to seasonality as trade and bill receivables are usually lower during the summer months, and (ii) the increased current liabilities as certain bank borrowings transferred from long-term to short-term during the first half of 2011.

CASH FLOW

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

Selected Cash Flow Statement Data	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2011
		(RMB '000)		
Net cash generated from operating activities	386,220	270,371	1,538,215	1,212,612
Net cash used in investing activities	(3,643,263)	(6,133,941)	(1,931,902)	(1,573,501)
Net cash generated from financing activities	3,456,216	6,047,940	281,290	916,825
Net increase (decrease) in cash and cash equivalents	199,173	184,370	(112,397)	557,701
Cash and cash equivalents at the end of year/period	569,513	753,899	638,825	1,196,527

Cash generated from operating activities

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

Our net cash generated from operating activities was RMB1,212.6 million for the six months ended June 30, 2011, reflecting cash generated from operations of RMB1,324.0 million and income tax paid of RMB111.3 million, while our operating cash flows before movements in working capital was RMB1,098.5 million. The net decrease in working capital usage of RMB227.1 million primarily reflected a decrease of RMB424.5 million in trade and bills receivable, reflecting the collection of receivables from our sales to state-owned grid companies during this period, partially offset by a decrease in trade and other payables of RMB88.3 million, reflecting mainly the decrease in trade and other payables relating to equipment purchases for construction of new projects as we launched only one new project in the first half of 2011.

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

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

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

Cash from / used in investing activities

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

For the six months ended June 30, 2011, our net cash used in investing activities was RMB1,573.5 million, primarily consisted of RMB1,711.6 million in cash paid for the acquisition of property, plant and equipment, which was primarily used to pay for equipment purchase and construction services of the power plant under construction.

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

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

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

Cash from / used in financing activities

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

For the six months ended June 30, 2011, our net cash generated from financing activities was RMB916.8 million. The net cash inflow primarily consisted of net new bank borrowings of RMB5,452.4 million, which was partially offset by repayments of bank loans of RMB4,218.5 million. The new bank borrowings were used to finance the constructions of projects and business operations.

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

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

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

CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Inventories

The level of our inventory is not significant as we do not carry large inventory of goods held for sale in the ordinary course of our business. During the Track Record Period, our inventory consisted of (i) materials and spare parts and (ii) goods held for sale. As at December 31, 2008, 2009 and 2010 and as at June 30, 2011, our inventory value amounted to RMB85.8 million, RMB35.0 million, RMB35.1 million and RMB37.3 million, respectively. As at December 31, 2008, our inventory mainly consisted of goods held by customers and for sale, which consisted of energy-saving equipment and other products. As at December 31, 2009 and December 31, 2010, our inventory mainly consisted of materials and spare parts for the maintenance of our power generation facilities. For the six months ended June 30, 2011, our inventory mainly consisted of spare parts.

Trade and bill receivables

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
		(RMB'000)		
Trade receivables	315,171	841,042	1,151,019	719,188
Bills receivable	921	8,745	6,472	13,834
	316,092	849,787	1,157,491	733,022
Allowance for doubtful debts	(14,374)	—	(134)	(134)
Total	301,718	849,787	1,157,357	732,888

Our trade and bills receivables increased from RMB301.7 million as at December 31, 2008 to RMB849.8 million as at December 31, 2009 and further to RMB1,157.4 million. The increases were mainly the result of our increased sales of electricity and heat energy during the Track Record Period. As of October 31, 2011, being the latest practicable date that such information is available to us, we had received RMB248.2 million of the trade and bills receivable.

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

Our allowance for doubtful debts was RMB14.4 million as at December 31, 2008, which was mainly carried forward from 2007 and relate to our non-clean energy business. We divested our non-clean energy business at the end of 2009 as part of our Reorganization. We did not provide for allowances for doubtful debts as at December 31, 2009 and such amount was insignificant as at December 31, 2010 as our trade and bill receivables were primarily from our sales to PRC state-owned grid companies with good credit ratings. Moreover, the trade and bills receivable that have been outstanding between 60 to 365 days mainly relate to receivables for wind power price premiums receivable from state-owned grid companies as such amounts are normally settled twice a year. As at June 30, 2011, our allowance for doubtful debts was RMB134,000.

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
		(RMB'000)		
Within 60 days	255,775	679,370	831,888	411,956
60 to 365 days	36,274	170,220	323,436	314,562
1 to 2 years	3,652	197	2,167	6,504
2 to 3 years	6,770	—	—	—
Over 3 years	13,621	—	—	—
Total	316,092	849,787	1,157,491	733,022

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

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

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

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

	As at June 30, 2011			
	Gas-fired power and heat energy generation segment	Wind power segment	Hydropower and others	Total
	(RMB'000)			
Within 60 days	192,897	216,759	2,300	411,956
60 to 365 days	12,335	299,933	2,294	314,562
1 to 2 years	1,370	—	5,134	6,504
2 to 3 years	—	—	—	—
Over 3 years	—	—	—	—
Total	206,602	516,692	9,728	733,022

Trade and bills receivable that have been outstanding between 1 to 2 years as at June 30, 2011 was RMB6.5 million, which is insignificant, and mainly relates to amounts due from the local grid company for electricity sales from our Heishui Sanlian hydropower plant. As of the Latest Practicable Date, this outstanding amount had not yet been settled. We understand the local grid company will settle the outstanding amount after it receives relevant amounts from the government for selling the electricity to end-users at a price that was lower than their applicable on-grid tariffs. As such, we believe the outstanding amount of this receivable remains collectable.

The table below shows our trade and bills receivable turnover days during the years/ period indicated:

	Year ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
Trade and bills receivable turnover days[1]	49	87	101	91

Note:

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

Our trade and bills receivable turnover days increased from 49 days for 2008, to 87 days in 2009, to 101 days in 2010 and decreased to 91 days in the six months ended June 30, 2011. The increase in turnover days from 2008 to 2010, was primarily due to the increase in the proportion of trade and bills receivables from our wind power segment as compared to our total trade and bills receivable. The decrease in turnover days from 2010 to the six months ended June 30, 2011 was primarily due to seasonality as trade and bills receivables are usually higher during the winter months when there are greater sales. Trade and bills receivable with respect to our wind power business as a percentage of our total trade and bills receivable increased from 11.7% as at December 31, 2008 to 32.1% as at December 31, 2009, to 58.7% as at December 31, 2010 and to 70.5% as at June 30, 2011. Trade and bills receivable from our wind power segment generally has a longer collection period as the price premium is settled by local grid companies twice a year as discussed above. Moreover, receivables from wind power price premiums have increased as we generated more power from the operation of wind farms from 2008 to 2010.

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

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
		(RMB'000)		
Other receivables and deposits, net of impairment	109,187	65,876	100,108	146,907
Advances to suppliers	17,285	19,543	5,619	44,755
Total	126,472	85,419	105,727	191,662

Other receivables and deposits mainly consist of (a) deposits and prepayments in relation to the construction of hydropower plants as we are generally required to make prepayments to construction contractors before they agree to commence work in the remote areas where the hydropower plants are usually located, (b) deposits to local government for potential damage to the local environment that may be caused by the construction of hydropower plants and (c) prepayments relating to the construction of power transportation systems (incurred when we needed to build power transportation systems at our own cost for timely connection to power grid) which will be repaid by the grid companies at a later stage. Our other receivables and deposits, net of impairment, decreased from RMB126.5 million as at December 31, 2008 to RMB85.4 million as at December 31, 2009, primarily due to the divestiture of certain entities pursuant to our reorganization in 2008. Our other receivables and deposits increased from RMB85.4 million as at December 31, 2009 to RMB105.7 million as at December 31, 2010, primarily due to the increase in prepayment in relation to the construction of hydropower plants. Our other receivables and deposits further increased to RMB191.7 million as at June 30, 2011, primarily due to an increase in receivables from sale of the CERs and VERs. Advances to suppliers increased from RMB5.6 million as at December 31, 2010 to RMB44.8 million as at June 30, 2011 mainly due to the prepayment made in relation to the maintenance on Taiyanggong Power Plant conducted throughout the year 2011.

Value added tax recoverable—current portion

As at December 31, 2008, 2009 and 2010 and as at June 30, 2011, our value-added tax recoverable was RMB2.6 million, RMB178.8 million, RMB245.4 million and RMB258.3 million, respectively. Value added tax recoverable represents our estimate of the carrying amount of value added tax recoverable which can be recovered by deducting the output of value added tax on future revenue. The significant increase in value added tax recoverable from December 31, 2008 to June 30, 2011 was primarily because the input VAT relating to acquisition of property, plant and equipment and intangible assets, was deductible from output VAT from January 1, 2009. Prior to January 1, 2009, such input VAT was recorded as a part of the related assets.

Trade and other payables

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
	(RMB'000)			
Bills payable[(1)]	—	—	694,411	48,000
Trade payables	1,016,249	1,459,391	819,950	559,018
Advance received from customers	3,878	9,690	9,830	—
Salary and staff welfares	13,699	19,639	37,827	34,984
Non-income tax related tax payables	39,221	30,334	35,889	2,270
Accrued interests payable	7,691	10,081	14,964	19,309
Dividends payables	10,003	—	—	17,455
Other payables	31,412	34,362	31,449	38,161
Other current liabilities	195,169	—	—	—
Total	1,317,322	1,563,497	1,644,320	719,197

Note:

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

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs, as well as payable for property, plant and equipment and relevant retention payables. Trade payables increased from RMB1,016.2 million as at December 31, 2008 to RMB1,459.4 million as at December 31, 2009, primarily due to the increased purchase of wind turbines and construction activity as the result of the increased number of wind farms under construction. Trade payables decreased to RMB820.0 million as at December 31, 2010, primarily due to a lower number of wind farms under construction in 2010 than in 2009. As of October 31, 2011, being the latest practicable date such information is available to us, we had settled RMB103.3 million of our trade payables due as at June 30, 2011.

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

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
		(RMB'000)		
Payables for gas purchases	128,418	124,246	107,102	45,549
Payables for material purchases	7,594	4,265	18,228	18,692
Payables for equipment purchases	705,831	969,636	392,370	322,074
Payables for construction services	136,214	356,660	287,358	139,727
Others	38,192	4,584	14,892	32,976
Total trade payables	1,016,249	1,459,391	819,950	559,018

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

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

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

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

The balances for our quality assurance payables were RMB230.3 million as at December 31, 2010 and RMB291.0 million as at June 30, 2011.

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
		(RMB'000)		
Within 30 days	128,418	124,246	39,691	48,209
31-365 days	823,191	1,256,965	447,513	163,178
1 to 2 years	51,392	52,748	289,980	252,654
2 to 3 years	12,877	20,841	24,333	87,126
Over 3 years	371	4,591	18,433	7,851
	1,016,249	1,459,391	819,950	559,018

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

	Year ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
Trade payables turnover days for gas purchases(1)	27	32	21	13

Note:

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

Trade payable turnover days for gas purchases decreased from 32 days in 2009 to 21 days in 2010 mainly due to our slightly faster settlement of payables with gas suppliers as we generated greater operating cash flow as a result of the expansion of our gas-fired power business. Trade payable turnover days for gas purchases decreased from 21 days in 2010 to 13 days for the six months ended June 30, 2011 mainly due to seasonality as payables for gas purchases are usually higher during the winter months when we purchase more gas due to higher sales.

Interests in associates

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
		(RMB'000)		
Investment in associates				
Unlisted equity investments, at cost	147,008	1,293,755	947,681	947,681
Share of post-acquisition profits (losses) and other comprehensive income (losses), net of dividend declared	39,914	(2,718)	172,670	250,968
Subtotal	186,922	1,291,037	1,120,351	1,198,649
Loans to associates	84,949	110,582	109,961	123,440
Total	**271,871**	**1,401,619**	**1,230,312**	**1,322,089**

Our interests in associates mainly consist of our investments in associates and loans to associates. We had interests in associates of RMB271.9 million, RMB1,401.6 million, RMB1,230.3 million and RMB1,322.1 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. Our interests in associates increased significantly from December 31, 2008 to December 31, 2009, primarily due to our increased shareholding in Beijing Jingneng International. Our interests in associates primarily represent the increase of unlisted equity investments as the result of the increase of our share of the profits of Beijing Jingneng International. We increased our shareholding in Beijing Jingneng International in 2009 from 10.72% as at December 31, 2008 to a 20% interest, following which, we no longer included Beijing Jingneng International in our consolidated statements of financial position as an available for sale financial asset, and instead accounted for Beijing Jingneng International as an associate. For information on our investments in associates and loans to associates, see note 20 to the Accountants' Report in Appendix I. For further information about our shareholding in associates, see note 48 to the Accountants' Report in Appendix I.

Related party balances

Amounts due to related parties

We had amounts due to related parties of RMB246.3 million, RMB97.6 million, RMB157.6 million and RMB364.9 million as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively. As at June 30, 2011, our amounts due to related parties mainly consisted of: (i) our amount due to BIEE was RMB0.4 million of dividends payable, which will be settled prior to the Listing and RMB194.0 million relating to equipment purchases, (ii) our amount due to Jingfeng Thermal Power was RMB27.8 million, primarily relating to the leasing agreements under which Jingfeng Thermal Power leased the plant and office to Jingfeng Power, our subsidiary and (iii) our amount due to BEIH was RMB142.4 million, consisting RMB81.3 million due to BEIH in consideration for the purchase of equity of Gaoantun Power from BEIH and RMB61.1 million of dividends payable, both of which will be settled prior to the Listing.

Amounts due from related parties

We had amounts due from related parties of RMB14.8 million, RMB100.5 million, RMB16.2 million and RMB3.7 million as at December 31, 2008, 2009 and 2010 and as at June 30, 2011, respectively. The RMB3.7 million due from related parties as at June 30, 2011 consists of RMB2.5 million due from BEIH Finance relating to dividends and interests, RMB1.2 million due from an associate, Quanzhou Liupu. As at October 31, 2011, we have collected the RMB2.5 million due from BEIH Finance.

Deposits in a non-bank financial institution

We had deposits in BEIH Finance, a non-bank financial institution approved by China Banking Regulatory Commission (中國銀行業監督管理委員會), of RMB103.0 million, RMB100.8 million, RMB183.7 million and RMB73.0 million as at December 31, 2008, 2009 and 2010 and as at June 30, 2011, respectively. For further information about our deposits in such related non-bank financial institution denominated in RMB, see note 31 to the Accountants' Report in Appendix I. As at the Latest Practicable Date, we have no deposits in BEIH Finance.

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

INDEBTEDNESS

Bank and other borrowings

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

	Effective interest rate	As at December 31,			As at June 30,	As at October 31,
		2008	2009	2010	2011	2011
	(%)		(RMB'000)			(Unaudited)
Current						
Short-term bank loans:						
Unsecured(1)	3.66-8.22	820,000	2,000,000	1,620,000	4,641,261	4,824,569
Short-term other borrowings:						
Unsecured(1)	3.66-8.22	930,000	910,000	420,000	—	—
Current portion of long-term bank loans:						
Unsecured(1)	4.86-7.84	967,222	274,122	616,300	764,763	830,222
Secured(2)	5.94-6.40	1,000	15,000	15,000	10,000	21,000
Current portion of long-term other borrowings:						
Unsecured	4.86-7.84	—	400,000	60,000	—	—
Total current portion		2,718,222	3,599,122	2,731,300	5,416,024	5,675,791
Non-current						
Long-term bank loans:						
Unsecured(1)	4.86-7.84	2,950,778	5,565,056	5,689,437	7,126,627	7,725,718
Secured(2)	5.94-6.40	99,000	326,000	311,000	306,000	295,000
Long-term other borrowings:						
Unsecured(1)	4.86-7.84	744,945	2,570,000	2,883,000	—	—
Total non-current portion		3,794,723	8,461,056	8,883,437	7,432,627	8,020,718
Total borrowings		**6,512,945**	**12,060,178**	**11,614,737**	**12,848,651**	**13,696,509**

Notes:

(1) Our unsecured borrowings include:

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

(ii) borrowings of nil, nil, RMB2,264,737,000 and RMB2,397,000,000 as at December 31, 2008, 2009, 2010, and June 30, 2011 respectively, were guaranteed by us. The total guarantee provided by us, including the unutilized guarantee, is RMB3,007,000,000.

(2) Our secured borrowings include:

(i) borrowings of RMB100,000,000, RMB341,000,000, RMB326,000,000, and RMB316,000,000 as at December 31, 2008, 2009, 2010, and June 30, 2011 respectively, which were pledged by a right to receive the wind power electricity sale consideration in a subsidiary of New Energy. The relevant pledged account receivable balances were nil, RMB13,790,000, RMB40,587,000 and RMB31,329,000 as at December 31, 2008, 2009, 2010, and June 30, 2011 respectively.

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

	As at December 31,			As at June 30,	As at October 31,
	2008	2009	2010	2011	2011
					(Unaudited)
		(RMB'000)			
Current:					
Within 1 year	2,718,222	3,599,122	2,731,300	5,416,024	5,675,791
Non-current:					
1 to 2 years	993,068	665,583	2,035,777	1,257,523	1,333,833
2 to 3 years	623,122	1,675,993	2,146,777	1,332,130	1,373,723
3 to 5 years	844,733	1,846,620	998,553	1,096,403	1,553,957
Over 5 years	1,333,800	4,272,860	3,702,330	3,746,571	3,759,205
Total long-term borrowings	3,794,723	8,461,056	8,883,437	7,432,627	8,020,718
Total borrowings	**6,512,945**	**12,060,178**	**11,614,737**	**12,848,651**	**13,696,509**

Our bank loans carry variable rates based on the interest rates quoted by the PBOC. The effective interest rates on our bank loans ranged from 5.10% to 8.22% in 2008, 4.39% to 7.47% per annum in 2009, 4.62% to 7.47% in 2010 and 4.85% to 7.14% for the six months ended June 30, 2011.

The increase in our borrowings from December 31, 2008 to December 31, 2009 was primarily for the purchase of property, plant and equipment, primarily due to our addition of a number of wind farms, purchases of intangible assets, which primarily represented purchases of service concession construction rights, and our increased working capital needs as a result of our business expansion. Our borrowings decreased as at December 31, 2010, primarily due to a decrease in our borrowings from BEIH Finance, due to our lower capital needs as a result of the development of fewer projects in 2010 compared to 2009. Our borrowings increased as at June 30, 2011, relating to the projects that commenced construction in 2010 and in the first half of 2011.

As at October 31, 2011, being the latest practicable date for determining our indebtedness, we had outstanding bank borrowings of RMB13,697 million (of which RMB316 million was secured by a right to receive the wind power electricity sale consideration in a subsidiary). We also provided RMB629 million guarantees in respect of bank facilities granted to a jointly controlled entity. As at October 31, 2011 we had RMB13,997 million of unutilized banking facilities. We expect to continue to rely on bank loans to fund a portion of our capital requirements in relation with the expansion of our business.

Save as disclosed in this prospectus, as of October 31, 2011, being the latest practicable date for determining our indebtedness, apart from intra-group liabilities, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

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

	As at December 31,			As at June 30,	As at October 31,
	2008	2009	2010	2011	2011
					(unaudited)
			(RMB'000)		
Bank loans	4,838,000	8,180,178	8,251,737	12,848,651	13,696,509
Other borrowings from:					
ultimate holding company(1)	—	1,950,000	1,665,000	—	—
a related non-bank financial institution(2)	1,570,000	1,730,000	1,698,000	—	—
other non-related entity(3)	—	200,000	—	—	—
local government(4)	104,945	—	—	—	—
	1,674,945	3,880,000	3,363,000	—	—
Total borrowings	6,512,945	12,060,178	11,614,737	12,848,651	13,696,509

Notes:

(1) Other borrowings from ultimate holding company represented entrusted loans from BEIH. The loans are unsecured and include (i) RMB150,000,000 carried variable interest rates by reference to the interest rate promulgated by the PBOC and was repaid in 2010; (ii) RMB950,000,000 carried variable interest rate by reference to the interest rate promulgated by the PBOC and repayable on December 27, 2012; (iii) RMB150,000,000 carried annual fixed interest rate of 5.14% and repayable on December 27, 2012; and (iv) RMB700,000,000 carried variable interest rate by reference to the interest rate promulgated by the PBOC and repayable on December 27, 2014. An early repayment of RMB135,000,000 was also made in 2010. The Group wholly repaid the borrowings from BEIH as at April 30, 2011. The interest expenses attributed to above entrusted loan were RMB nil, RMB534,000, RMB102,879,000, and RMB20,064,000 for the years ended December 31, 2008, 2009, 2010, and ten months ended October 31, 2011, respectively.

(2) Other borrowings from a related non-bank financial institution represented loans from BEIH Finance. The loans are unsecured and carried interest at beneficial rates higher than 90% of the prevailing interest rates promulgated by PBOC and variable by reference to the interest rates promulgated by PBOC. The loans were repayable no more than three years. The interest expenses attributed to above loans from BEIH Finance were RMB56,529,000, RMB83,285,000, RMB93,037,000, and RMB28,393,000 for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively.

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

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

Our borrowings have generally increased during the Track Record Period, with the funds mainly being used to fund the capital expenditures associates with the expansion of our business. As a result, our gearing ratio (which is calculated by dividing (i) the net debt[2] by (ii) net debt plus total equity (including non-controlling interests)) increased from 59.8% in as at December 31, 2008 to 67.2% as at December 31, 2009. Our gearing ratio decreased to 61.1% as at December 31, 2010, primarily due to the capital injection by strategic investors of RMB1,243.7 million and decreased borrowings. From December 31, 2008 to December 31, 2009, our gearing ratio increased primarily due to the increase in bank loans to fund our construction projects. Our gearing ratio was 61.8% as at June 30, 2011.

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

On November 2, 2011, the Group decided that a subsidiary, New Energy would issue medium-term notes amounting to RMB1,000 million with maturity for three years in the inter-bank bond market in the PRC, which is to finance its construction and operations for certain wind power farms. New Energy has filed an application to the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) for approval of this notes issue, which is expected to be obtained in early 2012. The joint underwriters will be Shanghai Pudong Development Bank Co., Ltd and Bank of Beijing Co., Ltd.

Our Directors confirm that there has been no material change in our indebtedness position since October 31, 2011.

CAPITAL EXPENDITURES AND COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure

Our capital expenditures mainly relate to the additions of property, plant and equipment and intangible assets arising from the concession projects and amounted to RMB3,891.2 million, RMB6,608.9 million, RMB1,575.3 million and RMB1,256.5 million in 2008, 2009 and 2010 and the six months ended June 30, 2011, respectively. Historically, our capital expenditures were primarily used for the construction of wind power projects, gas-fired power plants and purchase of related property, plant and equipment. We expect our capital expenditures in 2011 to consist principally of similar types of items.

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

Capital Commitments and Operating Lease Commitments

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

	As at December 31,			As at June 30,
	2008	2009	2010	2011
	(RMB'000)			
Capital commitments				
Contracted but not provided for:				
Acquisition or construction of non-current assets	4,450,261	739,191	2,060,295	2,920,940
Operating lease commitments				
Within 1 year	18,006	18,006	600	4,633
After 1 year but within 5 years	18,606	2,400	2,580	2,610
After 5 years	11,523	9,723	8,943	8,613
	48,135	30,129	12,123	15,856

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

OFF BALANCE SHEET ARRANGEMENTS

Contingent Liabilities

As at December 31, 2008, 2009, 2010 and June 30, 2011, we had contingent liabilities of RMB40.0 million, RMB240.0 million, RMB589.4 million and RMB629.4 million, respectively, which were guarantees associated with banking facilities provided to associates and jointly controlled entities for its business operations. For details, see note 41 to the Accountants' Report in Appendix I.

Except to disclosed above, we had no off-balance sheet arrangements as at June 30, 2011. Our Directors confirm that there was no material change in our commitments and contingent liabilities since June 30, 2011.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

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

Interest rate risk management

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

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

Interest rate sensitivity

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

A 25 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 25 basis points higher/lower and all other variables were held constant, our profit for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 and June 30, 2011 would decrease (increase) by RMB4,855,000, RMB12,832,000, RMB20,036,000, RMB19,450,000 and RMB19,311,000, respectively.

Foreign currency risk management

Currency risk

As at June 30, 2011, we have certain assets denominated in foreign currencies. We have not entered into any forward contract to hedge against these foreign currencies risk exposure. However, we will consider to hedge these balances should the need arise.

Currency sensitivity

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

	Years ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
		(RMB'000)		
Increase (decrease) in profit (US$)	3,734	4,424	—	—
Increase (decrease) in profit (EUR)	40	776	1,411	627

Credit risk management

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

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

Credit risk on trade receivables is concentrated on a limited number of power grids. However, our management, having considered the strong financial background and good creditability of the power grids believes there is no significant credit risk. As at December 31, 2008, 2009 and 2010 and June 30, 2011, 59%, 42%, 47% and 60% of our total trade receivables were due from our largest customer, respectively and 93%, 95%, 97% and 93% of our total trade receivables were due from the five largest customers, respectively.

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

Liquidity risk

We have net current liabilities as at December 31, 2008, 2009 and 2010 and June 30, 2011, which expose us to liquidity risk. In order to mitigate the liquidity risk, we regularly monitor the operating cash flow to help ensure sufficient liquidity requirements in the short and long term.

We manage liquidity risk by maintaining a level of cash and cash equivalents sufficient to finance our operations and mitigate the effects of fluctuations in cash flows. We monitor the utilization of bank borrowings from time to time. We monitor the utilization of bank borrowings and ensure compliance with loan covenants. As of October 31, 2011, being the latest practicable date such information is available to us, we had available unutilized banking facilities of RMB13,997 million. Please see note 45 in the Accountants' Report in Appendix I for further details on our liquidity risks.

Effects of Inflation

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

DIVIDEND POLICY

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

Going forward, we expect to distribute no less than 20% of our annual distributable earnings as dividends. However, we cannot assure you that we will be able to declare or distribute dividends in any amount each year or in any year. In addition to the aforementioned limitations, the declaration and payment of dividends may be limited by legal restrictions or financing agreements that we may enter into in the future. Dividends paid by us to foreign individual shareholders of our H shares were historically exempted from individual income tax in China. However, the tax regulation prescribing such exemption was repealed and pursuant to a recent tax circular, dividends paid by a PRC company that is not a foreign invested enterprise on its H shares are subject to individual income tax in China generally at a rate of 10%, unless the tax treaty or agreement that China concluded with relevant jurisdictions provides otherwise. It is not clear whether the dividends paid by us to foreign individual shareholders will remain exempted from individual income tax in China. If such exemption does not apply, the individual shareholders of our H shares would be generally subject to individual income tax in China at a rate of 10% unless the tax treaty or agreement that China concluded with relevant jurisdictions provides otherwise (capped at 20% of the dividends as provided by the Chinese tax law). Further, it is unclear whether capital gains realized by individual shareholders of our H Shares upon their disposition of our H Shares would be considered as income sourced from within China, and as a result, would be subject to individual income tax in China of 20% on such gains, although such tax has generally not been collected by the PRC tax authorities in practice. Dividends paid by us to the shareholders of our H Shares that are Non-PRC Resident Enterprises are generally subject to the PRC enterprise income tax at a rate of 10%, subject to reduction pursuant to applicable treaties on avoidance of double taxation. Furthermore, capital gains realized by Non-PRC Resident Enterprise shareholders of our H Shares are generally subject to PRC enterprise income tax at a rate of 10%, unless stipulated otherwise in applicable tax treaties. Please also see section headed “Risk Factors—Risks Relating to the PRC—Foreign individual holders of our H Shares may become subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares” for details regarding potential PRC tax consequences.

SPECIAL DISTRIBUTION

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

Assuming the Listing Date is on December 22, 2011, we estimate that the Special Distribution will not exceed RMB580 million, by reference to our Group’s expected unaudited net profit attributable to equity owner of the Company from April 30, 2010 to September 30, 2011.

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

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

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

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

DISTRIBUTABLE RESERVES

The aggregate amount of distributable reserves of our Group as at June 30, 2011 was RMB671.4 million.

PROPERTY INTEREST AND PROPERTY VALUATION

Particulars of our property interests are set out in Appendix IV. Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as at September 30, 2011. A summary of values and valuation certificates issued by Jones Lang LaSalle Sallmanns Limited are included in Appendix IV.

The table below sets forth the reconciliation of aggregate amounts of buildings and structures from our audited consolidated financial statements as at June 30, 2011 to the unaudited net book value of our property interests as at September 30, 2011:

	(RMB in millions)
Net book value of our property interests as at June 30, 2011[1]	2,340.4
Addition	21.4
Depreciation	(17.7)
Disposal	—
Reclassification[2]	(576.4)
Net book value as at September 30, 2011	1,767.7
Valuation surplus as at September 30, 2011	398.3
Valuation as at September 30, 2011 per "Appendix IV—Property Valuation"[3]	2,166.0

Notes:

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

(2) Reclassification mainly represents the net book value of certain foundation work on which wind turbines are installed and is classified as part of the buildings when compiling the Financial Information. These foundation work do not fall into the property valuation scope in accordance with normal valuation practice.

(3) This balance included the aggregate capital value of property interests as at September 30, 2011 of RMB1,419 million as stated on page IV-12 of Appendix IV to this prospectus and the aggregate value of RMB747 million for reference purpose as set out in the notes of valuation certificates of Appendix IV to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Global Offering on our net tangible assets as at June 30, 2011 as if it had taken place on June 30, 2011.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as at June 30, 2011 or any future date following the Global Offering. It is prepared based on our consolidated net assets as at June 30, 2011 as derived from our Consolidated Financial Statements set forth in the Accountants' Report in Appendix I, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the Accountants' Report as in Appendix I.

	Adjusted consolidated net tangible assets attributable to owners of the Company as of June 30, 2011(1)	Add: Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company(6)(7)	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)(4)(5)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$
Based on an offer price of HK$1.59 per Share	3,407.7	1,207.1	4,614.8	0.77	0.95
Based on an offer price of HK$1.75 per Share	3,407.7	1,336.9	4,744.6	0.79	0.97

Notes:

(1) We have calculated the adjusted consolidated net tangible assets attributable to owners of the Company as of June 30, 2011 based on the audited consolidated net assets attributable to the owners of the Company of RMB7,122.5 million after deducting our intangible assets of RMB3,714.8 million. Our intangible assets mainly consisted of concession rights for wind power service concession projects, amounting to RMB3,577.8 million as of June 30, 2011.

(2) The estimated net proceeds from the Global Offering are based on indicative Offer Prices of HK$1.59 and HK1.75 per H Share, respectively, after deducting underwriting fees and other related expenses payable by the Company. Estimated net offering proceeds do not take into account any H Shares that we may issue upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted at the PBOC Rate from Hong Kong dollars into Renminbi at an exchange rate of RMB0.8148 to HK$1.00 prevailing on December 2, 2011.

(3) We calculated the unaudited pro forma adjusted consolidated net tangible assets per Share after the adjustments referred to in the preceding paragraphs and on the basis that 6,032,200,000 Shares are in issue assuming that the Global Offering had been completed on June 30, 2011. The unaudited pro forma adjusted consolidated net tangible assets per share do not take into account any H Shares that we may issue upon the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the adjusted consolidated net tangible assets per Share will decrease.

(4) Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as of September 30, 2011, of which the property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus or deficit of properties included in building held for own use, assets under construction and land use rights will not be incorporated in our consolidated statements of financial position for the year ending December 31, 2011. If such revaluation surplus is incorporated in our consolidated statements of financial position for the year ending December 31, 2011, the annual depreciation charges would increase by approximately RMB13 million.

(5) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.8148 to HK$1.00, the PBOC Rate prevailing on December 2, 2011. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

(6) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company do not take into account the Special Distribution, details of which are disclosed in the section headed "Special Distribution" in this section. If the Special Distribution of RMB580 million had been included in the above calculation, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company would have been decreased.

(7) Except for mentioned above, no adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company to reflect any trading results or other transactions of the Group that were entered into subsequent to June 30, 2011.

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

Forecasted consolidated profit attributable to owners of our Company(1)	not less than RMB801.9 million (approximately HK$984.2 million)(3)
Unaudited pro forma forecasted earnings per Share(2)	not less than RMB13.29 cents (approximately HK16.31 cents)(3)

Notes:

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

(2) The calculation of the unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 is based on the above forecasted consolidated profit attributable to our owners for the year ending December 31, 2011, assuming that a total of 6,032,200,000 Shares were in issue during the year ending December 31, 2011, without taking into account any H Shares may be issued upon exercise of the Over-allotment Option.

(3) The forecasted consolidated profit attributable to owners of our Company and unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 are converted at the PBOC Rate from Renminbi into Hong Kong dollars at an exchange rate of RMB0.8148 to HK$1.00 prevailing on December 2, 2011.

Profit Forecast Sensitivity Analysis

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

On-grid tariff change	Changes in net profit after tax in 2011 (RMB '000)
+5%	146,606
-5%	(146,606)
+10%	293,212
-10%	(293,212)

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

Gas price change	Changes in net profit after tax in 2011 (RMB '000)
+5%	(76,058)
-5%	76,058
+10%	(152,116)
-10%	152,116

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

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

DIRECTORS' CONFIRMATION OF NO MATERIAL ADVERSE CHANGE

As at the date of this prospectus, the Directors confirm that there has been no material adverse change in the financial or trading positions or prospects of the Company since June 30, 2011, the date of the latest audited financial statements of the Company.

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2011, and there is no event since June 30, 2011 which would materially affect the information shown in the Accountants' Report, in Appendix I.

FUTURE PLANS

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

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

Please refer to the section "Business—Business Strategies" 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$1,561 million (assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range), before any exercise of the Over-allotment Option and after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

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

- approximately 50% of net proceeds to us (approximately HK$781 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for investing in the construction of wind power and gas-fired power projects, among which (i) approximately 62% will mostly be used within 2012 for the construction of gas-fired power projects in the PRC; and (ii) approximately 38% will mostly be used within 2012 for the construction of wind power projects in the PRC;
- approximately 20% of net proceeds to us (approximately HK$312 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for purchasing key equipment and parts and technological consultancy for maintenance as well as equipment improvement for existing projects;

- approximately 20% of net proceeds to us (approximately HK$312 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used to repay certain amounts of the following bank loans, (as detailed below); and

Name of Bank	Maturity Date	Principal Amount	Balance	Interest Rate as at the Latest Practicable Date	Loan Purpose
		(RMB in million)	*(RMB in million)*		
Agricultural Bank of China	9/8/2016	200	200	6.555%	Construction of power projects
Shanghai Pudong Development Bank	12/21/2018	160	160	6.345%	Construction of power projects
	Total:	360			

- approximately 10% of net proceeds to us (approximately HK$156 million, assuming an Offer Price of HK$1.67 per Offer Share, being the mid-point of the estimated Offer Price range) will be used for working capital.

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

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

HONG KONG UNDERWRITERS

Joint Lead Managers

Goldman Sachs (Asia) L.L.C.
UBS AG, Hong Kong Branch
BOCI Asia Limited
Barclays Bank PLC, Hong Kong Branch
Daiwa Capital Markets Hong Kong Limited
China Merchants Securities (HK) Co., Limited
ABCI Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 113,544,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the H Shares and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

One of the conditions is that the Offer Price must be agreed between us (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Underwriters). For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. If, for any reason, the Offer Price is not agreed between us (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Underwriters) the Global Offering will not proceed.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Hong Kong Stock Exchange:

(a) there develops, occurs, exists or comes into force:

(i) any event or series of events resulting in or representing a calamity or crisis or a change or development involving a prospective change, in local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions or sentiments (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets and inter-bank markets) or currency exchange rate or controls in or affecting Hong Kong, the PRC, the United States, Japan, Singapore, the European Union (or any member thereof) (collectively the "**Relevant Jurisdictions**"); or

(ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), epidemic, pandemic, outbreak of infectious disease (including without limitation SARS, H5N1 or H1N1 or swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation or economic sanctions) in or affecting any of the Relevant Jurisdictions; or

(iv) without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) the imposition or declaration of (A) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the Shenzhen Stock Exchange, the Shanghai Stock Exchange or the London Stock Exchange or (B) any moratorium on, or disruption in, banking activities (commercial or otherwise) or foreign exchange trading or securities settlement or clearing services in or affecting any of the Relevant Jurisdictions; or

(vi) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(vii) any change or development or event involving a prospective change in the Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(viii) any material litigation or claim being threatened or instigated against any member of the Group; or

(ix) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group,

and which, in any such case and in the sole opinion of the Joint Global Coordinators (on behalf of themselves and the other Hong Kong Underwriters):

(A) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Group as a whole; or

(B) has or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(C) makes, will or is likely to make it impracticable, inadvisable or inexpedient to proceed with any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering and/or the Global Offering or the delivery of Shares on date of the closing; or

(b) any of the following shall have come to the notice of any of the Joint Global Coordinators or the Hong Kong Underwriters:

(i) that any statement contained in any of the formal notice required to be published under Chapter 12 of the Listing Rules (the "**Formal Notice**"), this prospectus and the Application Forms (collectively, the "**Hong Kong Public Offer Documents**"), the preliminary offering circular and the final offering circular (collectively, the "**International Offer Documents**"), or other relevant documents or announcements issued by the Company in connection with the Global Offering was or has become untrue, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained in such documents is not based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(ii) any matter which would, if the Formal Notice, the Hong Kong Public Offer Documents or International Offer Documents or other relevant documents and/or any notices or announcements issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) were issued at that time, constitute a material omission therefrom; or

(iii) it becomes necessary for the Company to issue a supplemental prospectus; or

(iv) that any of the representations and warranties given by the Company is (or would if repeated at that time be) untrue or breached; or

(v) any matter, event, act or omission which gives or is likely to give rise to any liability on the part of the Company out of or in connection with any breach, inaccuracy and/or incorrectness of the representations and warranties and/or the indemnities given by the Company under the Hong Kong Underwriting Agreement; or

(vi) any event, act or omission which gives rise or is likely to give rise to any material liability of the Company pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(vii) any breach of any of the obligations of any party (other than the Joint Global Coordinators, Joint Bookrunners or the Hong Kong Underwriters) to the Hong Kong Underwriting Agreement or the corporate investment agreement or any other relevant documents; or

(viii) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) or in the earnings, business, operations or trading position or prospects of the Group, or any change in capital stock or long-term debt of the Company or any other member of the Group, or any loss or interference with the assets, operations or business of the Company or any other member of the Group, which (in any such case) is not set forth or contemplated in the prospectus and the effect of which is, in the sole opinion of the Joint Global Coordinators, so material and adverse as to make it impracticable or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering; or

(ix) that any profit forecast or estimate which appears in any of the relevant documents is or becomes incapable of being met; or

(x) that (A) any Director or Supervisor of the Company named in the prospectus seeks to resign or retire, or is removed from office, (B) any certificate given by the Company or any of its respective officers to any of the Joint Global Coordinators or Joint Bookrunners under or in connection with the Hong Kong Underwriting Agreement or the Global Offering is false or misleading in any material respect or (C) any Director or Supervisor as named in the prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or (D) a regulatory, governmental or administrative authority (including any stock exchange) or a political body or organization in any jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xi) save as disclosed in the prospectus, a contravention by any member of the Group of the Listing Rules or any applicable laws or regulations in the PRC or Hong Kong; or

(xii) a prohibition on the Company for whatever reason from allotting or selling the Offer Shares (including the Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiii) the Company withdraws the prospectus and/or the Application Forms and/or the Global Offering.

Undertakings by our Company

We have also undertaken to the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters (and is expected to undertake to the International Underwriters) that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time from the date of the Hong Kong Underwriting Agreement until the expiry of six months from the Listing Date, we will not, without the Joint Bookrunners' prior written consent and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, offer, sell, contract to sell, hedge, grant any option or right to subscribe for or purchase or create any interests or encumbrance in respect of, transfer or otherwise dispose of, directly or indirectly, any Shares or any securities exchangeable or convertible into Shares or which carry rights to subscribe for or purchase Shares; or

(ii) deposit Shares with a depositary in connection with the issue of depositary receipts; or

(iii) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or has an effect on the market in the Shares similar to that of a sale; or

(iv) offer or agree or announce any intention to do any of the foregoing.

Undertakings by our controlling shareholder

Our controlling shareholder, BEIH, has undertaken to the Stock Exchange, the Joint Bookrunners and us that it will not, save as permitted under the Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Stock Exchange (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Company's Shares or securities directly or indirectly beneficially owned by it; and

(b) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), 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 or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company.

BEIH has further undertaken to the Stock Exchange, the Joint Bookrunners and us that, within the First Six-month Period and the Second Six-month Period, it will:

(a) when it pledges or charges any Shares or other securities of our Company in respect of which it is the beneficial owner in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of any such pledge or charge and the number of Shares or other securities of our Company so pledged or charged; and

(b) when it receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us of any such indication.

We will also, as soon as we have been informed of the above matters (if any) by BEIH, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

The International Offering

In connection with the International Offering, it is expected that our Company and the Selling Shareholders, among others, will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by Goldman Sachs on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot an aggregate of 170,302,000 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allotments (if any) in the International Offering.

Total Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.5% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant International Underwriters (but not the Hong Kong Underwriters).

Assuming an Offer Price of HK$1.67 per H Share (being the mid-point of the indicative offer price range of HK$1.59 to HK$1.75 per H Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering are estimated to be approximately HK$162.67 million (assuming the Over-allotment Option is not exercised) in total. The Selling Shareholders will pay the SFC transaction levy and the Hong Kong Stock Exchange trading fee in respect of the Sale Shares.

UNDERWRITING

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in the Company

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in any member of our Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

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 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 our 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 any 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 our 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.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing action permitted pursuant to the Securities and Futures (Price Stabilizing) Rules includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price, (ii) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price, (iii) subscribing, or agreeing to subscribe, for our H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, our H Shares for the sole purpose of preventing or minimizing any reduction in the market price, (v) selling our H Shares to liquidate a long position held as a result of those purchases and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Stabilizing actions by the Stabilizing Manager, its affiliate(s) 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 our H Shares, the Stabilizing Manager, its affiliate(s) or any person acting for it, may maintain a long position in our H Shares. The size of the long position, and the period for which the Stabilizing Manager, its affiliate(s) or any person acting for it, will maintain the long position 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 our H Shares.

Stabilizing action by the Stabilizing Manager, its affiliate(s) or any person acting for it is not permitted to support the price of our H Shares for longer than the stabilizing period, which begins on the day on which trading of our H Shares commences on the Hong Kong Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. The stabilizing period is expected to end on January 14, 2012. As a result, demand for our 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 might exist in the open market. Any stabilizing action taken by the Stabilizing Manager, its affiliate(s) or any person acting for it, may not necessarily result in the market price of our H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our H Shares by the Stabilizing Manager, its affiliate(s) 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 our 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.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 113,544,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the section entitled "The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of 1,021,876,000 Offer Shares by us and the Selling Shareholders (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A.

Goldman Sachs, UBS and BOCI are the Joint Sponsors; Goldman Sachs, UBS, BOCI and Barclays Hong Kong are the Joint Global Coordinators; Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS and ABCI (for the International Offering), and Goldman Sachs, UBS, BOCI, Barclays Hong Kong, Daiwa, CMS and ABCI (for the Hong Kong Public Offering) are the Joint Bookrunners and the Joint Lead Managers for the Global Offering.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 18.82% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 21.10% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the sub-section headed "—The International Offering—Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the sub-section headed "—The Hong Kong Public Offering—Reallocation" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 113,544,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering.

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 section headed "Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Hong Kong Offer 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. Such allocation 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 initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: 56,772,000 Offer Shares for pool A and 56,772,000 Offer Shares for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of 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 56,772,000 Offer Shares are liable to be rejected.

Reallocation

Paragraph 4.2 of 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. In the event of over-subscription under the Hong Kong Public Offering, the Joint Bookrunners, after consultation with us, shall apply a clawback mechanism following the closing of the application lists on the following basis:

- If the number of Hong Kong Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 340,626,000 H Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering.

- If the number of Hong Kong Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Hong Kong 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 H Shares available under the Hong Kong Public Offering will be 454,168,000 H Shares, representing 40% of the Offer Shares initially available under the Global Offering.

- If the number of Hong Kong Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Hong Kong 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 H Shares available under the Hong Kong Public Offering will be 567,710,000 H Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public 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 Bookrunners.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest in, or received or been placed or allocated and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The listing of the H Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$1.75 per H Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each H Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing of the Global Offering" below, is less than the maximum price of HK$1.75 per H Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section entitled "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 918,656,000 Offer Shares to be offered by us and 103,220,000 Sale Shares to be offered by the Selling Shareholders.

Allocation

The International Offering will include selective marketing of International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. 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. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section entitled "Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the 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 H Shares, and/or hold or sell its 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 the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered International 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 Bookrunners so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we are expected to grant an H Share Over-allotment Option to the International Underwriters exercisable by Goldman Sachs on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by Goldman Sachs on their behalf at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 154,820,000 additional H Shares and the Selling Shareholders to offer for sale up to 15,482,000 additional Sale Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional H Shares will represent approximately 2.75% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

THE SELLING SHAREHOLDERS

The Selling Shareholders are initially offering a total of 103,220,000 Sale Shares as part of the Global Offering. The Selling Shareholders may sell up to an additional 15,482,000 Sale Shares if the Over-allotment Option is exercised in full.

The sale of the Sale Shares by the Selling Shareholders in connection with the Global Offering has been approved by a shareholders' meeting of the Company. Pursuant to an approval issued by SASAC (Guozichanquan (2010) No. 1109) on September 28, 2010 and a letter issued by the NSSF (Shebaojijinfa [2010] No. 172) on December 1, 2010, all the net proceeds from the sale of the Sale Shares currently registered under the names of the Selling Shareholders in the Global Offering will be remitted to the NSSF in accordance with the relevant PRC laws and regulations.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of International Offer 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 Thursday, December 15, 2011, and in any event on or before Tuesday, December 20, 2011, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company (on behalf of ourselves and the Selling Shareholders) and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$1.75 per H Share and is expected to be not less than HK$1.59 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that 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, our

Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published notices of the reduction in South China Morning Post, the Hong Kong Economic Times, and on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.jncec.com**. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range 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 (on behalf of ourselves and the Selling Shareholders), will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the profit forecast for the year ending December 31, 2011 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares being offered under the Global Offering and/or the offer price range is so reduced.** In the absence of any such notice so published, the Offer Price, if agreed upon with our Company (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Underwriters), 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 being offered under the Global Offering, the Joint Bookrunners may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of H Shares comprised in the Hong Kong Public Offering shall not be less than 5% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Hong Kong Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$1,481.42 million, assuming an Offer Price per H Share of HK$1.59, or approximately HK$1,640.78 million, assuming an Offer Price per H Share of HK$1.75 (or if the Over-allotment Option is exercised in full, approximately HK$1,718.95 million, assuming an Offer Price per H Share of HK$1.59, or approximately HK$1,902.21 million, assuming an Offer Price per H Share of HK$1.75).

The Offer Price for H Shares under the Global Offering is expected to be announced on Wednesday, December 21, 2011 in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

The indications of interest in the Global Offering, the results of applications and the basis of allotment of Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, December 21, 2011 in South China Morning Post and the Hong Kong Economic Times.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section entitled "Underwriting".

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

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

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, December 22, 2011, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, December 22, 2011. Our H Shares will be traded in board lots of 2,000 H Shares each.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the granting by the Listing Committee of the Stock Exchange of a listing of, and permission to deal in, all the H Shares, including the H Shares to be issued and sold pursuant to the Global Offering (including any H Shares which may be issued or sold pursuant to the exercise of the Over-allotment Option), and any H Shares converted from unlisted foreign Shares held by BEETI and Barclays (either unconditionally or subject only to allotment and issue of the relevant Offer Shares);

(ii) the Offer Price being determined and the execution of the Price Determination Agreement by the Company (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and becoming effective by no later than 5:00 p.m. on December 20, 2011;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements 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 respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company (on behalf of ourselves and the Selling Shareholders) and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed.

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 its terms.

If the above conditions are not fulfilled or waived prior to the times and dates 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 our Company in South China Morning Post and the Hong Kong Economic Times 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 section entitled "How to Apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for Hong Kong Offer Shares are expected to be issued on Wednesday, December 21, 2011 but will only become valid certificates of title at 8:00 a.m. on Thursday, December 22, 2011 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" has not been exercised.

I. CHANNELS FOR APPLYING HONG KONG OFFER SHARES

There are three channels to make an application for Hong Kong Offer Shares. You may apply for Hong Kong Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) applying online through the designated website of the White Form eIPO Service Provider, **www.eipo.com.hk**, referred herein as the **"White Form eIPO service"**; or (iii) by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

II. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form 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 not a U.S. person (as defined in Regulation S);
- are outside the United States; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above 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 only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

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 Lead Managers (or their respective agents or 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.

We, the Joint Lead Managers or the designated White Form eIPO Service Provider (where applicable) or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for International Offer Shares under the International Offering, but may not do both.

III. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

1. Which Application Form to use

(a) Use a **WHITE** Application Form if you want Hong Kong Offer Shares to be registered in your own name.

(b) Use a **YELLOW** Application Form if you want Hong Kong Offer Shares to be registered 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.

Hong Kong Offer Shares are not available for subscription by existing beneficial owners of the Shares, or Directors, Supervisors or chief executives of our Company or any of our subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or our subsidiaries.

2. Where to collect WHITE and YELLOW Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 12, 2011 until 12:00 noon on Thursday, December 15, 2011 from:

(a) any of the following addresses of the Hong Kong Underwriters:

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UBS AG, Hong Kong Branch
52nd Floor, Two International Finance Centre
8 Finance Street
Hong Kong

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

Barclays Bank PLC, Hong Kong Branch
41st Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

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

China Merchants Securities (HK) Co., Limited
48th Floor, One Exchange Square
Central, Hong Kong

ABCI Securities Company Limited
701, 7th Floor
One Pacific Place
88 Queensway
Admiralty
Hong Kong

(b) or any of the following branches of **Bank of China (Hong Kong) Limited**:

	Branch Name	Address
Hong Kong Island:	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	Johnston Road Branch	152-158 Johnston Road, Wan Chai
Kowloon:	Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong
	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
	Hung Hom (Eldex Industrial Building) Branch	21 Ma Tau Wai Road, Hung Hom

(c) or any of the following branches of **Bank of Communications Co., Ltd. Hong Kong Branch**:

	Branch Name	Address
Hong Kong Island:	Hong Kong Branch	20 Pedder Street, Central
	Chaiwan Sub-Branch	G/F., 121-121A Wan Tsui Road
Kowloon:	Kowloon Sub-Branch	G/F., 563 Nathan Road
New Territories:	Tsuen Wan Sub-Branch	G/F., Shop G9B-G11, Pacific Commercial Plaza, Bo Shek Mansion, 328 Sha Tsui Road
	Tseung Kwan O Sub-Branch	Shop 253-255, Metro City Shopping Arcade, Phase I
	Tai Po Sub-Branch	Shop No.1, G/F., Wing Fai Plaza, 29-35 Ting Kok Road

(d) or any of the following branches of **Wing Lung Bank Limited**:

	Branch Name	Address
Hong Kong Island:	Head Office	45 Des Voeux Road Central
	Aberdeen Branch	201 Aberdeen Main Road
Kowloon:	Mongkok Branch	B/F Bank Centre, 636 Nathan Road
	Tsim Sha Tsui Branch	4 Carnarvon Road
New Territories:	Shatin Plaza Branch	21 Shatin Centre Street
	Yuen Long Branch	37 On Ning Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, December 12, 2011 till 12:00 noon on Thursday, December 15, 2011 from:

(i) the **depository counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or

(ii) your stockbroker, who may have such Application Forms and this prospectus available.

3. How to Complete WHITE and YELLOW Application Forms

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 cheque(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 stated in the Application Form.

You should note that by completing and submitting a **WHITE** or **YELLOW** Application Form, among other things:

(i) you agree with our Company, for ourselves and for the benefit of each of our Shareholders, and our Company agrees, for ourselves and for the benefit of each of our Shareholders, to observe and comply with Company Law, the Hong Kong Companies Ordinance, the Special Regulations and the Articles of Association;

(ii) 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;

(iii) you agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors 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) and the Application Forms;

(iv) 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 in or received or been placed or allocated, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, nor otherwise have participated or will participate in the International Offering; and

(v) you agree to disclose to our Company, our H Share Registrar, receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and their respective advisors and agents any personal data which they require about you or the person(s) for whose benefit you have made the application.

In order for the **YELLOW** Application Forms to be valid:

You, as an applicant, must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) **If the application is made by you as an individual CCASS Investor Participant:**

(a) the Application Form must contain your name and Hong Kong Identity Card number; and

(b) you must insert your participant I.D. in the appropriate box in the Application Form.

(iii) **If the application is made by you as a joint individual CCASS Investor Participant:**

(a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card number of all joint CCASS Investor Participants; and

(b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) **If the application is made by a corporate CCASS Investor Participant:**

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and

(b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

If your application is made through a duly authorized attorney, we and the Joint Lead Managers (or their respective agents or nominees) as our agents may accept it at our or their discretion, and subject to any conditions as we or any of them may think fit, including evidence of the authority of your attorney. We and the Joint Lead Managers, 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.

IV. APPLYING THROUGH WHITE FORM eIPO

General

(i) You may apply through **White Form eIPO** by submitting an application through the designated website at www.eipo.com.hk if you satisfy the relevant eligibility criteria for this as set out in the section headed "II. WHO CAN APPLY FOR HONG KONG OFFER SHARES" above and on the same website. If you apply through **White Form eIPO**, the Hong Kong Offer Shares will be issued in your own name.

(ii) 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.

(iii) If you give electronic application instructions through the designated website at www.eipo.com.hk, you will have authorized the designated White Form eIPO Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(iv) 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.

(v) By submitting an application to the designated White Form eIPO Service Provider through the **White Form eIPO** service, 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.

(vi) 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.

(vii) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at www.eipo.com.hk. **If you do not make complete payment of the application monies**

(including any related fees) on or before 12:00 noon on Thursday, December 15, 2011, or such later time as described under the paragraph headed "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.

(viii) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated 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 **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(ix) **Warning:** The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated White Form eIPO Service Provider to public investors. **Our Company, our Directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service 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 paper 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 per "Beijing Jingneng Clean Energy Co., 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, 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, 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** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC via CCASS.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **Applies** for the desired number of Hong Kong Offer Shares on the terms and conditions of this prospectus and the White Form eIPO designated website at **www.eipo.com.hk** subject to the Articles of Association of our Company;

- **Undertakes** and agrees to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

- **Declares** that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instruction** to HKSCC or to the White Form eIPO Service Provider under the **White Form eIPO service**, to benefit the applicant or the person for whose benefit the applicant is applying;

- **Undertakes** and **confirms** that the applicant and the person for whose benefit the applicant are applying have not applied for or taken up, or indicated an interest in, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, nor otherwise have participated or will participate in the International Offering;

- **Understands** that this declaration and representation will be replied upon by our Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;

- **Authorizes** our Company to place the applicant's name on the register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set out in this prospectus) to send any H Share certificates by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any H Share certificate(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus;

- **Authorizes** the Company to despatch e-Refund payment instructions to the application payment account if the applicant has completed payment of the **White Form eIPO** application monies from a single bank account; or authorizes the Company to issue and despatch refund cheque(s) to the address given on the **White Form eIPO** application if the applicant has completed payment of the application monies from multi-bank accounts;

- **Has read** the terms and conditions and application procedures set out on the **White Form eIPO** designated website at www.eipo.com.hk and this prospectus and agrees to be bound by them;

- **Represents, warrants** and **undertakes** that the applicant, and any persons for whose benefit the applicant are applying are non-U.S. person(s) outside the United States (as defined in Regulation S), when completing and submitting this Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require the Company to comply with any requirements under any law or regulation (whether nor not having the force of law) of any territory outside Hong Kong; and

- **Agrees** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an **electronic application instruction** through the **White Form eIPO** service 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 through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- instruct and authorize our Company, the Joint Lead Managers as agent for our Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk;

- confirm that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

- agree that our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are not liable for any information and representations not contained in this prospectus and any supplement thereto;

- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service;

- (if you are an agent for another person) warrant reasonable enquiries have been made of that other person that this is the only application which 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 White Form eIPO Service Provider via the **White Form eIPO** service, and that you are duly authorized to submit the application as that other person's agent;

- undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest in, and will not apply for, take up or indicate an interest in, any International Offer Shares under the International Offering;

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- agree to disclose to our Company, the H Share Registrar, receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

- agree with our Company and each Shareholder, and our Company agrees with each of our Shareholders, to observe and comply with the Hong Kong Companies Ordinance, the Company Law, the Special Regulations and the Articles of Association;

- agree with our Company and each Shareholder that the H Shares in our Company are freely transferable by the holders thereof;

- authorize our Company to enter into a contract on your behalf with each of our Directors, Supervisors, managers and officers whereby each such person undertakes to observe and comply with his or her obligations to Shareholders as stipulated in the Articles of Association;

- represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying is, a U.S. person (as defined in Regulation S);

- represent and warrant that you understand that the H Shares have not been and will not be registered under the Securities Act and you are outside the United States (as defined in Regulation S) when completing the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk** and agree to be bound by them;

- undertake and agree to accept the H Shares applied for, or any lesser number allocated to you under your application; and

- if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Underwriters nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**.

The Company, the Joint Lead Managers, the Underwriters and their respective directors, officers, employees, partners, agents, advisors, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorized attorney, our Company or the Joint Lead Managers, as our agents, may accept it at our or their discretion and subject to any conditions as we or any of them may think fit, including evidence of the authority of your attorney.

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**.

Otherwise, any monies payable to you due to a refund for any other reasons set out below in the sub-section headed "Dispatch/Collection of Share Certificates and Refund Monies" will be refunded in accordance with that sub-section.

V. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for 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 2979-7888 or **through the CCASS Internet System (https://ip.ccass.com) (using 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
2/F., 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 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 our 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 applied for shall be registered 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 that person has not applied for or taken up or indicated an interest for, any H 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 that person has only given one set of **electronic application instructions** for the benefit of that other person and that 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, our Directors and the Joint Lead Managers in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that 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 H Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;

- confirms that 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 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;

- agrees that our Company, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are not liable for any information and representations not contained in this prospectus and any supplement thereto;

- agrees to disclose that person's personal data to our Company, our H Share Registrar, receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and/or their respective agents and any information which they may require about you or that person(s) for whose benefit you have made this application;

- 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 is irrevocable on or before Thursday, January 12, 2012, such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before Thursday, December 15, 2011, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before Thursday, January 12, 2012 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;

- 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 our 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 our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with Company Law, the Special Regulations, the Hong Kong Companies Ordinance and the Articles of Association;

- 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;

- agrees with the Company, for itself and for the benefit of each Shareholder 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 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;

  (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) that H Shares in the Company are freely transferable by their holders; and

- authorizes the Company to enter into a contract on its behalf with each Director, Supervisor, manager and officer of the Company whereby each such Director, Supervisor, Manager and officer undertakes to observe and comply with his obligations to the Shareholders as stipulated in the Articles of Association.

Effect of Giving Electronic Application Instructions to HKSCC

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 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 Offer 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 to do on your behalf 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 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. Such instructions 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.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Monday, December 12, 2011—9:00 a.m. to 8:30 p.m.(1)
Tuesday, December 13, 2011—9:00 a.m. to 8:30 p.m.(1)
Wednesday, December 14, 2011—8:00 a.m. to 8:30 p.m.(1)
Thursday, December 15, 2011—8:00 a.m.(1) to 12:00 noon

Note:
(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 am on Monday, December 12, 2011 until 12:00 noon on Thursday, December 15, 2011 (24 hours daily, except the last application day).

Effect of Bad Weather on the Opening of the Application Lists

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, December 15, 2011, the last application day. If:

- a tropical cyclone warning signal number 8 or above; or

- a “black” rainstorm warning signal is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 15, 2011, the last application day will be postponed to the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

Section 40 of the Hong Kong 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 Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us and our H Share Registrar, Computershare Hong Kong Investor Services Limited, about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers 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** to the systems. 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 Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, December 15, 2011.

VI. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for Hong Kong Offer Shares if and only if:

You are a **nominee**, in which case you may give electronic application instructions to HKSCC (if you are a CCASS Participant) and lodge more than one **WHITE** and **YELLOW** 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 apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated 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 **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.

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 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.

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 the designated **White Form eIPO** Service Provider through **White Form eIPO** service; or

- (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 the designated White Form eIPO Service Provider through **White Form eIPO** service and that you are duly authorized to sign the Application Form or give

electronic application instructions to HKSCC or the designated **White Form eIPO** Service Provider 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 the designated White Form eIPO Service Provider through **White Form eIPO** service; 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 the designated White Form eIPO Service Provider through **White Form eIPO** service; or

- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the designated White Form eIPO Service Provider through **White Form eIPO** service for more than 56,772,000 H Shares, being approximately 50% of the H Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the section entitled "Structure of the Global Offering—The Hong Kong Public Offering"; 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) International 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 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 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).

VII. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$1.75 per H Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and 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$3,535.29. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for numbers of H Shares up to 56,772,000 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 H Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms or this prospectus (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange (or the Hong Kong Stock Exchange, as the case may be), the SFC transaction levy and 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).

VIII. 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 H Share certificates/e-Refund payment instructions/refund cheques 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$1.75 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 sub-section headed "Dispatch/Collection of Share Certificates and Refund Monies".

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Lead Managers, cheques 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, December 21, 2011 in accordance with the various arrangements as described in this section.

IX. MEMBERS OF THE PUBLIC—TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Applications on WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, December 15, 2011, or, if the application lists are not open on that day, then by the time and date stated in the sub-section headed "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 Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd. Hong Kong Branch and Wing Lung Bank Limited listed under the sub-section headed "Where to collect WHITE and YELLOW Application Forms" above at the following times:

Monday, December 12, 2011—9:00 a.m. to 5:00 p.m.
Tuesday, December 13, 2011—9:00 a.m. to 5:00 p.m.
Wednesday, December 14, 2011—9:00 a.m. to 5:00 p.m.
Thursday, December 15, 2011—9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, December 15, 2011.

White Form eIPO

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 Monday, December 12, 2011 until 11:30 a.m. on Thursday, December 15, 2011 or such later time as described under the sub-section headed "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 Thursday, December 15, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the sub-section headed "Effect of bad weather on the opening of the application lists" below.

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.

X. 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 signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 15, 2011.

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.

XI. PUBLICATION OF RESULTS

We expect to announce the results of allocations in the Hong Kong Public Offering, including the indication of levels of interest in the International Offering, levels in the applications of the Hong Kong Public Offering and the basis of allotment of the Hong Kong Offer Shares on Wednesday, December 21, 2011 in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

The Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from our designated results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Wednesday, December 21, 2011 to 12:00 midnight on Tuesday, December 27, 2011. 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;

- Results of allocations for the Hong Kong Public Offering can be found in our announcement and will be posted on our website at **www.jncec.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on Wednesday, December 21, 2011.

- 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 Hong Kong Offer Shares allocated to them, if any, by calling **2862-8669** between 9:00 am. and 10:00 p.m. from Wednesday, December 21, 2011 to Saturday, December 24, 2011; and

- 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, December 21, 2011 to Friday, December 23, 2011 at all the receiving bank branches and sub-branches at the addresses set out above in the sub-section headed "—Where to collect WHITE and YELLOW Application Forms".

XII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER H SHARES

Full details of the circumstances in which you will not be allotted 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 or through the designated website of the White Form eIPO Service Provider), and you should read them carefully. You should note in particular the following situations in which 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** to HKSCC or the designated White Form eIPO Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf cannot be revoked on or before Thursday, January 12, 2012. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or give your **electronic application instruction** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Thursday, December 15, 2011 except by means of one of the procedures referred to in this prospectus.

  Your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf may only be revoked on or before Thursday, January 12, 2012 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance (as applied by section 342E 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 the White Form eIPO Service Provider 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, the Joint Lead Managers or the designated White Form eIPO Service Provider (where applicable) or our or their respective agents and nominees to reject or accept your application:**

  Our Company, the Joint Lead Managers (as our agents) or the designated White Form eIPO Service Provider (where applicable), or our or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

  No reason has to be given 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) International Offer Shares in the International Offering. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving **electronic application instructions** to HKSCC or to the designated white Form eIPO Service Provider through the **White Form eIPO** service, you agree not to apply for International Offer 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 International 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;
  - your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
  - your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement does not become unconditional;
- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement is terminated in accordance with its respective terms;
- the Company or the Joint Lead Managers believe that by accepting your application, they would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed or signed; or
- your application is for more than 56,772,000 H Shares, being the maximum number of the Hong Kong Offer Shares initially offered for public subscription in pool B.

XIII. DISPATCH/COLLECTION OF 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$1.75 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 section headed "Structure of the Global Offering—Conditions of the Hong Kong Public Offering" 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 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 there 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 Form:

(a) for applications on **WHITE** Application Forms or by giving **electronic application instructions** through **White Form eIPO** service:

(i) H Share certificate(s) for all 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 (for wholly successful and partially successful applications on **YELLOW** Application Forms: H Share certificates for the H Shares successfully applied for will be deposited into CCASS as described below); and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) 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 offer price per Share initially paid on application in the event that the Offer Price is less than the offer price per 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 cheque, 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 cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques 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 or by giving **electronic application instructions** through **White Form eIPO** service are expected to be posted on or before Wednesday, December 21, 2011. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of cheque(s).

H Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, December 22, 2011 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" 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 cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) from the H Share Registrar, Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and H Share certificate(s) (where applicable) 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

Wednesday, December 21, 2011 or such other date as notified by us in the newspapers as the date of collection/dispatch of e-Refund payment instructions/refund cheques/ H 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 Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(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 cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or H Share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, December 21, 2011, 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 cheque (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 cheque(s) (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) (if any) will be sent to the address on your **YELLOW** Application Form by ordinary post and at your own risk on Wednesday, December 21, 2011.

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, December 21, 2011, 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 accordance with the details set out in the sub-section headed "XI. Publication of Results" above.

You should check the results published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 21, 2011 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 through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your H Share certificate(s) 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 Wednesday, December 21, 2011, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of H Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your H Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated 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) (where applicable) 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, December 21, 2011 by ordinary post and at your own risk.

If you paid the application monies from a single bank account and your application is wholly or partially unsuccessful and/or the Offer Price being different from the initial price paid on your application, e-Refund payment instructions (if any) will be despatched to the application payment account on or before Wednesday, December 21, 2011.

If you used multi-bank accounts to pay the application monies and your application is wholly or partially unsuccessful and/or the Offer Price being different from the initial price paid on your application, refund cheque(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on or before Wednesday, December 21, 2011, 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 above in the sub-section headed "IV. Applying Through **White Form eIPO**—Additional information".

(c) 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, December 21, 2011, 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 accordance with the details set out in the sub-section headed "XI. Publication of Results" above. You should check the results published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 21, 2011 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, December 21, 2011. Immediately following the credit of the public offer shares to your stock account and the credit of the refund monies to your 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 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, December 21, 2011. No interest will be paid thereon.

XIV. COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares are expected to commence on Thursday, December 22, 2011.

The H Shares will be traded in board lots of 2,000 H Shares each. The stock code of the H Shares is 00579.

XV. 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 CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor 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 accountant, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

December 12, 2011

The Directors
Beijing Jingneng Clean Energy Co., Limited
(formerly 北京京能能源科技投資有限公司 and 北京市能源投資公司)
Goldman Sachs (Asia) L.L.C.
UBS AG, Hong Kong Branch
BOCI Asia Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding 北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited, English name for identification purpose) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 (the "Relevant Periods") for inclusion in the prospectus of the Company dated December 12, 2011 (the "Prospectus") in connection with initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was established under the name 北京市能源投資公司 (Beijing Energy Investment Company, English name for identification purpose) on February 3, 1993 in the People's Republic of China (the "PRC") by 北京市綜合投資公司, a state-owned enterprise. On November 16, 2006, the Company was transformed into a limited company and the name of the Company was changed to 北京京能能源科技投資有限公司 (Beijing Jingneng Energy Technology Investment Co., Ltd., English name for identification purpose). After the injection of capital from foreign investors as set out in Note 37(c) to Section A of this report, the Company changed its business registration to sino-foreign invested enterprise with limited liability in the PRC on April 29, 2010. On August 25, 2010, the Company was transformed and registered as a joint stock company with limited liability under the Company Law of the PRC and the name of the Company was changed to 北京京能清潔能源電力股份有限公司.

北京市綜合投資公司, whose name was subsequently changed to 北京能源投資(集團)有限公司 (Beijing Energy Investment Holding Co., Ltd, English name for identification purpose) ("BEIH") on December 8, 2004, is a state-owned enterprise established in the PRC with limited liability and is wholly-owned by the State-owned Assets Supervision and Administration Commission ("SASAC") of the People's Government of Beijing Municipality of the PRC ("Beijing Government"). Throughout the Relevant Periods and up to the date of this report, the Company's immediate and ultimate holding company is BEIH.

The information of the Company's direct and indirect interests in the subsidiaries, associates and jointly controlled entities throughout the Relevant Periods and up to the date of this report is set out respectively in Notes 47, 48 and 49 to Section A of this report.

The audited statutory financial statements of the Company for each of the two years ended December 31, 2008 and 2009 were prepared in accordance with the generally accepted accounting principles in the PRC ("PRC GAAP") and were audited by 天健正信會計師事務所有限責任公司 (Ascenda Certified Public Accountants, English name for identification purpose only, formerly known as 天健光華(北京)會計師事務所有限責任公司), a firm of certified public accountants registered in the PRC. And the audited statutory financial statements of the Company for the year ended December 31, 2010 were prepared in accordance with PRC GAAP and were audited by 國富浩華會計師事務所有限責任公司 (Crowe Horwath China CPAs CO., Ltd., English name for identification purpose only), a firm of certified public accountants registered in the PRC. Details of the audited financial statements of the Company's subsidiaries are set out in Note 47 to the Section A of this report.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Company and its subsidiaries for the Relevant Periods (the "Underlying Financial Statements") in accordance with the International Financial Reporting Standards ("IFRSs"). The Underlying Financial Statements have been audited by Deloitte Touche Tohmatsu CPA Ltd., a firm of certified public accountants registered in the PRC, in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("IAASB").

We have examined the Underlying Financial Statements and performed such additional procedures as necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were considered necessary to the Underlying Financial Statements in preparing the Financial Information.

The Underlying Financial Statements are the responsibility of the Directors who approved their issue. The Directors are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2008, 2009 and 2010 and June 30, 2011 and of the results and cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six months ended June 30, 2010 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "June 30, 2010 Financial Information") which was prepared by the Directors solely for the purpose of this report. We conducted our review on the June 30, 2010 Financial Information in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. Our review of the June 30, 2010 Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 30, 2010 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 30, 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information, which conform with the IFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2008	2009	2010	2010	2011
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	6	2,256,653	4,785,453	3,642,818	1,972,638	1,892,255
Other income	7	502,242	580,246	609,044	221,364	429,301
Gas consumption		(1,008,461)	(1,458,644)	(1,970,455)	(1,048,780)	(1,027,237)
Service concession construction costs		(918,135)	(2,375,681)	—	—	—
Depreciation and amortization	11	(253,618)	(496,447)	(758,117)	(362,904)	(391,610)
Personnel costs	11	(72,103)	(119,396)	(184,343)	(64,690)	(81,204)
Repairs and maintenance		(76,026)	(98,745)	(104,497)	(42,603)	(36,163)
Other expenses		(196,779)	(335,854)	(253,186)	(113,511)	(76,745)
Other gains and losses	8	10,291	(3,632)	27,780	(11,212)	305
Profit from operations		244,064	477,300	1,009,044	550,302	708,902
Interest income	9	21,912	17,974	12,707	6,385	9,178
Finance costs	9	(214,348)	(299,201)	(500,259)	(255,773)	(283,755)
Share of results of associates		9,933	15,559	55,151	53,312	78,298
Share of results of jointly controlled entities		7,628	5,105	440	365	(1,281)
Profit before taxation		69,189	216,737	577,083	354,591	511,342
Income tax expense	10	(19,954)	(17,790)	(56,280)	(47,760)	(76,273)
Profit for the year/period	11	49,235	198,947	520,803	306,831	435,069
Other comprehensive income:						
— Share of other comprehensive income of a jointly controlled entity		(2,441)	2,224	—	—	—
Other comprehensive income for the year/period		(2,441)	2,224	—	—	—
Total comprehensive income		46,794	201,171	520,803	306,831	435,069
Profit for the year/period attributable to:						
— Equity owners of the Company		44,956	179,585	488,919	285,361	403,889
— Non-controlling interests		4,279	19,362	31,884	21,470	31,180
		49,235	198,947	520,803	306,831	435,069
Total comprehensive income for the year/period attributable to:						
— Equity owners of the Company		42,515	181,809	488,919	285,361	403,889
— Non-controlling interests		4,279	19,362	31,884	21,470	31,180
		46,794	201,171	520,803	306,831	435,069

	Notes	Year ended December 31,			Six months ended June 30,	
		2008	2009	2010	2010	2011
		RMB Cents	*RMB Cents*	*RMB Cents*	*RMB Cents*	*RMB Cents*
Earnings per share						
Basic	14	1.75	4.88	10.23	6.27	8.08

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	15	8,162,639	11,104,117	11,812,691	12,703,573
Intangible assets	16	1,757,627	3,995,919	3,806,328	3,714,751
Goodwill	17	12,636	—	—	—
Prepaid lease payments	18	21,554	44,121	58,707	85,811
Investments in associates	20(a)	186,922	1,291,037	1,120,351	1,198,649
Loans to associates	20(b)	84,949	110,582	109,961	123,440
Investments in jointly controlled entities	21(a)	155,288	106,885	200,745	199,464
Loans to jointly controlled entities	21(b)	56,829	46,942	—	—
Deferred tax assets	22	4,908	30,715	82,719	63,889
Loan receivables	23	55,995	—	—	—
Available-for-sale financial assets	24	692,617	88,048	98,048	98,048
Value-added tax recoverable	28	—	535,590	562,456	494,746
Restricted bank deposits	30	87,147	2,238	—	—
Deposit paid for acquisition of property, plant and equipment		—	—	474,272	300,215
		11,279,111	17,356,194	18,326,278	18,982,586
Current assets					
Inventories	25	85,841	35,032	35,103	37,255
Trade and bill receivables	26	301,718	849,787	1,157,357	732,888
Other receivables, deposits and prepayments	27	126,472	85,419	105,727	191,662
Current tax assets		—	—	—	32,746
Amounts due from related parties	43(c)	14,773	100,497	16,240	3,724
Loan to jointly controlled entities	21(b)	—	—	40,604	—
Prepaid lease payments	18	703	1,040	1,294	2,965
Value-added tax recoverable	28	2,584	178,763	245,434	258,259
Held-to-maturity financial asset	29	20,000	—	—	—
Restricted bank deposits	30	68	13,979	—	—
Cash and cash equivalents	31	569,513	753,899	638,825	1,196,527
		1,121,672	2,018,416	2,240,584	2,456,026
Assets classified as held for sale	32	—	—	282,398	—
		1,121,672	2,018,416	2,522,982	2,456,026
Current liabilities					
Trade and other payables	33	1,317,322	1,563,497	1,644,320	719,197
Amounts due to related parties	43(d)	246,297	97,594	157,605	364,899
Bank and other borrowings—due within one year	34	2,718,222	3,599,122	2,731,300	5,416,024
Income tax payable		2,046	9,251	43,495	15,066
Deferred income—current portion	35	19,936	27,859	90,576	3,409
		4,303,823	5,297,323	4,667,296	6,518,595
Liabilities associated with assets classified as held for sale	32	—	—	176,147	—
		4,303,823	5,297,323	4,843,443	6,518,595
Net current liabilities		(3,182,151)	(3,278,907)	(2,320,461)	(4,062,569)
Total assets less current liabilities		8,096,960	14,077,287	16,005,817	14,920,017
Non-current liabilities					
Bank and other borrowings—due after one year	34	3,794,723	8,461,056	8,883,437	7,432,627
Deferred tax liabilities	22	—	—	4,186	4,016
Deferred income	35	47,369	50,688	44,737	43,421
Other non-current liabilities	36	99,698	—	—	—
		3,941,790	8,511,744	8,932,360	7,480,064
Net assets		4,155,170	5,565,543	7,073,457	7,439,953
Capital and reserves					
Registered capital/share capital	37	500,000	1,006,441	5,000,000	5,000,000
Reserves		3,214,708	4,270,111	1,764,180	2,122,488
Equity attributable to equity owners of the Company		3,714,708	5,276,552	6,764,180	7,122,488
Non-controlling interests		440,462	288,991	309,277	317,465
Total equity		4,155,170	5,565,543	7,073,457	7,439,953

STATEMENTS OF FINANCIAL POSITION

	Notes	At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	15	650,469	1,308,334	1,336,118	1,305,505
Investments in subsidiaries	19	150,015	3,343,524	4,438,366	4,862,632
Loans to subsidiaries—non-current portion	19	73,276	—	—	—
Prepaid lease prepayments	18	—	—	1,436	1,436
Investments in associates	20(a)	127,009	1,273,755	947,681	947,681
Loans to associates	20(b)	84,949	110,582	109,440	123,440
Investments in jointly controlled entities	21(a)	130,000	105,000	192,000	192,000
Loans to jointly controlled entities	21(b)	46,829	46,942	—	—
Deferred tax assets	22	—	—	23,196	21,588
Loan receivables	23	48,393	—	—	—
Available-for-sale financial assets	24	691,972	20,000	30,000	30,000
Value-added tax recoverable	28	—	63,576	14,912	464
Deposit paid for acquisition of property, plant and equipment		—	—	—	6,278
		2,002,912	6,271,713	7,093,149	7,491,024
Current assets					
Inventories	25	6,404	881	376	—
Trade and bill receivables	26	21,698	12,317	42,111	13,512
Other receivables, deposits and prepayments	27	7,861	5,506	13,388	44,725
Amounts due from related parties	43(c)	7,888	99,251	—	3,308
Loans to subsidiaries—current portion	19	—	—	—	1,320,754
Loans to jointly controlled entities	21(b)	—	—	40,604	—
Prepaid lease prepayments	18	—	—	29	29
Value-added tax recoverable	28	—	18,266	35,180	29,249
Restricted bank deposits	30	68	151	—	—
Cash and cash equivalents	31	78,631	94,401	92,403	91,234
		122,550	230,773	224,091	1,502,811
Current liabilities					
Trade and other payables	33	159,672	220,740	121,413	74,493
Amounts due to related parties	43(d)	95,788	3,046	61,621	142,721
Amounts due to a subsidiary		—	—	—	750
Bank and other borrowings—due within one year	34	280,000	180,000	200,000	1,573,000
Income tax payable		856	1,359	—	—
Deferred income—current portion	35	2,631	2,632	—	2,162
		538,947	407,777	383,034	1,793,126
Net current liabilities		(416,397)	(177,004)	(158,943)	(290,315)
Total assets less current liabilities		1,586,515	6,094,709	6,934,206	7,200,709
Non-current liabilities					
Bank and other borrowings—due after one year	34	458,000	780,000	460,000	460,000
Deferred income	35	47,369	44,737	44,737	43,421
		505,369	824,737	504,737	503,421
Net assets		1,081,146	5,269,972	6,429,469	6,697,288
Capital and reserves					
Registered capital/share capital	37	500,000	1,006,441	5,000,000	5,000,000
Reserves	38	581,146	4,263,531	1,429,469	1,697,288
Total equity		1,081,146	5,269,972	6,429,469	6,697,288

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity owners of the Company							
	Registered capital/ share capital	Capital reserve	Statutory surplus reserve	Other reserves	Accumulated (losses) profits	Total	Attributable to non-controlling interests	Total equity
	RMB'000 (Note 37)	*RMB'000 (Note (a))*	*RMB'000 (Note (e))*	*RMB'000 (Note (f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the three years ended December 31, 2010 and six months ended June 30, 2011								
At January 1, 2008	500,000	2,229,353	2,612	4,131	(84,193)	2,651,903	391,085	3,042,988
Capital contribution to subsidiaries under common control by BEIH (Note (b))	—	1,032,188	—	—	—	1,032,188	47,148	1,079,336
Dividend declared by a subsidiary under common control by BEIH (Note 13(a))	—	—	—	—	(11,898)	(11,898)	(2,050)	(13,948)
Appropriation to statutory reserve	—	—	6,228	—	(6,228)	—	—	—
	500,000	3,261,541	8,840	4,131	(102,319)	3,672,193	436,183	4,108,376
Profit for the year	—	—	—	—	44,956	44,956	4,279	49,235
Other comprehensive income	—	—	—	(2,441)	—	(2,441)	—	(2,441)
Total comprehensive income for the year	—	—	—	(2,441)	44,956	42,515	4,279	46,794
At December 31, 2008	500,000	3,261,541	8,840	1,690	(57,363)	3,714,708	440,462	4,155,170
Capital contribution to subsidiaries under common control by BEIH (Note (b))	—	494,778	—	—	—	494,778	—	494,778
Increase in registered capital by:								
— Cash (Note 37(a) & (b))	406,441	43,559	—	—	—	450,000	—	450,000
— Capitalization of reserve (Note 37(a))	100,000	(100,000)	—	—	—	—	—	—
Appropriation to statutory surplus reserve	—	—	19,802	—	(19,802)	—	—	—
Acquisition of additional interests in a subsidiary (Note (c))	—	15,348	—	—	—	15,348	(15,348)	—
Transfer of additional interests in an associate held by BEIH (Notes 2(b))	—	548,448	—	—	58,457	606,905	—	606,905
Transfer of subsidiaries to BEIH (Note 2(c))	—	(375,842)	—	—	—	(375,842)	(48,055)	(423,897)
Payable waived by BEIH (Note (d))	—	81,416	—	—	—	81,416	—	81,416
Deemed contribution from acquisition of additional interests in subsidiaries by BEIH (Note (i))	—	96,507	238	—	10,685	107,430	(107,430)	—
	1,006,441	4,065,755	28,880	1,690	(8,023)	5,094,743	269,629	5,364,372

	Attributable to equity owners of the Company							
	Registered capital/ share capital	Capital reserve	Statutory surplus reserve	Other reserves	Accumulated (losses) profits	Total	Attributable to non-controlling interests	Total equity
	RMB'000 (Note 37)	*RMB'000 (Note (a))*	*RMB'000 (Note (e))*	*RMB'000 (Note (f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year	—	—	—	—	179,585	179,585	19,362	198,947
Other comprehensive income	—	—	—	2,224	—	2,224	—	2,224
Total comprehensive income for the year	—	—	—	2,224	179,585	181,809	19,362	201,171
At December 31, 2009	1,006,441	4,065,755	28,880	3,914	171,562	5,276,552	288,991	5,565,543
Capital contribution to subsidiaries under common control by BEIH (Note b)	—	80,000	—	—	—	80,000	—	80,000
Increase in registered capital by cash (Note 37(c))	159,771	1,083,960	—	—	—	1,243,731	—	1,243,731
Capitalization of reserves on transformation into joint stock company (Note 37(d))	3,833,788	(3,799,494)	(34,294)	—	—	—	—	—
Transfer of Company's associate to BEIH's subsidiary (Note 2(d))	—	(14,692)	—	—	—	(14,692)	—	(14,692)
Adjustment on interest in an associate transferred by BEIH (Note 2(b))	—	(145,731)	—	—	—	(145,731)	—	(145,731)
Appropriation to statutory surplus reserve	—	—	73,795	—	(73,795)	—	—	—
Share of associates' other reserves (Note (g))	—	74,719	—	—	—	74,719	—	74,719
Acquisition of a subsidiary from BEIH (Note 2(a))	—	(3,000)	—	—	—	(3,000)	—	(3,000)
Dilution in non-controlling interest (Note (h))	—	(800)	—	—	—	(800)	800	—
Dividend declared (Note 13(b))	—	—	—	—	(235,518)	(235,518)	(12,398)	(247,916)
	5,000,000	1,340,717	68,381	3,914	(137,751)	6,275,261	277,393	6,552,654
Profit/total comprehensive income for the year	—	—	—	—	488,919	488,919	31,884	520,803
At December 31, 2010	5,000,000	1,340,717	68,381	3,914	351,168	6,764,180	309,277	7,073,457
Additional capital injection in a subsidiary by non-controlling interests	—	—	—	—	—	—	19,480	19,480
Disposal of investment in an associate and an subsidiary to BEIH (Note 2(e))	—	35,739	—	—	—	35,739	1,166	36,905
Appropriation to statutory surplus reserve	—	—	83,701	—	(83,701)	—	—	—
Acquisition of a subsidiary from BEIH (Note 2(a))	—	(81,320)	—	—	—	(81,320)	—	(81,320)
Dividend declared (Note 13(c))	—	—	—	—	—	—	(43,638)	(43,638)
	5,000,000	1,295,136	152,082	3,914	267,467	6,718,599	286,285	7,004,884
Profit/total comprehensive income for the period	—	—	—	—	403,889	403,889	31,180	435,069
At June 30, 2011	5,000,000	1,295,136	152,082	3,914	671,356	7,122,488	317,465	7,439,953

	Attributable to equity owners of the Company							
	Registered capital/ share capital	Capital reserve	Statutory surplus reserve	Other reserves	Accumulated (losses) profits	Total	Attributable to non-controlling interests	Total equity
	RMB'000 (Note 37)	*RMB'000 (Note (a))*	*RMB'000 (Note (e))*	*RMB'000 (Note (f))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended June 30, 2010 (Unaudited)								
At January 1, 2010	1,006,441	4,065,755	28,880	3,914	171,562	5,276,552	288,991	5,565,543
Increase in registered capital by cash (Note 37(c))	159,771	1,083,960	—	—	—	1,243,731	—	1,243,731
Transfer of Company's associate to BEIH's subsidiary (Note 2(d))	—	(14,692)	—	—	—	(14,692)	—	(14,692)
Adjustment on interest in an associate transferred by BEIH (Note 2(b))	—	(145,731)	—	—	—	(145,731)	—	(145,731)
Appropriation to statutory surplus reserve	—	—	24,706	—	(24,706)	—	—	—
Dividend declared (Note 13(b))	—	—	—	—	(235,518)	(235,518)	(12,398)	(247,916)
	1,166,212	4,989,292	53,586	3,914	(88,662)	6,124,342	276,593	6,400,935
Profit/total comprehensive income for the period	—	—	—	—	285,361	285,361	21,470	306,831
At June 30, 2010	1,166,212	4,989,292	53,586	3,914	196,699	6,409,703	298,063	6,707,766

Notes:

(a) Included in the balance of capital reserve at January 1, 2008 is an amount of RMB1,553,006,000 which represents the registered capital of the entities injected by BEIH and accounted for using the merger method of accounting as set out in Note 2(a).

(b) The amounts represents the increase of registered capital of the subsidiaries mentioned in (a) by cash injection of BEIH during the Relevant Periods.

(c) In September 2009, the non-controlling shareholders of the Company's subsidiary, 北京源深節能技術有限責任公司 (Beijing Yuanshen Energy-saving Technology Co., Ltd., English name for identification purpose) ("Yuan Shen Jie Neng"), transferred their aggregated 25% equity interest in Yuan Shen Jie Neng at no consideration pursuant to the order of SASAC of Beijing Government. The non-controlling shareholders are state-owned entities under the administration of SASAC of Beijing Government. The non-controlling interests prior to this transfer amounting to RMB15,348,000 was recorded as capital reserve.

(d) During the year ended December 31, 2009, BEIH acted as the operator of state-owned assets entrusted by the government, and approved to transfer certain designated funds amounting to RMB81,416,000 to capital reserve (see Note 33(b)).

(e) According to the relevant requirement in the memorandum of the Company and its subsidiaries, a portion of their profits after taxation computed in accordance with the PRC GAAP will be transferred to statutory surplus reserve. The transfer to this reserve must be made before the distribution of a dividend to equity owners. Such statutory surplus reserve can be used to offset the previous years' losses, if any, and increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.

(f) Other reserves represent the share of other comprehensive income of associates and jointly controlled entities.

(g) The amount represents the share of increase in 北京京能國際能源股份有限公司 (Beijing Jingneng International Power Co., Ltd. for identification purpose) ("Beijing Jingneng International")'s capital reserves, which attributed to the exchange of certain subsidiaries between Beijing Jingneng International and BEIH.

(h) On November 24, 2010, the Company increased its equity interest in a subsidiary, 北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd., English name for identification purpose) ("Jingqiao Power"), to 80.03% by capital injection of RMB40,000,000. The non-controlling interest's share of the capital injection was RMB800,000.

(i) BEIH acquired the additional interests in two entities which were original owned by a fellow subsidiary not fully controlled by BEIH in December 2009. After such acquisition, BEIH transferred 100% equity interests in these two subsidiaries into the Company as the contribution under the Group reorganization in December 2009.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Operating activities						
Profit before taxation		69,189	216,737	577,083	354,591	511,342
Adjustments for:						
Depreciation and amortization	11	253,618	496,447	758,117	362,904	391,610
Reversal of inventory provision		(199)	(52)	—	—	—
Impairment losses on:						
— Property, plant and equipment	8	—	12,351	—	—	—
— Doubtful receivables	8	185	892	164	13	—
Dividend from available-for-sale financial assets		(1,720)	(2,126)	(847)	(847)	(2,096)
(Gain) loss on disposal of:						
— Property, plant and equipment	8	(15)	2,979	339	—	606
— Available-for-sale financial assets		172	—	—	—	—
Gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity	8	—	—	(36,796)	—	—
Share of results of associates		(9,933)	(15,559)	(55,151)	(53,312)	(78,298)
Share of results of jointly controlled entities		(7,628)	(5,105)	(440)	(365)	1,281
Interest income	9	(21,912)	(17,974)	(12,707)	(6,385)	(9,178)
Finance costs	9	214,348	299,201	500,259	255,773	283,755
Prepaid lease payments released to profit or loss	11	466	969	1,350	623	799
Deferred income released to profit or loss	7	—	(2,631)	(2,755)	(1,358)	(1,316)
Operating cash flows before movements in working capital		496,571	986,129	1,728,616	911,637	1,098,505
Decrease (increase) in inventories		9,041	(19,335)	(5,577)	(368)	(2,152)
(Increase) decrease in trade and bill receivables		(243,916)	(582,334)	(342,201)	247,245	424,469
(Increase) decrease in other receivables, deposits and prepayments		(50,864)	(57,227)	155,872	(17,953)	(13,957)
Decrease (increase) in amounts due from related parties		1,885	(682)	(15,037)	(297)	59
Increase (decrease) in trade and other payables		105,624	36,940	9,548	59,257	(88,250)
Increase (decrease) in amounts due to related parties		74,723	(64,505)	11,355	24,679	(7,550)
Increase (decrease) in deferred income		17,305	7,779	65,492	(19,114)	(87,167)
Cash generated from operations		410,369	306,765	1,608,068	1,205,086	1,323,957
Income tax paid		(24,149)	(36,394)	(69,853)	(55,668)	(111,345)
Net cash generated from operating activities		386,220	270,371	1,538,215	1,149,418	1,212,612
Investing activities						
Interest received		21,912	17,974	12,707	6,385	7,551
Dividends received		3,635	3,131	181,604	7,565	—
Repayment of loans receivable		15,051	—	—	—	—
Repayment of loans by associates		—	—	621	—	200,522
Cash advanced to associates		(27,853)	(25,633)	—	—	(214,001)
Repayment of loans by jointly controlled entities		—	9,887	6,337	6,338	40,604
Cash advanced to jointly controlled entities		(22,805)	—	—	—	—
Repayment of loan from related party		26,084	6,211	94,840	92,192	110,625
Acquisition of:						
— Property, plant and equipment		(2,679,588)	(3,592,071)	(1,644,891)	(1,095,896)	(1,711,611)
— Intangible assets		(1,023,245)	(2,302,275)	(192)	—	(9,474)
— Available-for-sales financial assets		—	(68,428)	(10,000)	(10,000)	—
Additional capital contribution to a jointly controlled entity		—	—	(87,000)	—	—
Prepaid lease payments on land use rights		(25,261)	(19,538)	(30,279)	(14,412)	(29,574)

	Notes	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Proceeds on disposals of:						
— Property, plant and equipment		19,256	9,340	2,406	660	1,576
— Intangible assets		663	—	—	—	—
— Available-for-sales financial assets		295	—	—	—	—
(Deposit) receipt of restricted bank deposits		(1,407)	10,185	16,217	2,349	—
Cash received from government grants		50,000	6,094	—	—	—
Deposit paid for acquisition of property, plant and equipment		—	—	(474,272)	(173,738)	—
Cash received from held-to-maturity financial assets on maturity		—	20,000	—	—	—
Settlement of consideration payable for acquisition of a subsidiary		—	—	—	—	(3,000)
Cash (outflow) inflow on disposal of subsidiaries	2(c)/2(e)	—	(208,818)	—	—	17,499
Cash inflow on disposal of an investment in an associate classified as asset held for sales		—	—	—	—	15,782
Net cash used in investing activities		(3,643,263)	(6,133,941)	(1,931,902)	(1,178,557)	(1,573,501)
Financing activities						
Interest paid		(359,487)	(456,262)	(496,168)	(315,353)	(283,471)
Cash received from capital contribution		1,044,971	944,777	1,323,731	1,243,731	19,480
New bank loans raised		5,650,560	11,531,400	5,523,000	2,615,000	5,452,411
Repayments of bank loans		(2,901,311)	(5,887,776)	(5,815,486)	(3,130,586)	(4,218,497)
Advances from related parties		50,000	—	—	—	—
Repayment to related parties		(28,517)	(84,199)	(67,271)	(65,808)	—
Prepaid costs for new share issuing		—	—	—	—	(26,915)
Dividends paid to:						
— Shareholders		—	—	(174,118)	(57,791)	—
— non-controlling interests		—	—	(12,398)	—	(26,183)
Net cash generated from financing activities		3,456,216	6,047,940	281,290	289,193	916,825
Net increase (decrease) in cash and cash equivalents		199,173	184,370	(112,397)	260,054	555,936
Cash and cash equivalents at the beginning of the year/period		370,340	569,513	753,899	753,899	640,590
Effect of foreign exchange rate changes		—	16	(912)	(2,635)	1
Cash and cash equivalents at the end of the year/period		569,513	753,899	640,590	1,011,318	1,196,527
Represented by:						
— Cash and cash equivalents included in a disposal group reclassified as assets held for sale	32	—	—	1,765	—	—
— Cash and cash equivalents at the end of the year/period	31	569,513	753,899	638,825	1,011,318	1,196,527

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

The Company is principally engaged in investment holdings and clean energy power generation and its registered office and the principal place of operations of the Company is at Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC.

The Financial Information is presented in Renminbi ("RMB"), which is the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION

(a) Pursuant to the group reorganization approved by the Board of Directors of BEIH on December 15, 2009, BEIH transferred its businesses and operations related to wind power and gas power through the transfer of its interests in the following entities to the Company:

(i) 74% equity interests in 北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Power Company, English name for identification purpose) ("Taiyanggong Power");

(ii) 78% equity interests in Jingqiao Power;

(iii) 100% equity interests in 北京京豐燃氣發電有限責任公司 (Beijing Jingfeng Natural Gas-fired Power Co., Ltd., English name for identification purpose) ("Jingfeng Power");

(iv) 100% equity interests in 北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd., English name for identification purpose) ("New Energy");

(v) 100% equity interests in 內蒙古京能商都風力發電有限責任公司 (Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd., English name for identification purpose) ("Shangdu Power");

(vi) 100% equity interests in 內蒙古京能察右中風力發電有限責任公司 (Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd., English name for identification purpose) ("Chayouzhong Energy");

(vii) 100% equity interests in 錫林郭勒吉相華亞風力發電有限責任公司 (Xilinguole Jixianghuaya Wind Power Co., Ltd., English name for identification purpose) ("Xilinguole Power");

(viii) 100% equity interests in 內蒙古京能烏蘭伊力更風力發電有限責任公司 (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd., English name for identification purpose) ("Wulanyiligeng Power");

(ix) 100% equity interests in 內蒙古京能霍林郭勒風力發電有限責任公司 (Inner Mongolia Huolinguole Wind Power Co., Ltd., English name for identification purpose) ("Huolinguole Power");

(x) 100% equity interests in 黑水縣三聯水電開發有限責任公司 (Heishui County Sanlian HydroPower Development Co., Ltd., English name for identification purpose) ("Sanlian Power"); and

(xi) 100% equity interests in 北京華富能源諮詢有限公司 (Beijing Huafu Energy Consultancy Co., Ltd., English name for identification only) ("Beijing Huafu Energy").

In addition, Beijing Jingneng International transferred 100% equity interests in 內蒙古京能巴林右風力發電有限責任公司 (Inner Mongolia Jingneng Balinyou Wind Power Co., Ltd., English name for identification purpose) ("Balinyou Wind Power") to New Energy at cash consideration of RMB3,000,000 on December 30, 2010.

In addition, BEIH transferred 100% equity interests in 北京京能高安屯燃氣熱電有限責任公司 (Beijing Jing Neng Gas-fired Power Co., Ltd., English Name for identification purpose) ("Gaoantun Power") to the Company at cash consideration of RMB81,320,000 on May 12, 2011.

As the Company and the entities transferred from BEIH and acquired from Beijing Jingneng International as set out above ("Common Controlled Entities") are under common controlled by BEIH prior and after the reorganization,

(i) The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods include the results, changes in equity and cash flows of the Common Controlled Entities as if the Common Controlled Entities were in the Group throughout the Relevant Periods, or since their respective dates of establishment; and

(ii) The consolidated statements of financial position as at December 31, 2008 include the assets and liabilities of the Common Controlled Entities as if the Common Controlled Entities were in the Group at that date.

(b) In addition to the reorganization as set out above, BEIH also transferred 9.28% equity interest in Beijing Jingneng International to the Company on December 31, 2009. Together with the existing 10.72% equity interest of Beijing Jingneng International held by the Company, the Company held 20% of Beijing Jingneng International, and Beijing Jingneng International became the Company's associate. The additional 9.28% equity interest was recorded at the fair value of the equity interest as at December 31, 2009 amounting to RMB548,448,000, which was accounted for as capital contribution from BEIH and presented as capital reserve. The excess of the share of the net fair value of the identifiable assets and liabilities over the carrying amount of 10.72% equity interest as at December 31, 2009 amounting to RMB58,457,000 was distributable pursuant to relevant rules in the PRC and therefore credited to the accumulated profits.

On January 21, 2010, the Company, BEIH and a group of strategic investors agreed that the accumulated profits attributable to 9.28% equity interest of Beijing Jingneng International as at December 31, 2009 should be entitled to BEIH. On

June 11, 2010, the shareholders of Beijing Jingneng International approved a dividend distribution resolution to distribute all of the accumulated profits of Beijing Jingneng International as at December 31, 2009. The dividend attributable to 9.28% equity interest amounting to RMB145,731,000 was allocated to BEIH pursuant to the above agreement and accounted for as an adjustment to reduce the fair value of the contribution of equity interest received from BEIH.

(c) To rationalize the group structure for the purpose of listing of the Company's shares on the Stock Exchange (the "Listing"), the Company has transferred the following subsidiaries to BEIH on December 31, 2009:

(i) 100% equity interests in Yuan Shen Jie Neng;

(ii) 60% equity interests in 北京博爾節能設備技術開發有限責任公司 (Beijing Boer Energy-saving Equipment Technology Development Co., Ltd., English name for identification purpose) ("Bo Er Jie Neng");

(iii) 80% equity interests in 北京華源高潔能源供應技術有限責任公司 (Beijing Huayuangaojie Energy Supplying Technology Co., Ltd., English name for identification purpose); and

(iv) 51% equity interests in 北京嘉捷博大汽車節能技術有限公司 (Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd., English name for identification purpose).

The entities transferred out as above were accounted for as a distribution to BEIH and the details of the assets and liabilities derecognized on the date of transfer are set out as follows:

	RMB'000
Assets and liabilities derecognized:	
Property, plant and equipment	60,700
Intangible assets	54,541
Goodwill	12,636
Investments in associates	92,050
Investments in jointly controlled entities	50,671
Available-for-sale financial assets	91,840
Inventories	69,546
Trade and bill receivables	37,283
Other receivables, deposits and prepayments	192,338
Restricted bank deposits	60,815
Cash and cash equivalents	208,818
Trade and other payables	(359,307)
Bank and other borrowings	(96,391)
Other non-current liabilities	(99,698)
	375,842
Non-controlling interests	48,055
Total amount derecognized	423,897
Net cash outflow on derecognition-cash and cash equivalents disposal of	(208,818)

(d) On February 24, 2010, the Company transferred 46.92% equity interest in its associate, 北京科利源熱電有限公司 (Beijing Keliyuan Thermal Power Co., Ltd., English name for identification purpose) ("Beijing Keliyuan"), to one of BEIH's subsidiaries.

The carrying amount of Beijing Keliyuan amounting to RMB14,692,000 is accounted for as distribution to BEIH, the equity participant.

(e) On January 18, 2011, the Group has disposed of its subsidiary, 山東京能生物質發電有限公司 (Shandong Jingneng Biomass Power Co., Ltd., English name for identification purpose) ("Shandong Jingneng Energy"), and its associate, 國電湯原生物質發電有限公司 (Guodian Tangyuan Biomass Power Co., Ltd., English name for identification purpose) ("Guodian Tangyuan"), to BEIH, with the approval from SASAC of Beijing Government. The Group has fully received the consideration of RMB19,264,000 and RMB15,782,000 respectively. The disposal gain amounting to RMB35,739,000 is accounted for as contribution from BEIH.

In the RMB35,739,000 contribution, RMB22,125,000 is related to the gain on disposal of Shangdong Jingneng Energy.

The details of the assets and liabilities (classified as held for sales) of Shangdong Jingneng Energy at the disposal date and the disposal gain recorded as the contribution from BEIH are set out as below:

	RMB'000
Assets and liabilities derecognized:	
Property, plant and equipment	222,808
Intangible assets	84
Prepaid lease prepayments	14,089
Inventories	5,507
Trade and bills receivable	34,297
Other receivables, deposits and prepayments	570
Cash and cash equivalents	1,765
Trade and other payables	(17,220)
Bank and other borrowings	(152,956)
Deferred Income	(5,971)
Other borrowings from the Company	(107,000)
	(4,027)
Less:	
Non-controlling Interest	(1,166)
Net liabilities disposed	(2,861)
Total consideration received by cash	19,264
Gain on disposal recorded in contribution from BEIH	22,125
Net cash inflow on disposal of subsidiaries	17,499

(f) In preparing the Underlying Financial Statements, the Directors have given careful consideration that at December 31, 2008, 2009 and 2010 and June 30, 2011, the Group has net current liabilities of RMB3,182,151,000, RMB3,278,907,000, RMB2,320,461,000 and RMB4,062,569,000 and the Company has net current liabilities of RMB416,397,000, RMB177,004,000, RMB158,943,000 and RMB290,315,000 respectively. Taking into consideration of the unutilized banking facilities available to Group of RMB13,997,225,000 at October 31, 2011, and the Group's cash inflows generated from operating activities, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly the Financial Information has been prepared on a going concern basis.

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently adopted International Accounting Standards ("IASs") and IFRSs issued by International Accounting Standards Board, which are effective for the accounting period beginning on January 1, 2011 throughout the Relevant Periods, except for IFRS 3 (Revised 2008), which has been applied for business combination for which the acquisition date is on or after January 1, 2010 and IAS 27 (Revised 2008) which has been applied for accounting period beginning on January 1, 2010.

At the date of this report, the following new and revised standards, amendments and interpretation have been issued which are not yet effective:

IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income(4)
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets(2)
IAS 19 (Revised 2011)	Employee Benefits(3)
IAS 27 (Revised 2011)	Separate Financial Statements(3)
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures(3)
IFRS 1 (Amendments)	Severe Hyperinflations and Removal of Fixed Dates for First-time Adopters(1)
IFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets(1)
IFRS 9	Financial Instruments(3)
IFRS 10	Consolidated Financial Statements(3)
IFRS 11	Joint Arrangements(3)
IFRS 12	Disclosure of Interests in Other Entities(3)
IFRS 13	Fair Value Measurement(3)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine(3)

Notes:

(1) Effective for annual periods beginning on or after July 1, 2011
(2) Effective for annual periods beginning on or after January 1, 2012
(3) Effective for annual periods beginning on or after January 1, 2013
(4) Effective for annual periods beginning on or after July 1, 2012

The Group has not early adopted these new and revised standards, amendments and interpretation in the preparation of the Financial Information.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets and will be effective from annual period beginning on or after 1 January 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The Group is in the process of assessing the impact of IFRS 9.

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

In May 2011, IASB issued IFRS 10, 11 and 12 which revisited the definitions and principles for accounting of investee companies. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, whereas the existing IAS 27 Consolidated and Separate Financial Statements defines control as power to govern financial and operating policies of an entity so as to obtain economic benefits from its operations. IFRS 11 requires that an entity shall assess its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms of the parties and other relevant facts and circumstances. IFRS 11 classifies joint arrangement into two types, which are joint operations and joint ventures. Joint operators shall recognize and measure the assets and liabilities and the related revenues and expenses in relation to its interests in accordance with the relevant IFRSs, whereas a joint venture should recognize an investment and account for that investment using equity method in accordance with IAS 28 (Revised 2011), unless the entity is exempted from applying the equity method. The standards also set out other requirements in applying these principles. IFRS 12 specifies the disclosure requirements for interests in other entities. IFRS 10, 11 and 12 supersedes IAS 31 Interests in Joint Ventures, SIC-12 Consolidation—Special Purpose Entities and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers. IAS 27 and IAS 28 are also revised accordingly. The standards are effective for annual periods beginning on or after 1 January 2013. The Group is in the process of assessing the impact of these standards.

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, sets out a single framework for measuring fair value and specifies disclosures for fair value measurements. It also provides guidance on fair value measurement which removes inconsistencies included in various existing IFRSs regarding fair values. The standard is effective for annual periods beginning on or after 1 January 2013. The Group is in the process of assessing the impact of this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value and certain properties, plant and equipment which are recorded as deemed cost, and in accordance with accounting policies set out below which are in conformity with IFRSs.

The Financial Information also includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Relevant Periods, are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the owners of the Company. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the share of non-controlling equity owners in equity since the date of the consolidation.

Business combinations

(i) Business combination under common control

For group reorganization under common control, merger accounting is adopted. In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated statements of financial position, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flow of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

(ii) Business combination other than under common control

Prior to January 1, 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognized at their fair values at the acquisition date.

Goodwill arising on acquisition was recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

On or after January 1, 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised 2008) are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

Change in ownership interests in subsidiaries not resulting in loss of control

Changes in the Group's ownership interests in a subsidiary that do not result in loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests will be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity (capital reserves) and attributed to the owners of the Company.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

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

Revenue from sale of goods, include electricity, heat energy and other goods, is recognized when such goods are delivered and title has passed.

The Group sells carbon credits known as Certified Emission Reductions ("CERs") generated from wind farms or other clean energy facilities which have been registered under the United Nation's Clean Development Mechanism ("CDM"), the Group also sells Voluntary Emission Reductions ("VERs") generated from CDM projects but generated before the registration with CDM. The revenue in relation to CERs and VERs are recognized when there is a persuasive arrangement between the Group and a buyer, the selling price is fixed or determinable, the relevant electricity has been generated and CERs and VERs have been verified and admitted by the Clean Development Mechanism Executive Board.

Revenue from providing construction services under the wind-farm concession arrangements are recognized by reference to the stage of completion of the concession arrangements at the end of each reporting period, as measured by contract cost incurred for work performed to date bear to the estimated total contract cost. Operation or service revenue is recognized in the period in which the services are provided by the Group.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid operating lease payments on land use rights are carried at cost and amortized over the lease term on a straight-line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that, necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes under the state-managed retirement benefits schemes in the PRC are charged as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency").

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognized in profit or loss in the period in which they arise.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognize as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred taxation is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred taxation liabilities are generally recognized for all taxable temporary differences and deferred taxation assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate and tax laws that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in the comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any recognized impairment loss except for certain property, plant and equipment stated at deemed cost under PRC GAAP less accumulated depreciation and any recognized impairment loss on the first adoption of IFRSs.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the profit or loss in the period in which the item is derecognized.

Intangible assets

The Group recognize an intangible assets arising from the wind farm concession arrangement when it has a right to charge for the usage of the concession infrastructure.

Intangible assets received as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately and with finite useful lives are carried at cost less amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development or from the development stage of an internal project is recognized if, and only if, all of the following have been demonstrated:

— the technical feasibility of completing the intangible asset so that it will be available for use or sale;

— the intention to complete the intangible asset and use or sell it;

— the ability to use or sell the intangible asset;

— how the intangible asset will generate probable future economic benefits;

— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and

— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Gain or losses arising from derecognition of intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the assets is derecognized.

Impairment losses on tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On the Company's statement of financial position, the investments in associates are stated at cost less any identified impairment loss.

Investments in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the Financial Information using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

On the Company's statement of financial position, the investments in jointly controlled entities are stated at cost less any identified impairment loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into held-for-trading financial assets, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Held-for-trading financial assets

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Held-for-trading financial assets are measured at fair value, with changes in fair value arising from re-measurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills and other receivables, amounts due from related parties, loan receivables, loans to subsidiaries, associate and jointly controlled entities, restricted bank deposits and cash and cash equivalents) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held to maturity investments are measured at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts, including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for loans and receivables and held-to-maturity financial assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Loans and receivables, held-to-maturity financial assets and available-for-sale financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade, bill and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an account and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For available-for-sale financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For loans and receivables and held-to-maturity financial assets, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the original carrying amount would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group entities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of their respective liabilities.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related parties and a subsidiary, other non-current liabilities and bank and other borrowings) are subsequently measured at amortized cost using effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the financial liability, or, where appropriate, a shorter period to net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 "Revenue".

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the group entity has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumption concerning the future. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Nevertheless, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance on doubtful receivables

The Group estimates the impairment on trade and bill receivables by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Impairments are applied to trade and bill receivables when events or changes in circumstances indicate that the balances may not be recoverable. Where the expectation is different from the original estimate, such difference will affect the carrying amount of trade and bill receivable and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment on trade and bill receivables at the end of each reporting period. At December 31, 2008, 2009 and 2010, and June 30, 2011, the carrying amount of trade and bill receivables net of allowance on doubtful receivables is RMB301,718,000, RMB849,787,000, RMB1,157,357,000 and RMB732,888,000, respectively.

6. REVENUE

The following is an analysis of the Group's revenue for the Relevant Periods:

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of goods:					
—Electricity	1,221,553	1,971,397	3,272,036	1,706,530	1,644,934
—Heat energy	79,066	357,007	368,595	265,241	247,321
—Other goods	37,899	81,368	2,187	867	—
	1,338,518	2,409,772	3,642,818	1,972,638	1,892,255
Construction service revenue under concession arrangements	918,135	2,375,681	—	—	—
	2,256,653	4,785,453	3,642,818	1,972,638	1,892,255

7. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Government grants and subsidies related to:					
—Clean energy production (Note 35)	471,327	434,290	420,487	124,463	329,235
—Construction of assets (Note 35)	—	2,631	2,755	1,358	1,316
Income from CERs and VERs	12,746	120,647	156,263	91,940	95,600
Value-added tax refunds (Note (a))	12,263	21,822	11,160	1,817	2
Income earned from resale of purchased electricity, net (Note (b))	—	—	11,010	—	—
Others	5,906	856	7,369	1,786	3,148
	502,242	580,246	609,044	221,364	429,301

Notes:

(a) The Group entitles to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms and a full refund of value-added tax for its revenue from the sale of heat energy generated to residential customers. A receivable and the corresponding income of the value-added tax refund are recognized when relevant value-added tax refund application is approved by the relevant PRC tax authorities.

(b) The amount represents the profit earned from the resale of purchased electricity. During the year ended December 31, 2010, the Group purchased electricity from other power plants (including a related party, see Note 43(f)(ix)) and resale it to the grid on the basis of purchase cost plus a profit. That one-time arrangement was made to satisfy the unfulfilled commitment to supply electricity to the grid resulting from the temporary shut-down of one gas-fired power plant of the Group for maintenance.

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment loss on:					
—Property, plant and equipment (Note 15(c))	—	(12,351)	—	—	—
—Doubtful receivables	(185)	(892)	(164)	(13)	—
Gain (loss) on disposal of: Property, plant and equipment	15	(2,979)	(339)	—	(606)
Net exchange gain (loss)	7,698	2,089	(10,019)	(11,269)	840
Fair value changes of held-for-trading financial assets	2,563	5,521	—	—	—
Gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity (Note a)	—	—	36,796	—	—
Others	200	4,980	1,506	70	71
	10,291	(3,632)	27,780	(11,212)	305

Note:

(a) Including in this item, the amount RMB30,377,000 represented the share of increase in Jingneng International's capital reserves, which attributed to a private placement to the non-controlling shareholders of a subsidiary of Jingneng International. In addition, the amount RMB6,419,000 represented the share of the increase in the reserve of a jointly controlled entity, because the non-controlling shareholder of this jointly controlled entity made additional contribution into a subsidiary of this jointly controlled entity during the year.

9. INTEREST INCOME/FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income from:					
—Loans to associates	6,480	6,994	5,237	2,377	3,352
—Loans to jointly controlled entities	2,907	2,526	2,296	1,146	1,889
—Loans to a fellow subsidiary	—	—	—	—	1,533
—Held-to-maturity financial assets	586	686	—	—	—
—A related non-bank financial institution (Note a)	7,272	2,810	4,014	2,055	1,308
—Bank balances	4,667	4,958	1,160	807	1,096
Total interest income	21,912	17,974	12,707	6,385	9,178
Interest on bank and other borrowings wholly repayable:					
—Within five years	291,723	298,309	441,505	165,681	261,182
—Over five years	75,128	163,680	188,398	149,673	90,663
Total interest expense	366,851	461,989	629,903	315,354	351,845
Less: Amounts capitalized in:					
—Property, plant and equipment	(122,283)	(105,929)	(129,644)	(59,581)	(68,090)
—Intangible assets—concession rights	(30,220)	(56,859)	—	—	—
Total finance costs	214,348	299,201	500,259	255,773	283,755
Net finance costs	192,436	281,227	487,552	249,388	274,577

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
Capitalization rate of borrowing costs to expenditure on qualifying assets	5.34%	5.87%	5.67%	5.06%	6.11%

Note:

(a) A related non-bank financial institution refers to 京能集團財務有限公司 (BEIH Finance Co, Ltd., English name for identification purpose) ("BEIH Finance") which is a fellow subsidiary of the Group.

10. INCOME TAX EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax:					
PRC enterprise income tax	23,750	43,597	104,098	50,133	57,613
Deferred tax (Note 22):					
Current year/period	(3,796)	(25,807)	(47,818)	(2,373)	18,660
Income tax expense	19,954	17,790	56,280	47,760	76,273

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the companies in the Group during the Relevant Periods.

Pursuant to the joint circular (2008) No. 46 of the Ministry of Finance and the State Administration of Taxation of the PRC, a PRC enterprise engaging in public infrastructure projects is entitled to a three-year tax exemption and a three-year 50% deduction on the PRC enterprise income tax for taxable income generated by qualified public infrastructure projects which are approved after January 1, 2008 commencing from the first year when relevant projects generate revenue. Details of the group companies and projects enjoy this tax concession are set out below.

Name of subsidiary	Public infrastructure project	Tax exemption period	Tax reduction period
The Company	鹿鳴山官廳一期風電項目 (Lumingshan Guanting Wind Farm Phase I, English name for identification purpose)	2008 to 2010	2011 to 2013
	鹿鳴山官廳二期風電項目 (Lumingshan Guanting Wind Farm Phase II, English name for identification purpose)	2010 to 2012	2013 to 2015
	鹿鳴山官廳二期加密項目 (Lumingshan Guanting Wind Farm Phase II plus, English name for identification purpose)	2011 to 2013	2014 to 2016
New Energy	賽汗一期風電項目 (Saihan Wind Farm Phase I, English name for identification purpose)	2009 to 2011	2012 to 2014
New Energy	哲里根圖一期風電項目 (Zheligentu Wind Farm Phase I, English name for identification purpose)	2009 to 2011	2012 to 2014
New Energy	賽汗二期風電項目 (Saihan Wind Farm Phase II, English name for identification purpose)	2010 to 2012	2013 to 2015
New Energy	哲里根圖二期風電項目 (Zheligentu Wind Farm Phase II, English name for identification purpose)	2010 to 2012	2013 to 2015
Wulanyiligeng Power	烏蘭伊力更風電項目 (Wulanyiligeng Wind Farm, English name for identification purpose)	2009 to 2011	2012 to 2014

Name of subsidiary	Public infrastructure project	Tax exemption period	Tax reduction period
Shangdu Power	商都一期風電項目 (Shangdu Wind Farm Phase I, English name for identification purpose)	2010 to 2012	2013 to 2015

The Company's PRC subsidiary, Shangdong Jingneng Energy, produces products which satisfied the PRC industrial standards by using the resources listed in the Catalogue of Preferential Tax Treatments for Comprehensive Resource Utilization Enterprises issued by the Ministry of Finance, the National Tax Bureau and the National Development and Reform Committee of the PRC as key raw materials. In accordance with the New EIT Law promulgated on March 16, 2007 ("New EIT Law"), only 90% of its income is subject to PRC enterprise income tax.

Under the New EIT Law, the preferential tax treatment for encouraged enterprises located in western PRC and certain industry-oriented tax incentives remains available up to December 31, 2010 when the original preferential tax period was expired. The Company's subsidiary, Sanlian Power, enjoys this preferential PRC enterprise income tax rate of 15% with a tax exemption for two years ended December 31, 2008 and 2009 and 50% deduction on enterprise income tax for the year ended December, 31, 2010. Two wind power projects wholly-owned by subsidiaries of the Company, 察右中一期風電項目 (Chayouzhong Wind Farm Phase I, English name for identification purpose), 吉相華亞一期風電項目 (Jixianghuaya Wind Farm Phase I, English name for identification purpose), and 霍林郭勒一期風電項目 (Huolinguole Wind Farm Phase I, English name for identification purpose) enjoys the preferential PRC enterprise income tax rate of 15% with a tax exemption for two years ended December 31, 2009 and 2010. Up to June 30, 2011, the National Tax Bureau has not announced any extension for the preferential period.

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before taxation	69,189	216,737	577,083	354,591	511,342
PRC enterprise income tax at 25%	17,297	54,184	144,271	88,648	127,836
Tax effect on:					
— Expenses not deductible for tax purposes	5,125	8,621	14,807	15,883	1,336
— Effect of share of result of associate and jointly controlled entities that are exempt from taxation	(4,390)	(5,166)	(14,110)	(13,419)	(19,254)
— Effect of the gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity	—	—	(9,199)	—	—
— Tax losses and temporary differences not recognized as deferred tax assets	14,401	6,060	9,964	5,664	3,756
— Utilization of tax losses not recognized previously	(166)	(658)	(3,837)	—	(1,638)
— Effect of income that is exempted from taxation	(2,565)	(5,106)	(3,411)	(3,411)	—
— Other PRC enterprise income tax concessions	(9,748)	(40,145)	(82,205)	(45,605)	(35,256)
— Changes on applicable tax rate	—	—	—	—	(507)
	19,954	17,790	56,280	47,760	76,273

11. PROFIT FOR THE YEAR/PERIOD

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit for the year/period has been arrived at after charging:					
Auditors' remuneration	131	486	883	479	255
Prepaid lease payments released to profit or loss	466	969	1,350	623	799
Operating lease payments in respect of land and building	22,700	27,972	10,132	4,905	3,584
Depreciation and amortization:					
Depreciation of property, plant and equipment (Note 15)	213,239	417,904	558,284	262,802	290,560
Amortization of intangible assets (Note 16)	40,379	78,543	199,833	100,102	101,050
Total depreciation and amortization	253,618	496,447	758,117	362,904	391,610
Staff costs:					
Directors' emoluments (Note 12)	—	—	258	—	246
Other staff costs	72,103	119,396	184,085	64,690	80,958
Total staff costs	72,103	119,396	184,343	64,690	81,204

12. DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS

The emoluments paid or payable to each of the existing Directors and the existing Supervisors by the Group during the Relevant Periods were as follows:

	Director fees	Basic salaries and allowances	Bonus	Retirement benefit contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Note 11)*
Year ended December 31, 2008					
Executive Director:					
Mr. Wentao Meng	—	—	—	—	—
	—	—	—	—	—
Non-executive Directors:					
Mr. Haijun Lu(Chairman)*	—	—	—	—	—
Mr. Mingxing Guo*	—	—	—	—	—
Mr. Jingfu Xu*	—	—	—	—	—
Mr. Guochen Liu*	—	—	—	—	—
Mr. Zhongfu Yu	—	—	—	—	—
	—	—	—	—	—
Independent Non-executive Directors:					
Mr. Chaoan Liu	—	—	—	—	—
Mr. Xiaomin Shi	—	—	—	—	—
Ms. Miu Man Lau	—	—	—	—	—
	—	—	—	—	—
Supervisors:					
Mr. Yanshan Chen*	—	—	—	—	—
Mr. Jiakai Liu*	—	—	—	—	—
Ms. Linwei Huang*	—	101	45	19	165
	—	101	45	19	165
	—	101	45	19	165
Year ended December 31, 2009					
Executive Director:					
Mr. Wentao Meng	—	—	—	—	—
	—	—	—	—	—
Non-Executive Directors:					
Mr. Haijun Lu(Chairman)*	—	—	—	—	—
Mr. Mingxing Guo*	—	—	—	—	—
Mr. Jingfu Xu*	—	—	—	—	—
Mr. Guochen Liu*	—	—	—	—	—
Mr. Zhongfu Yu	—	—	—	—	—
	—	—	—	—	—
Independent Non-executive Directors:					
Mr. Chaoan Liu	—	—	—	—	—
Mr. Xiaomin Shi	—	—	—	—	—
Ms. Miu Man Lau	—	—	—	—	—
	—	—	—	—	—

	Director fees	Basic salaries and allowances	Bonus	Retirement benefit contribution	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note 11)
Supervisors:					
Mr. Yanshan Chen*	—	—	—	—	—
Mr. Jiakai Liu*	—	—	—	—	—
Ms. Linwei Huang*	—	154	40	23	217
	—	154	40	23	217
	—	154	40	23	217
Year ended December 31, 2010					
Executive Director:					
Mr. Wentao Meng	—	178	65	15	258
	—	178	65	15	258
Non-executive Directors:					
Mr. Haijun Lu (Chairman)*	—	—	—	—	—
Mr. Mingxing Guo*	—	—	—	—	—
Mr. Jingfu Xu*	—	—	—	—	—
Mr. Guochen Liu*	—	—	—	—	—
Mr. Zhongfu Yu	—	—	—	—	—
	—	—	—	—	—
Independent Non-executive Directors:					
Mr. Chaoan Liu	—	—	—	—	—
Mr. Xiaomin Shi	—	—	—	—	—
Ms. Miu Man Lau	—	—	—	—	—
	—	—	—	—	—
Supervisors:					
Mr. Yanshan Chen*	—	—	—	—	—
Mr. Jiakai Liu*	—	—	—	—	—
Ms. Linwei Huang*	—	250	52	27	329
	—	250	52	27	329
	—	428	117	42	587
Six months ended June 30, 2010 (Unaudited)					
Executive Director:					
Mr. Wentao Meng	—	—	—	—	—
	—	—	—	—	—
Non-executive Directors:					
Mr. Haijun Lu (Chairman)*	—	—	—	—	—
Mr. Mingxing Guo*	—	—	—	—	—
Mr. Jingfu Xu*	—	—	—	—	—
Mr. Guochen Liu*	—	—	—	—	—
Mr. Zhongfu Yu	—	—	—	—	—
	—	—	—	—	—

	Director fees	Basic salaries and allowances	Bonus	Retirement benefit contribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Note 11)*
Independent Non-executive Directors:					
Mr. Chaoan Liu	—	—	—	—	—
Mr. Xiaomin Shi	—	—	—	—	—
Ms. Miu Man Lau	—	—	—	—	—
	—	—	—	—	—
Supervisors:					
Mr. Yanshan Chen*	—	—	—	—	—
Mr. Jiakai Liu*	—	—	—	—	—
Ms. Linwei Huang*	—	81	—	15	96
	—	81	—	15	96
	—	81	—	15	96
Six months ended June 30, 2011					
Executive Director:					
Mr. Wentao Meng	—	159	72	15	246
	—	159	72	15	246
Non-executive Directors:					
Mr. Haijun Lu (Chairman)*	—	—	—	—	—
Mr. Mingxing Guo*	—	—	—	—	—
Mr. Jingfu Xu*	—	—	—	—	—
Mr. Guochen Liu*	—	—	—	—	—
Mr. Zhongfu Yu	—	—	—	—	—
	—	—	—	—	—
Independent Non-executive Directors:					
Mr. Chaoan Liu	—	—	—	—	—
Mr. Xiaomin Shi	—	—	—	—	—
Ms. Miu Man Lau	—	—	—	—	—
	—	—	—	—	—
Supervisors:					
Mr. Yanshan Chen*	—	—	—	—	—
Mr. Jiakai Liu*	—	—	—	—	—
Ms. Linwei Huang*	—	74	—	13	87
	—	74	—	13	87
	—	233	72	28	333

* Represents directors or supervisors appointed on January, 2010. Other directors were appointed on November, 2010.

During the Relevant Periods and the six months ended June 30, 2010, Directors' emoluments were nil, nil, RMB258,000 and RMB246,000 and nil (unaudited), respectively (Note 11). Also, Mr. Haijun Lu, Mr. Mingxing Guo, Mr. Jingfu Xu, Mr. Guochen Liu and Mr. Zhongfu Yu did not receive any remunerations from the Group for their services provided to the Group over the Relevant Periods while Mr. Wentao Meng did not receive any remunerations from the Group up to June 30, 2010. They were also management of BEIH and their remunerations were paid by BEIH over the respective periods. Given the amounts of emoluments paid by BEIH to them are considered to be not material compared with the revenue and profits of the Group, BEIH did not allocate any of their remuneration to the Group.

During the Relevant Periods, no emoluments were paid by the Group to the Directors and Supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors and Supervisors waived any emolument during the Relevant Periods.

Five highest paid individuals

For the years ended December 31, 2008, 2009 and 2010, and the six months ended June 30, 2010 and 2011, the five highest paid individuals do not include any Directors or supervisors. The emoluments of the remaining highest paid individuals for the Relevant Periods are as follows:

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and allowances	1,753	2,109	2,291	1,126	1,741
Retirement benefit contributions	93	115	118	68	74
	1,846	2,224	2,409	1,194	1,815

Each of the five highest paid individuals in the Group for the Relevant Periods were below HK$1,000,000.

13. DIVIDENDS

(a) On October 22, 2008, a dividend in total amount of RMB13,948,000 was declared by Jingfeng Power to its then shareholder, and fully paid during the year of 2009.

(b) On June 9, 2010, a dividend in the total amount of approximately RMB235,518,000 was declared by the Company. Dividends amounting RMB12,398,000 were declared by subsidiaries to their non-controlling shareholders.

(c) On May 6, 2011, a dividend in the total amount of RMB167,840,000 was declared by Taiyanggong Power to its then shareholders, including RMB43,638,000 attributable to its non-controlling shareholder.

The rate of distribution and the number of shares ranking for dividend declared by the Company and its subsidiaries are not presented as such information is not meaningful for the purpose of this report.

On November 16, 2010, the Company made a special resolution to make a special distribution to the promoters of the Company (the "Special Distribution") in an amount equal to the Group's profit attributable to the equity owners of the Company derived from April 30, 2010 to September 30, 2011. April 30, 2010 is the date on which the Group's assets are valued for establishment as a joint stock limited company, and September 30, 2011 is the end of the quarter immediately prior to the listing in December 2011. The actual amount of the Special Distribution will be determined based on the lower of the profit as determined under IFRSs or under PRC GAAP according to a special audit of the consolidated financial statements of the Group for the period from April 30, 2010 to September 30, 2011. The Company will make an announcement on the outcome of the special audit and the amount of Special Distribution before actual payment. As advised by the Group's PRC legal advisor, the declaration of the Special Distribution is subject to the Company having sufficient distributable reserves in accordance with PRC law, and as a result, the Company will need to make arrangements for the distribution of dividends from its subsidiaries to the Company prior to declaring and paying the Special Distribution. In the opinion of the Dividends, the special distribution will be paid after the Listing.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings					
Profit for the year/period attributable to equity owners of the Company	44,956	179,585	488,919	285,361	403,889

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	'000	*'000*	*'000*	*'000 (unaudited)*	*'000*
Number of shares					
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,572,431	3,676,731	4,778,548	4,553,426	5,000,000

For the purpose of presenting earnings per share, the weighted average number of shares for each of the three years ended December 31, 2008, 2009 and 2010 and six months ended June 30, 2010 was computed by reference to the 5,000,000,000 shares issued on August 25, 2010 as set out in Note 37(d).

The Company did not have any potential ordinary shares during the Relevant Periods and accordingly, no information of diluted earnings per share is presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators and related equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP						
COST						
At January 1, 2008	259,191	1,326,498	27,114	14,150	3,471,076	5,098,029
Additions	800	173,901	19,159	2,622	3,282,333	3,478,815
Transfer	1,159,686	2,842,484	341	2,464	(4,004,975)	—
Disposals	—	(18,046)	(3,049)	(2,241)	—	(23,336)
At December 31, 2008	1,419,677	4,324,837	43,565	16,995	2,748,434	8,553,508
Additions	774	5,218	9,140	6,412	3,441,593	3,463,137
Adjustment (note (b))	—	(18,386)	—	—	—	(18,386)
Transfer	131,916	2,431,435	2,667	6,039	(2,572,057)	—
Disposals	(10,156)	—	(1,074)	(5,219)	—	(16,449)
Disposal of subsidiaries (Note 2(c))	(21,023)	(43,926)	(9,494)	(3,678)	—	(78,121)
At December 31, 2009	1,521,188	6,699,178	44,804	20,549	3,617,970	11,903,689
Additions	4,364	15,419	26,517	16,810	1,471,549	1,534,659
Adjustment (note (b))	85,122	(127,116)	—	(253)	—	(42,247)
Transfer	7,969	2,372,000	—	—	(2,379,969)	—
Disposals	(11,275)	(3,631)	(2,836)	(2,035)	—	(19,777)
Reclassified as held for sale (note (d))	(82,015)	(157,398)	(1,396)	(743)	(6,416)	(247,968)
At December 31, 2010	1,525,353	8,798,452	67,089	34,328	2,703,134	13,128,356
Additions	89	2,512	6,981	2,399	1,205,388	1,217,369
Adjustments (note (b))	(228)	(34,628)	—	—	—	(34,856)
Transfer	1,576	35,395	—	—	(36,971)	—
Reclassification (note (e))	—	(204,474)	—	—	204,474	—
Net-off of accumulated depreciation (note (e))	—	(36,141)	—	—	—	(36,141)
Capitalization of depreciation for construction in progress (note (e))	—	—	—	—	2,517	2,517
Disposal	—	(626)	(1,299)	(426)	—	(2,351)
At June 30, 2011	1,526,790	8,560,490	72,771	36,301	4,078,542	14,274,894
DEPRECIATION AND IMPAIRMENT						
At January 1, 2008	17,669	147,732	10,909	5,400	—	181,710
Depreciation provided for the year (Note 11)	23,814	182,234	5,003	2,188	—	213,239
Eliminated on disposals	—	(1,854)	(1,496)	(730)	—	(4,080)
At December 31, 2008	41,483	328,112	14,416	6,858	—	390,869
Impairment loss recognized (note (c))	10,021	2,330	—	—	—	12,351
Depreciation provided for the year (Note 11)	47,925	359,819	6,175	3,985	—	417,904
Eliminated on disposals	(2,622)	—	(419)	(1,090)	—	(4,131)
Disposal of subsidiaries (Note 2(c))	(4,485)	(5,461)	(5,110)	(2,365)	—	(17,421)
At December 31, 2009	92,322	684,800	15,062	7,388	—	799,572
Depreciation provided for the year (Note 11)	54,653	488,750	9,009	5,872	—	558,284
Adjustment	—	—	—	—	—	—
Eliminated on disposals	(1,254)	(1,018)	(1,051)	(1,357)	—	(4,680)
Impairment loss written off	(10,021)	(2,330)	—	—	—	(12,351)
Reclassified as held for sale (note (d))	(3,642)	(20,523)	(644)	(351)	—	(25,160)
At December 31, 2010	132,058	1,149,679	22,376	11,552	—	1,315,665
Depreciation provided for the period (Note 11)	25,582	257,460	4,633	2,885	—	290,560
Capitalization of depreciation for construction in progress (note (e))	1,990	—	283	244	—	2,517
Net-off of accumulated depreciation (note (e))	—	(36,141)	—	—	—	(36,141)
Eliminated on disposals	—	(120)	(774)	(386)	—	(1,280)
At June 30, 2011	159,630	1,370,878	26,518	14,295	—	1,571,321
NET BOOK VALUE						
At December 31, 2008	1,378,194	3,996,725	29,149	10,137	2,748,434	8,162,639
At December 31, 2009	1,428,866	6,014,378	29,742	13,161	3,617,970	11,104,117
At December 31, 2010	1,393,295	7,648,773	44,713	22,776	2,703,134	11,812,691
At June 30, 2011	1,367,160	7,189,612	46,253	22,006	4,078,542	12,703,573

	Buildings	Generators and related equipments	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY						
COST						
At January 1, 2008	10,696	—	5,804	6,305	376,115	398,920
Additions	—	33,509	4,382	640	241,537	280,068
Transfer	—	489,256	—	2,408	(491,664)	—
Disposals	—	—	(2,323)	(2,155)	—	(4,478)
At December 31, 2008	10,696	522,765	7,863	7,198	125,988	674,510
Additions	—	—	1,146	400	713,749	715,295
Transfer	4,588	159,741	—	—	(164,329)	—
Disposals	(10,156)	—	(197)	(5,219)	—	(15,572)
At December 31, 2009	5,128	682,506	8,812	2,379	675,408	1,374,233
Additions	—	—	4,611	2,040	50,817	57,468
Adjustment (note(b))	36,349	(24,648)	—	—	—	11,701
Transfer	—	717,834	—	—	(717,834)	—
Disposal	—	—	(186)	(1,516)	—	(1,702)
At December 31, 2010	41,477	1,375,692	13,237	2,903	8,391	1,441,700
Additions	—	1,028	421	614	2,661	4,724
At June 30, 2011	41,477	1,376,720	13,658	3,517	11,052	1,446,424
DEPRECIATION						
At January 1, 2008	1,993	—	3,259	1,117	—	6,369
Provided for the year	436	16,105	1,795	938	—	19,274
Eliminated on disposals	—	—	(954)	(648)	—	(1,602)
At December 31, 2008	2,429	16,105	4,100	1,407	—	24,041
Provided for the year	309	43,195	1,145	1,108	—	45,757
Eliminated on disposals	(2,622)	—	(187)	(1,090)	—	(3,899)
At December 31, 2009	116	59,300	5,058	1,425	—	65,899
Depreciation provided for the year	162	39,445	852	740	—	41,199
Eliminated on disposals	—	—	(177)	(1,339)	—	(1,516)
At December 31, 2010	278	98,745	5,733	826	—	105,582
Depreciation provided for the period	693	33,415	874	355	—	35,337
At June 30, 2011	971	132,160	6,607	1,181	—	140,919
NET BOOK VALUE						
At December 31, 2008	8,267	506,660	3,763	5,791	125,988	650,469
At December 31, 2009	5,012	623,206	3,754	954	675,408	1,308,334
At December 31, 2010	41,199	1,276,947	7,504	2,077	8,391	1,336,118
At June 30, 2011	40,506	1,244,560	7,051	2,336	11,052	1,305,505

Notes:

(a) The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method, after taking in into account of their residual values, at the following rates per annum.

Buildings	2.11% to 4.75%
Generators and related equipments	3.17% to 7.92%
Motor vehicles	9.50% to 18.83%
Office equipment	11.00 to 19.00%

(b) The Directors estimates the final construction cost of certain assets when the assets are ready for use and transferred from construction in progress to respective categories of property, plant and equipment. Adjustments of the final cost will be made in the subsequent periods when the construction cost is finalized with the contractors.

(c) During the year ended December 31, 2009, the Directors conducted a review on the Group's property, plant and equipment and determined that the certain buildings and equipments were fully impaired, due to the recoverable amount was less than its carrying amount. Accordingly, impairment losses of RMB12,351,000 (Note 8) have been recognized to adjust the carrying value those assets to their recoverable amounts. The recoverable amount of the said assets has been determined on the basis of their value in use. Those buildings and equipments were disposed or demolished during the year ended December 31, 2010.

(d) The net book value of RMB222,808,000 (Note 32) has been classified as the "asset classified as held for sales."

(e) Since April 1, 2011, the operation of Jingqiao Project Phase I has been ceased and relevant equipments were transferred for an upgrading project of combined heat and power generation. The net book value of those equipments of RMB204,474,000 was reclassified to construction in progress, and the cumulative depreciation as at the date of transfer amounting to RMB36,141,000 was net off with the cost. Certain property, plant and equipment of Jingqiao Power were also used in the construction of Jingqiao Project Phase II, the depreciation of such assets amounting RMB2,517,000 for the six month period ended June 30, 2011 was capitalized as part of the construction in progress.

16. INTANGIBLE ASSETS

	Concession rights	Operation rights	Patents	Software	Development cost	Total
	RMB'000 (Note (b))	*RMB'000 (Note (c))*	*RMB'000 (Note (d))*	*RMB'000*	*RMB'000 (Note (d))*	*RMB'000*
THE GROUP						
COST						
At January 1, 2008	711,171	34,000	46,727	325	—	792,223
Additions	918,135	96,000	—	140	30,841	1,045,116
At December 31, 2008	1,629,306	130,000	46,727	465	30,841	1,837,339
Additions	2,375,681	—	—	231	—	2,375,912
Disposals	—	—	—	(288)	—	(288)
Disposal of subsidiaries (Note 2(c))	—	—	(46,727)	—	(30,841)	(77,568)
At December 31, 2009	4,004,987	130,000	—	408	—	4,135,395
Additions	—	10,134	—	378	—	10,512
Adjustments (Note (f))	(186)	—	—	—	—	(186)
Disposals	—	—	—	(140)	—	(140)
Reclassified as held for sale (Note (e))	—	—	—	(85)	—	(85)
At December 31, 2010	4,004,801	140,134	—	561	—	4,145,496
Additions	—	—	—	248	—	248
Adjustments (Note (f))	9,225	—	—	—	—	9,225
At June 30, 2011	4,014,026	140,134	—	809	—	4,154,969
AMORTIZATION						
At January 1, 2008	25,278	—	13,996	59	—	39,333
Provided for the year (Note 11)	37,946	—	2,337	96	—	40,379
At December 31, 2008	63,224	—	16,333	155	—	79,712
Provided for the year (Note 11)	74,830	1,275	2,359	79	—	78,543
Eliminated on disposals	—	—	—	(87)	—	(87)
Disposal of subsidiaries (Note 2(c))	—	—	(18,692)	—	—	(18,692)
At December 31, 2009	138,054	1,275	—	147	—	139,476
Provided for the year (Note 11)	198,065	1,700	—	68	—	199,833
Eliminated on disposals	—	—	—	(140)	—	(140)
Reclassified as held for sale (Note (e))	—	—	—	(1)	—	(1)
At December 31, 2010	336,119	2,975	—	74	—	339,168
Provided for the period (Note 11)	100,142	846	—	62	—	101,050
At June 30, 2011	436,261	3,821	—	136	—	440,218
CARRYING VALUES						
At December 31, 2008	1,566,082	130,000	30,394	310	30,841	1,757,627
At December 31, 2009	3,866,933	128,725	—	261	—	3,995,919
At December 31, 2010	3,668,682	137,159	—	487	—	3,806,328
At June 30, 2011	3,577,765	136,313	—	673	—	3,714,751

Notes:

(a) Intangible assets, other than development cost, have finite useful lives and are amortized on a straight-line basis over the following rates:

Concession rights	5.00%
Operation rights	3.30%
Patents	5.00%
Software	20.0% to 50.0%

(b) The Group provides construction services to build up the wind power facilities and generates electricity under the concession rights. The Group recognizes the concession rights as intangible assets according to the fair value of the construction services on related assets. These concession rights amortized according to the respective beneficial periods.

(c) Operation rights represent governmental permits or contractual arrangements which grant the operators to construct and operate power facilities. Those operation rights are amortized on straight-line basis according to the estimated beneficial period of such facilities.

(d) Patents are acquired from third parties relating to the development of automobile energy saving products and development cost represents the expenditures for the development of automobile energy saving technologies. Both the patents and development cost were held by a subsidiary which was disposed of during the year ended December 31, 2009 as set out in Note 2(c).

(e) The net book value amounted to RMB84,000 (Note 32) has been classified as the "asset classified as held for sale."

(f) The fair values of construction services provided pursuant to the wind farm concession arrangements are subject to management's estimation on the values of services sub-contracted to third parties. During the year ended December 31, 2010 and six months ended June 30, 2011, changes of estimation of RMB186,000 and RMB9,225,000, respectively, were incurred when the Group finalized the construction costs with sub-contractors.

17. GOODWILL

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Cost and carrying value				
At the beginning of the year/period	12,636	12,636	—	—
Disposal of subsidiaries (Note 2(c))	—	(12,636)	—	—
At the end of the year/period	12,636	—	—	—

This goodwill is attributable to the Company's interests in Beijing Jiajie Boda Automobiles energy Saving Technology Co., Ltd. which was transferred out on December 31, 2009 as set out in Note 2(c) and the goodwill was derecognized accordingly.

For the purposes of impairment testing, goodwill set out above has been allocated to one individual cash generating unit ("CGU"). During the year ended December 31, 2008, the Directors determined that there was no impairment of the CGU. The basis of the recoverable amount of the above CGU and their major underlying assumptions are summarized below.

The recoverable amount had been determined based on a value-in-use calculation. That calculation used cash flow projections based on financial budgets approved by management covering a five year period and discount rate of 10%. The growth rate used was based on management's best estimation on growth forecasts and did not exceed the average long-term growth rate for the relevant markets. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which included budgeted sales and gross margin. Such estimation was based on the unit's past performance and management's expectations for the market development. The Directors believed that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount.

18. PREPAID LEASE PAYMENTS

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Land in the PRC held under medium-term shown in the Financial Information:				
Non-current	21,554	44,121	58,707	85,811
Current	703	1,040	1,294	2,965
	22,257	45,161	60,001	88,776

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Land in the PRC held under medium-term shown in the Financial Information:				
Non-current	—	—	1,436	1,436
Current	—	—	29	29
	—	—	1,465	1,465

19. INVESTMENTS IN SUBSIDIARIES/LOANS TO SUBSIDIARIES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Unlisted registered capital, at cost	150,015	3,343,524	4,438,366	4,862,632
Loans to subsidiaries				
— Current	—	—	—	1,320,754
— Non-current	73,276	—	—	—

The loans to subsidiaries are unsecured and bear interest at rate promulgated by the People's Bank of China ("PBOC"). The maturity terms for loans to subsidiaries as at June 30, 2011 were all within one year.

20. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Investments in associates

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Unlisted equity investments, at cost	147,008	1,293,755	947,681	947,681
Share of post-acquisition profits (losses) and other comprehensive income (losses), net of dividend declared	39,914	(2,718)	172,670	250,968
	186,922	1,291,037	1,120,351	1,198,649
THE COMPANY				
Unlisted equity investments, at cost	127,009	1,273,755	947,681	947,681

The summarized financial information in respect of the Group's associates which are accounted for using the equity accounting method is set out below:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Non-current assets	619,900	29,066,377	28,529,694	29,733,740
Current assets	793,418	3,918,589	3,191,580	4,171,002
Non-current liabilities	130,503	12,208,293	8,769,814	10,587,614
Current liabilities	791,794	10,894,620	13,805,360	13,485,836

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
THE GROUP					
Revenue	1,549,327	7,391,157	8,586,570	4,389,509	4,570,775
Total comprehensive income for the year/period	23,620	524,953	402,860	296,877	394,080

(b) Loans to associates

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Loans to associates	84,949	110,582	109,961	123,440
THE COMPANY				
Loans to associates	84,949	110,582	109,440	123,440

The loans to associates of the Group and the Company are unsecured and bear interest at the rate promulgated by the People's Bank of China ("PBOC"). The Directors did not expect the repayments would be made within one year at the end of each reporting period, and accordingly the amounts were classified as non-current. The Directors represented that all the associates are not the connected person of the Group and thus the provision of loans to them will not constitute continuing connected transactions under Chapter 14A of the Listing Rules.

21. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES/LOANS TO JOINTLY CONTROLLED ENTITIES

(a) Investments in jointly controlled entities

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Unlisted equity investments, at cost	135,000	105,000	192,000	192,000
Share of post-acquisition profits and other comprehensive income, net of dividend declared	20,288	1,885	8,745	7,464
	155,288	106,885	200,745	199,464
THE COMPANY				
Unlisted equity investments, at cost	130,000	105,000	192,000	192,000

The summarized financial information before non-controlling interests in respect of the Group's jointly controlled entities attributable to the Group's interest therein which are accounted for using the equity accounting method is set out below:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Non-current assets	151,750	429,970	1,022,977	1,184,782
Current assets	273,338	230,475	265,219	339,257
Non-current liabilities	94,935	198,000	839,745	1,029,335
Current liabilities	161,423	350,257	238,788	286,565

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
THE GROUP					
Revenue	462,283	28,838	31,759	17,913	17,008
Expenses	455,722	29,226	31,045	15,295	18,557
Total comprehensive income (loss) for the year/period	5,870	3,288	599	366	(1,293)

(b) Loans to jointly controlled entities

	At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Loans to jointly controlled entities				
Non-current	56,829	46,942	—	—
Current	—	—	40,604	—

	At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011
	RMB'000	RMB'000	RMB'000	RMB'000
THE COMPANY				
Loans to jointly controlled entities				
Non-current	46,829	46,942	—	—
Current	—	—	40,604	—

The loans to joint controlled entities of the Group and the Company are unsecured and bear interest at the rate promulgated by the PBOC.

22. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognized and movements thereon during the Relevant Periods:

	Tax loss	Impairment on doubtful receivables	Impairment on property, plant and equipment	Trial run profit (Note a)	Deferred income related to clean energy production	Unpaid employee payroll (Note b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP							
At January 1, 2008	422	690	—	—	—	—	1,112
Credit (charge) to profit or loss (Note 10)	1,797	—	—	(2,327)	4,326	—	3,796
At December 31, 2008	2,219	690	—	(2,327)	4,326	—	4,908
(Charge) credit to profit or loss (Note 10)	(2,219)	(690)	3,088	24,504	1,124	—	25,807
At December 31, 2009	—	—	3,088	22,177	5,450	—	30,715
Credit (charge) to profit or loss (Note 10)	6,238	1,575	(3,088)	23,063	17,194	2,836	47,818
At December 31, 2010	6,238	1,575	—	45,240	22,644	2,836	78,533
(Charge) credit to profit or loss (Note 10)	(2,099)	—	—	4,053	(22,332)	1,718	(18,660)
At June 30, 2011	4,139	1,575	—	49,293	312	4,554	59,873

Notes:

(a) The revenue and cost generated from trial run of property, plant and equipment were credited and debited respectively in the property, plant and equipment but the profit margin is subject to PRC enterprise income tax and results in a temporary difference. The trial run profit resulted in the tax bases of the related property, plant and equipment to be higher than their carrying value on the statements of financial position in accounting, which the entity can receive more deductible deprecation charging to the tax profit to save the future income tax expense during the useful life of the related property, plant and equipment. Accordingly the deferred tax assets/(liabilities) are recognized from the trial run profit/(loss).

(b) Starting from January 1, 2010, employee payrolls accrued but unpaid at the end of the financial year will not be deductible for PRC enterprise income tax purpose until the allowed amount is paid.

For the purpose of consolidated statements of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Deferred tax assets	4,908	30,715	82,719	63,889
Deferred tax liabilities	—	—	(4,186)	(4,016)
	4,908	30,715	78,533	59,873

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Trial run profit	—	—	18,850	18,850
Tax loss	—	—	2,781	1,173
Impairment on doubtful receivables	—	—	1,565	1,565
Deferred tax assets	—	—	23,196	21,588

Details of tax losses and other temporary differences not recognized during the Relevant Periods are set out below:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Tax losses	34,530	32,274	60,190	14,473
Deductible temporary differences on:				
— Impairment on doubtful receivables	46,076	6,386	—	—
— Deferred income	50,000	56,746	5,971	—
— Others	5,208	—	—	—
	135,814	95,406	66,161	14,473
THE COMPANY				
Tax loss	14,746	16,374	4,284	—
Deductible temporary differences on:				
— Impairment on doubtful receivables	21,088	6,260	—	—
— Deferred income	50,000	47,369	—	—
— Others	3,307	—	—	—
	89,141	70,003	4,284	—

The Group and the Company have not recognized above tax losses and deductible temporary differences, because it is not probable the future taxable profits will be available in relevant subsidiaries to offset the tax losses and deductible temporary differences.

The unrecognized tax losses will expire as the following:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
2009	6,249	—	—	—
2010	3,776	3,776	—	—
2011	10,065	4,284	4,284	—
2012	5,223	—	—	—
2013	9,217	6,742	6,305	—
2014	—	17,472	9,744	149
2015	—	—	39,857	99
2016	—	—	—	14,225
	34,530	32,274	60,190	14,473
THE COMPANY				
2009	6,249	—	—	—
2010	3,776	3,776	—	—
2011	4,284	4,284	4,284	—
2012	—	—	—	—
2013	437	437	—	—
2014	—	7,877	—	—
2015	—	—	—	—
	14,746	16,374	4,284	—

23. LOAN RECEIVABLES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Loans to designated users, net of impairment	55,995	—	—	—
THE COMPANY				
Loans to designated users, net of impairment	48,393	—	—	—

Non-current loan receivables were mainly provided by local government agencies to designated users of relevant government funds through the Group, when the Company and relevant subsidiaries were non-incorporated state-owned enterprises. The Directors had assessed the recoverability of such balances and accumulated impairment amounted to RMB39,208,000 has been recognized at January 1, 2008 and December 31, 2008 for the Group and the Company.

Non-current loan receivables of the Group were unsecured, interest-bearing at the rate promulgated by the PBOC and no fixed term of repayment. In the opinion of the Directors, the receivables would not be repaid within one year from December 31, 2008. Those loan receivables were derecognized when the corresponding subsidiaries were transferred-out during the year ended December 31, 2009 as set out in Note 2(c).

Non-current loan receivables of the Company were unsecured, interest-bearing at the rate promulgated by the PBOC and no fixed term of repayment. In the opinion of the Directors, the receivables would not be repaid within one year from December 31, 2008. Those loan receivables of the Company were derecognized when the Company sold them to Yuan Shen Jie Neng, which has been transferred out as set out in Note 2(c) during the year ended December 31, 2009.

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Unlisted equity investments, at cost	695,924	88,048	98,048	98,048
Less: Impairment	3,307	—	—	—
	692,617	88,048	98,048	98,048
THE COMPANY				
Unlisted equity investments at cost	695,279	20,000	30,000	30,000
Less: Impairment	3,307	—	—	—
	691,972	20,000	30,000	30,000

The Group's and the Company's balances as at December 31, 2008 include the carrying value of 10.72% equity interest in Beijing Jingneng International amounting to RMB600,000,000. As set out in Note 2(b), BEIH transferred 9.28% equity interest of Beijing Jingneng International to the Company on December 31, 2009 and the Company has had significant influence to Beijing Jingneng International since then. Accordingly, the carrying value of the Beijing Jingneng International at December 31, 2009 amounting to RMB600,000,000 was transferred from available-for-sale financial assets to interests in associates subject to further equity accounting at Group level.

25. INVENTORIES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Materials and spare parts	11,373	34,151	35,103	37,255
Goods held by customers (note (a))	49,042	—	—	—
Goods held for sale (note (b))	25,426	881	—	—
	85,841	35,032	35,103	37,255
THE COMPANY				
Materials and spare parts	950	—	376	—
Goods held for sale	5,454	881	—	—
	6,404	881	376	—

Notes:

(a) To facilitate the promotion of clean energy initiated by the World Bank, Yuan Shen Jie Neng has supplied certain energy saving equipment to its customers. The risk and rewards of these equipments would only be transferred to the customers when the energy saving functions of these equipments were tested to be satisfactory by the customers. Inventories at cost amounting to RMB49,042,000, at December 31, 2008 were supplied to the customers pending for the testing procedures. The outstanding inventories held by customers under this circumstances were derecognized when Yuan Shen Jie Neng was transferred out on December 31, 2009 as set out in Note 2(c).

(b) The Group's goods held for sale at December 31, 2008 included items of RMB1,901,000, stating at net realizable value.

26. TRADE AND BILL RECEIVABLES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Trade receivables	315,171	841,042	1,151,019	719,188
Bill receivables	921	8,745	6,472	13,834
	316,092	849,787	1,157,491	733,022
Less: allowance for doubtful receivables	14,374	—	134	134
	301,718	849,787	1,157,357	732,888
THE COMPANY				
Trade receivables	21,017	11,532	42,111	13,512
Bill receivables	681	785	—	—
	21,698	12,317	42,111	13,512

The following is an aged analysis of the Group's trade and bill receivables net of allowance for doubtful receivables by invoice date at the end of each reporting period:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 60 days	255,775	679,370	831,888	411,956
61-365 days	36,274	170,220	323,436	314,562
1-2 years	3,652	197	2,167	6,504
2-3 years	6,770	—	—	—
Over 3 years	13,621	—	—	—
	316,092	849,787	1,157,491	733,022
Less: allowance for doubtful receivables	14,374	—	134	134
	301,718	849,787	1,157,357	732,888

The Group's major customers are the PRC state-owned grid companies with good credit rating.

The common credit terms granted to the PRC state-owned grid companies on the sale of electricity and heat energy are 30 to 60 days, except for the wind power price premium to be collected from the PRC state-owned grid companies will normally be due within 1 year. Sale of other goods not having a specific credit terms will normally be recovered within 1 year.

The balance of allowance for doubtful receivables as at December 31, 2008 represents the allowance for doubtful receivables due from customers other than electricity and heat energy sales.

The Directors closely monitors the trade receivables and considers the trade receivables past due but not impaired will be insignificant and the Group does not hold any collateral over those balances. The Directors consider that there is no impairment in view of the continuing repayment from those customers.

The aged analysis of trade receivables which are past due but not impaired is as follows:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
1-2 years	—	197	2,167	6,504

Bill receivables are mainly issued by the PRC state-owned grid companies and guaranteed by the PRC banks with good credit rating.

At December 31, 2008, 2009 and 2010 and June 30, 2011, trade receivables amounting to nil, RMB13,793,000, RMB40,587,000 and RMB31,329,000 are pledged for bank borrowings set out in Note 34(f).

Movements in the allowance of doubtful receivables are set out as follows:

	Year ended December 31,			Six months ended June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
At the beginning of the year/period	14,406	14,374	—	134
Provided during the year/period	—	—	134	—
Reversed during the year/period	(32)	(3,035)	—	—
Disposal of subsidiaries (Note 2(c))	—	(11,339)	—	—
At the end of the year/period	14,374	—	134	134

27. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Other receivables and deposits, net of impairment (note (a))	109,187	65,876	100,108	146,907
Advances to suppliers (note (b))	17,285	19,543	5,619	44,755
	126,472	85,419	105,727	191,662
THE COMPANY				
Other receivables and deposits, net of impairment	7,159	5,462	10,741	36,691
Advances to suppliers	702	44	2,647	8,034
	7,861	5,506	13,388	44,725

Notes:

(a) The increase in the balance as at June 30, 2011 was mainly due to the receivables from CERs income.

(b) The increase in the balance as at June 30, 2011 was mainly due to the increase in the prepayment for the future maintenance in power plants.

Movements in the impairment of other receivables are set out as follows:

	Year ended December 31,			Six months end June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
At the beginning of the year/period	29,886	29,955	6,385	6,260
Recognized during the year/period	217	3,927	—	—
Write off	(148)	—	(125)	—
Disposal of subsidiaries (Note 2(c))	—	(27,497)	—	—
At the end of the year/period	29,955	6,385	6,260	6,260
THE COMPANY				
At the beginning of the year/period	16,151	16,341	6,260	6,260
Recognized during the year/period	190	2,247	—	—
Write off	—	(12,328)	—	—
At the end of the year/period	16,341	6,260	6,260	6,260

28. VALUE-ADDED TAX RECOVERABLE

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Value-added tax recoverable, classified as:				
— Current	2,584	178,763	245,434	258,259
— Non-current	—	535,590	562,456	494,746
	2,584	714,353	807,890	753,005

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Value-added tax recoverable, classified as:				
— Current	—	18,266	35,180	29,249
— Non-current	—	63,576	14,912	464
	—	81,842	50,092	29,713

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax promulgated on November 10, 2008, starting from January 1, 2009, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets. Accordingly, the value-added tax paid by the Group on acquisition of the property, plant and equipment and service concession assets are recognized as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arouse on future revenue. Value-added tax recoverable will be classified as current if it would probably be set off by value-added tax payable related to the revenue incurred in the next 12 months.

29. HELD-TO-MATURITY FINANCIAL ASSET

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Held-to-maturity financial asset, classified as current	20,000	—	—	—

Held-to-maturity financial asset is a seven-year PRC treasury bill investment and bears effective interest rate of 2.93% per annum. This financial asset was matured and settled on December 6, 2009.

30. RESTRICTED BANK DEPOSITS

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Restricted bank deposits for a designated fund (note (a))	71,241	—	—	—
Restricted bank deposits for a letter of credit (note (b))	13,828	13,828	—	—
Other restricted bank deposits	2,146	2,389	—	—
	87,215	16,217	—	—
Presented in the Financial Information as:				
Non-current	87,147	2,238	—	—
Current	68	13,979	—	—
	87,215	16,217	—	—
THE COMPANY				
Restricted bank deposits for credit cards presented in the Financial Information as current	68	151	—	—

Notes:

(a) Restricted bank deposits for a designated fund represent an escrow account deposit designated for repayment of a government loan as set out in Note 36.

(b) During the year ended December 31, 2008, the Group entered into an equipment maintenance service agreement with a contractor for two years. In accordance with this agreement, the Group was required to provide a deposit, amounting to RMB13,828,000 as the pledge for payment. The corresponding bank deposits were presented as non-current assets as at December 31, 2008 and as current assets as at December 31, 2009.

The restricted bank deposits at the end of each reporting period carry interest at the following variable interest rates by reference to the deposit rate promulgated by the PBOC per annum:

	At December 31,			At June 30,
	2008	2009	2010	2011
Range of interest rates per annum				
The Group and the Company	1.71% to 4.14%	1.71% to 2.25%	N/A	N/A

31. CASH AND CASH EQUIVALENTS

The Group's and the Company's cash and cash equivalents comprise cash on hand and deposits to banks and a related non-bank financial institution with an original maturity of three months or less. Deposits to banks and a related non-bank financial institution carry prevailing market interest rate.

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Bank deposits denominated in:				
— RMB	465,152	636,062	446,847	1,123,359
— Euro Dollar ("EUR")	1,114	16,914	8,162	15
Deposits in a related non-bank financial institution denominated in RMB	102,996	100,752	183,681	73,016
Cash on hand	251	171	135	137
	569,513	753,899	638,825	1,196,527
THE COMPANY				
Bank deposits denominated in:				
— RMB	10,632	61,689	4,624	91,233
Deposits in a related non-bank financial institution denominated in RMB	67,996	32,710	87,774	—
Cash on hand	3	2	5	1
	78,631	94,401	92,403	91,234

The Group and the Company had certain amount of deposit in BEIH Finance, a non-bank financial institution approved by China Banking Regulatory Commission. Such deposits were short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, accordingly, the balances at the end of each reporting period have been regarded as cash and cash equivalent. As at the Latest Practicable Date, we have no deposits in BEIH Finance.

The deposits in banks and a related non-bank financial institution at the end of each reporting period carrying interest at the following variable interest rates per annum:

	At December 31,			At June 30,
	2008	2009	2010	2011
THE GROUP				
Range of interest rates per annum	0.72% or 1.71%	0.36% or 1.35%	0.4% or 1.39%	0.5% or 1.49%
THE COMPANY				
Range of interest rates per annum	0.72% or 1.71%	0.36% or 1.35%	0.4% or 1.39%	0.5% or 1.49%

32. DISPOSAL GROUP HELD FOR SALE

On December 30, 2010, the directors resolved to dispose all equity interest held in a subsidiary, Shandong Jingneng Energy and an associate, Guodian Tangyuan. The Company has taken place to negotiate with a potential buyer. The assets and liabilities attributed to such entities, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). Shandong Jingneng Energy is included in other businesses for segment reporting purpose (see note 46). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized.

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	December 31, 2010
	RMB'000
Property, plant and equipment (Note 15(d))	222,808
Intangible assets (Note 16(e))	84
Prepaid lease prepayments	14,089
Inventories	5,507
Trade and bills receivable	35,409
Other receivables, deposits and prepayments	570
Cash and cash equivalents	1,765
Total assets of a subsidiary classified as held for sales	280,232
Investments in an associates classified as asset held for sales	2,166
Total assets classified as held for sales	282,398
Trade and other payables	17,220
Bank and other borrowings	152,956
Deferred Income (Note 35)	5,971
Total liabilities classified as held for sales	176,147

33. TRADE AND OTHER PAYABLES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Bills payable (Note a)	—	—	694,411	48,000
Trade payables	1,016,249	1,459,391	819,950	559,018
Advance received from customers	3,878	9,690	9,830	—
Salary and staff welfares	13,699	19,639	37,827	34,984
Non-income tax related tax payables	39,221	30,334	35,889	2,270
Accrued interests payable	7,691	10,081	14,964	19,309
Dividends payables	10,003	—	—	17,455
Other payables	31,412	34,362	31,449	38,161
Other current liabilities (Note b)	195,169	—	—	—
	1,317,322	1,563,497	1,644,320	719,197
THE COMPANY				
Trade payables	51,680	216,315	111,316	66,717
Advance received from customers	2,178	—	—	1,387
Salary and staff welfares	1,095	4,025	1,500	521
Non-income tax related tax payables	3,735	2	1,703	5,868
Other payables	10,777	398	6,894	—
Other current liabilities (Note b)	90,207	—	—	—
	159,672	220,740	121,413	74,493

Notes:

(a) Including in the balances at December 31, 2010 and at June 30, 2011 are bank acceptance notes issued to a fellow subsidiary of the Group amounting to RMB470,000,000 and 48,000,000, respectively.

(b) Other current liabilities were designated funds received from government which provided to the Group or the Company for various projects when the Company and relevant subsidiaries were non-incorporated state-owned enterprises and related governmental mechanism existed. The projects were designated by various government agencies and to entrust the Group and the Company to transfer those funds to the designated users. Therefore, the Group and the Company accounted for the relevant investments as loan receivables and the funds received from government agencies as other current liabilities. During the year ended December 31, 2009, RMB81,416,000 payable of the Company was approved by BEIH to be transferred to capital reserve (see Note 38). The remaining designated funds were derecognized when subsidiaries holding these funds were transferred to BEIH as set out in Note 2(c).

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs, as well as payable for property, plant and equipment and relevant retention payables. The Group normally settles the trade payable related to gas purchase within 30 days, settles the trade payable related to equipment purchase and construction cost, according to related contractual arrangements which normally requires progress payments during the construction period and a final payment after construction cost verified by independent valuer.

The following is an aged analysis of the Group's trade payables by invoices date at the end of each reporting period:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	128,418	124,246	39,691	48,209
31-365 days	823,191	1,256,965	447,513	163,178
1-2 years	51,392	52,748	289,980	252,654
2-3 years	12,877	20,841	24,333	87,126
Over 3 years	371	4,591	18,433	7,851
	1,016,249	1,459,391	819,950	559,018

34. BANK AND OTHER BORROWINGS

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Bank loans	4,838,000	8,180,178	8,251,737	12,848,651
Other borrowings from:				
— ultimate holding company (Note (a))	—	1,950,000	1,665,000	—
— a related non-bank financial institution (Note (b))	1,570,000	1,730,000	1,698,000	—
— other non-related entity (Note (c))	—	200,000	—	—
— local government (Note (d))	104,945	—	—	—
	6,512,945	12,060,178	11,614,737	12,848,651
Represented by:				
— Unsecured borrowings (Note (e))	6,412,945	11,719,178	11,288,737	12,532,651
— Secured borrowings (Note (f))	100,000	341,000	326,000	316,000
	6,512,945	12,060,178	11,614,737	12,848,651
Bank and other borrowings repayable:				
— Within one year	2,718,222	3,599,122	2,731,300	5,416,024
— More than one year but not exceeding two years	993,068	665,583	2,035,777	1,257,523
— More than two years but not exceeding three years	623,122	1,675,993	2,146,777	1,332,130
— More than three years but not exceeding five years	844,733	1,846,620	998,553	1,096,403
— More than five years	1,333,800	4,272,860	3,702,330	3,746,571
	6,512,945	12,060,178	11,614,737	12,848,651
Less: Amount due within one year shown under current liabilities	2,718,222	3,599,122	2,731,300	5,416,024
Amount due after one year	3,794,723	8,461,056	8,883,437	7,432,627

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Unsecured loans from:				
— Banks	488,000	960,000	660,000	2,033,000
— a related non-bank financial institution	250,000	—	—	—
	738,000	960,000	660,000	2,033,000
Bank and other borrowings repayable:				
— Within one year	280,000	180,000	200,000	1,573,000
— More than one year but not exceeding two years	30,000	240,000	—	—
— More than two years but not exceeding three years	30,000	75,000	—	—
— More than three years but not exceeding five years	80,000	155,000	—	—
— More than five years	318,000	310,000	460,000	460,000
	738,000	960,000	660,000	2,033,000
Less: Amount due within one year shown under current liabilities	280,000	180,000	200,000	1,573,000
Amount due after one year	458,000	780,000	460,000	460,000

Notes:

(a) The loans were provided by BEIH in the form of entrusted loans through banks. Except that a loan amounting to RMB150,000,000 is with the annual fixed interest rate of 5.14%, all the other loans are unsecured and carried at variable interest rate by reference to the interest rate promulgated by the PBOC. Among these loans as at December 31, 2009, RMB150,000,000 was repayable in 2010, RMB1,100,000,000 was repayable in 2012 and RMB700,000,000 was repayable in 2014. However, the Group early repaid all remaining loans before June 30, 2011 for listing purpose. During the Relevant Periods, the interest expenses attributed to above entrusted loan were RMB nil, RMB534,000, RMB102,879,000 and RMB20,064,000 for the year ended by December 31, 2008, 2009 and 2010 and the six month ended June 30, 2011, respectively.

(b) Other borrowings from a related non-bank financial institution represented loans from BEIH Finance. The loans were unsecured, carried interest at beneficial rates higher than 90% of the prevailing interest rates promulgated by PBOC and variable by reference to the interest rates promulgated by PBOC. The loans were repayable no more than three years. However, the Group early repaid all remaining loans before June 30, 2011 for listing purpose. During the Relevant Periods, the interest expenses attributed to above loans from BEIH Finance were RMB56,529,000, RMB83,285,000, RMB93,037,000 and RMB28,393,000 for the three years ended by December 31, 2008, 2009 and 2010 and the six month ended June 30, 2011, respectively.

(c) The amount represented the loan from 安徽國元信託投資有限公司 (Anhui Guoyuan Trust and Investment Co., Ltd, English name for identification purpose), an independent third party. It was unsecured, carried interest at rate of 5.58% per annum and was mature and repaid in January 2010.

(d) Other borrowing from local government represented the loan from the Finance Bureau of Beijing Government under a financial program between PRC government and the World Bank in order to promote energy efficiency. Under that loan arrangement in 1998, the Finance Bureau of Beijing Government provided a loan of US$21,000,000 to Yuan Shen Jie Neng. The loan was secured by restricted bank deposits for a designated fund as mentioned in Note 30, and carried interest rate by reference to the London Interbank offered Rate ("LIBOR") and was repayable on May 15, 2018. As set out in Note 2(c), Yuan Shen Jie Neng was transferred to BEIH on December 31, 2009 and accordingly the Group derecognized the corresponding financial liability.

(e) The Group's guaranteed borrowing in the unsecured borrowings include:
   (i) the borrowings with the balances amounting to RMB4,250,000,000, RMB6,554,178,000, RMB97,500,000 and RMB65,000,000 as at December 31, 2008, 2009 and 2010 and June 30, 2011 respectively which were guaranteed by the entities not within the Group;
   (ii) the borrowings with the balances amounting to nil, nil, RMB2,264,737,000 and RMB2,397,000,000 as at December 31, 2008, 2009 and 2010 and June 30, 2011 respectively which were guaranteed by the Company and the total guarantee provided by the Company including the unutilized guarantee is RMB3,007,000,000 (Note 41);

(f) The Group's secured borrowings were pledged by a right to receive the wind power electricity sale consideration in a subsidiary of New Energy, and guaranteed by New Energy as at December 31, 2010 and non-related entities as at December 31, 2008 and 2009. The relevant account receivable balances were nil, RMB13,790,000, RMB40,587,000 and RMB31,329,000 (Note 26) as at December 31, 2008, 2009 and 2010 and June 30, 2011, respectively.

The following is an analysis of the Group's and the Company's bank and other borrowings by variable and fixed interest rate:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Variable interest rate	6,312,945	11,140,178	10,864,737	12,078,651
Fixed interest rate	200,000	920,000	750,000	770,000
	6,512,945	12,060,178	11,614,737	12,848,651
THE COMPANY				
Variable interest rate	738,000	960,000	660,000	1,933,000
Fixed interest rate	—	—	—	100,000
	738,000	960,000	660,000	2,033,000

	Year ended December 31,			Six month ended June 30,
	2008	2009	2010	2011
Range of interest rates per annum:				
— Variable-interest borrowings	5.10% to 8.22%	4.39% to 7.47%	4.62% to 7.47%	4.85% to 7.14%
— Fixed-interest borrowings	5.04% to 7.2%	4.8% to 5.58%	4.78% to 5.14%	4.78% to 5.81%

35. DEFERRED INCOME

	Government grants and subsidies for		
	Clean energy production	Construction of assets	Total
	RMB'000 *(note (a))*	*RMB'000* *(note (b))*	*RMB'000*
THE GROUP			
At January 1, 2008	—	—	—
Additions	488,632	50,000	538,632
Released to profit or loss (Note 7)	(471,327)	—	(471,327)
At December 31, 2008	17,305	50,000	67,305
Additions	442,069	6,094	448,163
Released to profit or loss (Note 7)	(434,290)	(2,631)	(436,921)
At December 31, 2009	25,084	53,463	78,547
Additions	485,979	—	485,979
Released to profit or loss (Note 7)	(420,487)	(2,755)	(423,242)
Reclassified to liabilities held for sale (Note 32)	—	(5,971)	(5,971)
At December 31, 2010	90,576	44,737	135,313
Additions	242,068	—	242,068
Released to profit or loss (Note 7)	(329,235)	(1,316)	(330,551)
At June 30, 2011	3,409	43,421	46,830

	Government grants and subsidies for		
	Clean energy production	Construction of assets	Total
	RMB'000 *(note (a))*	*RMB'000* *(note (b))*	*RMB'000*
THE COMPANY			
At January 1, 2008	—	—	—
Additions	—	50,000	50,000
At December 31, 2008	—	50,000	50,000
Additions	7,484	—	7,484
Released to profit or loss	(7,484)	(2,631)	(10,115)
At December 31, 2009	—	47,369	47,369
Additions	11,760	—	11,760
Released to profit or loss	(11,760)	(2,632)	(14,392)
At December 31, 2010	—	44,737	44,737
Additions	17,792	—	17,792
Released to profit or loss	(15,630)	(1,316)	(16,946)
At June 30, 2011	2,162	43,421	45,583

Notes:

(a) During the Relevant Periods, the Group's gas and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognize receivable and deferred income when the Group obtains the relevant government approvals to allocate the subsidies. The deferred income will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities and at the pre-determined subsidized rate. The amounts released to profit or loss during the Relevant Periods are set out in Note 7.

(b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and will release to profit or loss to match with the depreciation of related assets. The amounts released to profit or loss during the Relevant Periods are set out in Note 7.

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Presented in the Financial Information as:				
THE GROUP				
Non-current	47,369	50,688	44,737	43,421
Current	19,936	27,859	90,576	3,409
	67,305	78,547	135,313	46,830
THE COMPANY				
Non-current	47,369	44,737	44,737	43,421
Current	2,631	2,632	—	2,162
	50,000	47,369	44,737	45,583

36. OTHER NON-CURRENT LIABILITIES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Designated fund for repayment of government's loan (note)	99,698	—	—	—
	99,698	—	—	—

Note:

The balance is related to the loan provided by the Financial Bureau of Beijing Government as set out in Note 34(d). In 1998, the government agency provided RMB65,000,000 as a designated fund to Yuan Shen Jie Neng and required Yuan Shen Jie Neng to deposit the fund in an escrow account (see Note 30(a)). The principal of the fund and its cumulative interest in the escrow account are designated in repayment of the local government loan. The balance represents the principal and cumulative interest of the above mentioned designated fund.

37. REGISTERED CAPITAL/SHARE CAPITAL

	Registered capital			Share capital	
	Year ended December 31,			Year ended December 31,	Six months ended June 30,
	2008	2009	2010	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	500,000	500,000	1,006,441	—	5,000,000
Cash contribution	—	506,441	159,771	—	—
Transformation into a joint stock company					
— Converted to share capital	—	—	(1,166,212)	1,166,212	—
— Capitalization of reserves	—	—	—	3,833,788	—
At end of the year/period	500,000	1,006,441	—	5,000,000	5,000,000

The amounts at December 31, 2008 and 2009 represented the registered and paid-in capital of Beijing Jingneng Energy Technology Investment Co., Ltd., while the amount at December 31, 2010 and June 30, 2011 represented the issued and fully paid share capital of the Company.

Notes:

(a) On April 30, 2009, the registered capital of the Company was increased from RMB500,000,000 to RMB1,000,000,000 by cash contribution of RMB400,000,000 from BEIH and capitalization of capital reserve of RMB100,000,000.

(b) On December 30, 2009, the registered capital of the Company was increased from RMB 1,000,000,000 to RMB1,006,441,000 by cash contribution from 北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd., English name for identification purpose) ("BIEE"), a company controlled by BEIH. BIEE contributed cash of RMB50,000,000 of which RMB6,441,000 was recorded as registered capital and the remaining RMB43,559,000 was recorded as capital reserve.

(c) On April 29, 2010, the registered capital of the Company was increased from RMB1,006,441,000 to RMB1,166,212,000 by cash contribution of a group of strategic investors (including a foreign financial investor). The group of strategic investors contributed cash of RMB1,243,731,000, of which RMB159,771,000 was recorded as registered capital and the remaining RMB1,083,960,000 was recorded as capital reserve.

(d) On August 25, 2010, the Company transformed into a joint stock company with limited liability. The initial share capital of the Company is RMB5,000,000,000 divided into 5,000,000,000 shares with the par value of RMB1 each. The share capital was paid up by capitalization of the registered capital of RMB1,166,212,000 and reserves of RMB3,833,788,000.

38. RESERVES

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Capital reserves	675,893	4,285,228	1,491,964	1,410,644
Statutory surplus reserve	3,296	12,824	8,331	43,245
Accumulated losses	(98,043)	(34,521)	(70,826)	243,399
	581,146	4,263,531	1,429,469	1,697,288

(a) Capital reserves

	RMB'000
THE COMPANY	
At January 1 and December 31, 2008	675,893
Capitalization of reserve as registered capital (Note 37(a))	(100,000)
Premium on increase in registered capital (Note 37(b))	43,559
Injection of Common Controlled Entities by BEIH (Note (i))	3,343,524
Transfer of additional interests in an associate held by BEIH (Note 2(b))	548,448
Injection of additional interests in a subsidiary (Note (ii))	15,348
Transfer of the Company's subsidiaries to BEIH (Note 2(c))	(322,960)
Payable waived by BEIH (Note (iii), note 33(b))	81,416
At December 31, 2009	4,285,228
Injection of Common Controlled Entities by BEIH (Note (i))	80,000
Premium on increase in registered capital (Note 37(c))	1,083,961
Transfer of Company's associate to BEIH (Note 2(d))	(12,000)
Adjustment on transferred equity interest (Note 2(b))	(145,731)
Transferred to share capital (Note 37(d))	(3,799,494)
At December 31, 2010	1,491,964
Acquisition of a subsidiary from BEIH (Note 2(a))	(81,320)
At June 30, 2011	1,410,644

Notes:

(i) The amount represents the fair value of the Common Controlled Entities transferred by BEIH to the Company as set out in Note 2(a).

(ii) In September 2009, the non-controlling shareholders of the Company's subsidiary, Yuan Shen Jie Neng, transferred their aggregated 25% equity interest in Yuan Shen Jie Neng at no consideration. The non-controlling shareholder is a state-owned entities under the administration of SASAC of Beijing. The amount represents the fair value of the non-controlling interests prior to this transfer.

(iii) During the year ended December 31, 2009, BEIH acts as the operator of state-owned assets entrusted by the government approved to recognize certain designated government funds, amounting to RMB81,416,000 as capital reserve.

(b) Statutory surplus reserve

	RMB'000
THE COMPANY	
At January 1, 2008	823
Appropriation to statutory surplus reserve	2,473
At December 31, 2008	3,296
Appropriation to statutory surplus reserve	9,528
At December 31, 2009	12,824
Capitalization of reserve on transformation into joint stock company (Note 37(d))	(34,294)
Appropriation to statutory surplus reserve	29,801
At December 31, 2010	8,331
Appropriation to statutory surplus reserve	34,914
At June 30, 2011	43,245

According to the relevant requirement in the memorandum of the Company, a portion of their profits after taxation computed in accordance with the PRC GAAP will be transferred to statutory surplus reserve. The transfer to this reserve must be made before the distribution of a dividend to equity owners. Such statutory surplus reserve can be used to offset the previous years' losses, if any and increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.

(c) Company's accumulated losses

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	(95,977)	(98,043)	(34,521)	(70,826)
Profit for the year/period	407	14,593	229,014	349,139
Appropriate to statutory surplus reserve	(2,473)	(9,528)	(29,801)	(34,914)
Transfer of additional interests in an associate held by BEIH (Note 2(b))	—	58,457	—	—
Dividend declared (Note 13(b))	—	—	(235,518)	—
At the end of the year/period	(98,043)	(34,521)	(70,826)	243,399

39. LEASE ARRANGEMENTS

The Group and the Company as a lessee

At the end of each reporting period, the Group and the Company had future minimum lease payments under non-cancelable operating leases in respect of leased properties as follows:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Within one year	18,006	18,006	600	4,633
In the second to fifth year inclusive	18,606	2,400	2,580	2,610
Beyond five years	11,523	9,723	8,943	8,613
	48,135	30,129	12,123	15,856

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Within one year	—	—	600	600
In the second to fifth year inclusive	—	—	2,580	2,610
Beyond five years	—	—	8,943	8,613
	—	—	12,123	11,823

Operating lease payments represent rentals payable by the Group and the Company for certain of its operating and office premises. Leases are negotiated for the term in the range of one to two years and rentals are fixed at the date of signing of lease except for a land lease of the Company with a term for 20 years.

40. COMMITMENTS

At the end of each reporting period, the Group and the Company had the following commitments:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for the acquisition or construction of property, plant and equipment for:				
— The Group	4,450,261	739,191	2,060,295	2,920,940
— The Company	10,395	8,880	513	18,958

41. CONTINGENT LIABILITIES

During the Relevant Periods, the Group and the Company provided guarantees in respect of bank facilities granted to an associate and a jointly controlled entity. The Company also provided guarantees in respect of bank facilities granted to certain subsidiaries. In the opinion of the Directors, the fair values of these financial guarantee contracts are insignificant at the date of issue of the financial guarantee.

The amounts of the outstanding guarantees provided by the Group and the Company at the end of each reporting period are as follows:

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Guarantee given to banks in respect of banking facilities granted to:				
— 北京華源熱力管網有限公司 (Beijing Huayuan Heating Pipeline Co., Ltd., English name for identification purpose) ("Huayuan Heating")	—	200,000	589,440	629,440
— 北京中油華富石油化工有限責任公司 (Beijing Zhongyou Huafu Petrochemical Co., Ltd., English name for identification purpose) ("Zhongyou Huafu")	40,000	40,000	—	—

At December 31, 2008, 2009 and 2010 and June 30, 2011, the unutilized guarantee facilities were RMB40,000,000, RMB30,000,000, RMB38,738,000 and nil respectively.

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
— Huayuan Heating	—	200,000	589,440	629,440
— Zhongyou Huafu	40,000	40,000	—	—
— Certain subsidiaries (Note 34(e)(ii))	—	—	2,731,167	3,007,000

At December 2008, 2009 and 2010 and June 30, 2011, the unutilized guarantee facilities were RMB40,000,000, RMB30,000,000, RMB505,168,000 and RMB609,760,000 respectively.

42. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 (unaudited) and 2011, total cost of RMB7,859,000, RMB11,905,000, RMB18,240,000, RMB4,471,000 and RMB9,529,000 respectively were charged to the profit or loss as retirement benefit scheme contributions.

The Group participates in retirement benefit schemes organized by the local government authority in the PRC. The local government authority in the PRC is responsible for managing the pension liabilities to these retired employees. For the pension liabilities to these retired employees, the Group is required to make monthly contributions at 20% of basic salary for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 and 2011.

43. RELATED PARTY BALANCES AND TRANSACTIONS

(a) For the Relevant Periods, the following parties are identified as related party to the Group and the respective relationships are set out below:

Name of related party	Relationship
BEIH	Ultimate holding company
BIEE	Fellow subsidiary
北京雷波泰克資訊技術有限公司 (Beijing Lei Bo Ke Information Technology Co., Ltd., English name for identification purpose) ("Lei Bo Tai Ke")	Fellow subsidiary
北京源拓物業管理有限公司 (Beijing Yuan Tuo Property Management Co., Ltd., English name for identification purpose) ("Yuan Tuo")	Fellow subsidiary
BEIH Finance	Fellow subsidiary
Beijing Jingneng International	Fellow subsidiary
長治市欣隆煤矸石電廠 (Changzhi Xin Long Gangue Power Plant, English name for identification purpose) ("Changzhi Xin Long")	Fellow subsidiary
北京京豐熱電有限責任公司 (Beijing Jingfeng Thermal Power Co., Ltd., English name for identification purpose) ("Jingfeng Thermal")	Fellow subsidiary
北京京西發電有限責任公司 (Beijing Jing Xi Power Generation Co., Ltd., English name for identification purpose) ("Jing Xi")	Fellow subsidiary
北京京能熱電股份有限公司 (Beijing Jing Neng Thermal Power Co., Ltd., English name for identification purpose) ("Jing Neng Thermal Power")	Fellow subsidiary
京能電力後勤服務有限公司 (Jing Neng Electricity Logistic Services Co., Ltd., English name for identification purpose) ("Jingneng Logistic")	Fellow subsidiary
內蒙古岱電房地產開發公司 (Inner Mongolia Dai Dian Real Estate Development Co., Ltd., English name for identification purpose) ("Dai Dian Real Estate")	Fellow subsidiary
內蒙古京能建築安裝工程有限公司 (Inner Mongolia Jing Neng Construction & Installation Engineering Co., Ltd., English name for identification purpose) ("Jing Neng Engineering")	Fellow subsidiary
Yuan Shen Jie Neng	Subsidiary (Before December 31, 2009)/ Fellow subsidiary (After December 31, 2009)
Bo Er Jie Neng	Subsidiary (Before December 31, 2009)/ Fellow subsidiary (After December 31, 2009)
Beijing Keliyuan	Associate (Before February 24, 2010)
Zhongyou Huafu	Associate (Before December 31, 2009)
北京特潔能環保技術發展有限公司 (Beijing Te Jie Neng Environment and Technology Development Co., Ltd., English name for identification purpose) ("Te Jie Neng")	Associate (Before December 31, 2009)
北京市天銀地熱開發有限責任公司 (Beijing Tian Yin Di Re Development Co., Ltd.) ("Tian Yin Di Re")	Associate

Name of related party	Relationship
全州柳鋪水電有限公司 (Quanzhou Liupu Hydropower Co., Ltd., English name for identification purpose) ("Quanzhou Liupu")	Associate
Huayuan Heating	Jointly controlled entity
北京市石油化工產品開發供應有限公司 (Beijing Petrochemical Products Development and Supply Co., Ltd., English name for identification purpose) ("Beijing Petrochemical")	Jointly controlled entity (Before December 31, 2009)
北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose) ("Huayuan Huizhong")	Jointly controlled entity
北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co, Ltd.) ("BDHG")	a non-controlling shareholder held approximately 20% equity interest in a subsidiary

(b) During the year ended December 31, 2010 and the six months ended June 30, 2010 and 2011, the Group entered into contracts to acquire property, plant and equipment from BIEE amounting to RMB1,608,923,000, RMB1,608,923,000 (unaudited) and nil, and the total amount of equipment and services provided by BIEE to the Group were RMB745,574,000, nil (unaudited) and RMB466,440,000 during the year end December 31, 2010 and the six months ended June 30, 2010 and 2011, respectively. At December 31, 2010 and at June 30, 2011, RMB160,834,000 and RMB133,428,000 was paid to BIEE and recognized as "deposit for acquisition of property, plant and equipment" on the consolidated statement of financial position.

(c) At the end of each reporting period, other than loans to subsidiaries as set out in Note 19, and receivables from associates and jointly controlled entities as set out in Notes 20 and 21, respectively and the deposit in a related non-bank financial institution as set out in Note 31, the Group and the Company have amounts receivable from the following related parties and the details are set out below:

The GROUP

Name of related party	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ultimate holding company:				
BEIH	165	319	2,106	—
Fellow subsidiaries:				
Lei Bo Tai Ke	1,782	1,203	—	—
Yuan Tuo	5,000	—	—	—
Yuan Shen Jie Neng[(i)]	—	86,562	—	—
BIEE	—	—	2,251	—
Changzhi Xin Long	—	—	1,519	—
Dai Dian Real Estate	—	—	10,364	—
BEIH Finance	—	—	—	2,512
	6,782	87,765	14,134	2,512
Associates:				
Beijing Keliyuan	1,005	—	—	—
Zhongyou Huafu	3,318	3,318	—	—
Te Jie Neng	3,400	3,400	—	—
Quanzhou Liupu	—	—	—	1,212
	7,723	6,718	—	1,212
Jointly controlled entities:				
Huayuan Heating	103	—	—	—
Beijing Petrochemical	—	5,695	—	—
	103	5,695	—	—
	14,773	100,497	16,240	3,724
Represented by:				
Trade receivables aged with within one year by invoice date	1,885	1,203	—	—
Non-trade receivables:				
—Dividend receivable from associates	7,723	6,718	—	—
—Dividend receivable from jointly controlled entities	—	5,695	—	—
—Interest receivable from associate	—	—	—	1,212
—Amount due from BEIH	165	319	2,106	—
—Amounts due from fellow subsidiaries	5,000	86,562	14,134	2,512
	14,773	100,497	16,240	3,724

Note:

(i) It was a subsidiary in 2008.

The balances were interest-free, unsecured and repayable on demand. The Directors will have settled all the non-trade nature balances and the financing nature balances with related parties before the Listing.

THE COMPANY

Name of related party	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ultimate holding company:				
BEIH	165	276	—	—
Fellow subsidiary:				
Yuan Shen Jie Neng	—	86,562	—	—
BEIH Finance	—	—	—	2,096
	—	86,562	—	2,096
Associates:				
Beijing Keliyuan	1,005	—	—	—
Zhongyou Huafu	3,318	3,318	—	—
Te Jie Neng	3,400	3,400	—	—
Quanzhou Liupu	—	—	—	1,212
	7,723	6,718	—	1,212
Jointly controlled entity:				
Beijing Petrochemical	—	5,695	—	—
	7,888	99,251	—	3,308

The balances were interest-free, unsecured and repayable on demand. The Directors will have settled all the non-trade nature balances and the financing nature balances with related parties before the Listing.

(d) At the end of each reporting period, other than bank acceptance notes issued to related party as set out in Note 33(a) and borrowings from ultimate holding company and related non-bank financial institution as set out in Note 34, the Group and the Company has amounts payable to the following related parties and the details are set out below:

THE GROUP

	At December 31,			At June 30,
Name of related party	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Ultimate holding company:				
BEIH	—	2,390	95,019	142,432
Fellow subsidiaries:				
Beijing Jingneng International	101,747	64,200	3,000	—
Jingfeng Thermal	89,528	22,377	23,858	27,808
Jing Neng Engineering	—	—	—	40
Lei Bo Tai Ke	8	14	—	—
BEIH Finance	1,955	5,292	2,729	—
BIEE	—	250	32,421	193,984
Jing Xi	—	25	358	635
Bo Er Jie Neng	—	—	220	—
	193,238	92,158	62,586	222,467
Associates:				
Beijing Keliyuan	13	—	—	—
Tian Yin Di Re	3,046	3,046	—	—
	3,059	3,046	—	—
Jointly controlled entity:				
Huayuan Huizhong	50,000	—	—	—
	246,297	97,594	157,605	364,899

THE GROUP

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Represented by:				
Trade payables aged within one year by invoice date	89,536	25,031	68,165	302,759
Non-trade payables	156,761	72,563	89,440	62,140
	246,297	97,594	157,605	364,899

The Directors will have settled all the non-trade payables and financing nature balances before the Listing.

THE COMPANY

Name of related party	At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011
	RMB'000	RMB'000	RMB'000	RMB'000
Ultimate holding company:				
BEIH	—	—	61,008	142,328
Subsidiaries:				
Yuan Shen Jie Neng	5,300	—	—	—
Bo Er Jie Neng	37,427	—	—	—
	42,727	—	—	—
Fellow subsidiaries:				
BIEE	—	—	393	393
Bo Er Jie Neng	—	—	220	—
	—	—	613	393
Associates:				
Beijing Keliyuan	15	—	—	—
Tian Yin Di Re	3,046	3,046	—	—
	3,061	3,046	—	—
Jointly controlled entity:				
Huayuan Huizhong	50,000	—	—	—
	95,788	3,046	61,621	142,721

The amounts due to related parties by the Group and the Company are unsecured, interest-free and repayable on demand.

(e) At the end of each reporting period, the Group has the following balances with government/government-related entities other than the balances disclosed above:

	At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bill receivables	122,300	637,915	1,150,774	652,738
Other receivables	1,504,462	1,326,077	98,367	65,011
Bank balances	454,682	720,843	311,929	600,456
Trade payables	925,525	602,108	414,824	253,929
Other payables	239,557	57,454	879	260
Bank borrowings	1,370,000	2,320,000	3,389,837	2,665,990
Other borrowings	104,945	—	—	—

(f) During the Relevant Period, other than interest income paid by related parties and interest expense charged by related parties as set out in Note 9 and Note 34, respectively the Group entered into the following significant transactions with its related parties:

Continuing transactions:

(i) Management services from related parties

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Jing Xi	955	1,419	2,751	455	1,672
BIEE	—	—	—	—	6,000
BEIH	—	—	23,600	—	—

(ii) Equipment maintenance services from related parties

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Jingfeng Thermal	—	4,750	7,218	2,030	3,967
BIEE	—	4,984	4,739	—	4,272

(iii) Conference service from a related party

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Jingneng Logistic	320	373	1,155	—	335

(iv) Rental expense as a lessee charged by related parties

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Jingfeng Thermal	3,593	8,065	8,065	4,020	4,000
BEIH	—	25	50	25	25

(v) Commission for entrusted loan service from a related non-bank financial institution

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
BEIH Finance	—	14,096	2,421	2,067	2,271

(vi) Electricity sold to a related party

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Jingfeng Thermal	—	—	11,583	—	—

(vii) Property management fee charged by a related party

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Jingneng Logistic	—	—	1,237	—	1,477

(viii) Heat energy sold to a connected person

Name of connected person	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
BDHG	86,605	297,676	313,664	204,719	203,724

The amount of the revenue to this connected person excludes the value added tax based on the 13% rate but includes the trial run revenue which has offset the construction in progress.

Discontinuing transactions:

(ix) purchase from related parties

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Jingfeng Thermal	11,981	14,795	22,752	20,842	—
Jing Neng Thermal Power (Note 7 (b))	57	—	42,082	—	—
Bo Er Jie Neng	—	—	220	—	—
BIEE	—	—	745,574	—	466,440
Dai Dian Real Estate	—	—	10,364	10,364	—

(x) services from related parties

Name of related party	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Jingfeng Thermal	37,186	26,543	—	—	—
Lei Bo Tai Ke	656	1,512	—	—	—

(xi) Rental expense as a lessee charged by a related party

Name of related party	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Jingfeng Thermal	18,606	18,606	—	—	—

(g) During the Relevant Periods, the Group entered into the following significant transactions with government-related entities other than the amounts disclosed above:

	At December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from sales of electricity	1,221,553	1,971,397	3,297,281	1,706,658	1,363,093
Revenue from sales of heat energy	79,066	357,007	355,888	266,060	225,959
Revenue from concession construction arrangements	918,135	2,341,546	—	—	—
Purchases	1,010,846	1,475,959	1,973,319	1,054,573	1,029,295
Interest income on bank balances	500	290	1,330	972	1,096
Interest expenses on bank borrowings	17,537	115,621	140,092	61,996	87,927

(h) Details of the remuneration paid and payable to the key management of the Company who are also the Directors for the Relevant Periods are set out in Note 12.

(i) Details of the guarantees provided to related parties are set out in Note 41.

(j) In addition, the Group also has entered into other various transactions with government-related entities in its ordinary course of business. In view of the insignificance of these transactions, the Directors are of the opinion that separate disclosure would not be meaningful.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debts, which includes the bank and other borrowings, amounts due to related parties, net of cash and cash equivalents and equity attributable to owners of the Company, comprising registered capital, reserves and retained profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital, and take appropriate actions to balance its overall capital structure.

45. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE GROUP				
Financial assets				
Available-for-sales financial assets	692,617	88,048	98,048	98,048
Loans and receivables (including cash and cash equivalents)	1,280,179	1,943,800	2,062,532	2,248,241
Held-to-maturity financial assets	20,000	—	—	—
Financial liabilities				
Financial liabilities at amortized cost	8,133,163	13,681,245	13,370,943	13,930,476

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
THE COMPANY				
Financial assets				
Available-for-sales financial assets	691,972	20,000	30,000	30,000
Loans and receivables (including cash and cash equivalents)	164,539	211,626	295,299	1,588,939
Financial liabilities				
Financial liabilities at amortized cost	987,547	1,183,084	841,331	2,243,709

The Group's and the Company's major financial instruments include trade, bill and other receivables, held-to-maturity financial assets, available-for-sale financial assets, restricted bank deposits, cash and cash equivalents, trade and other payables, loans to and amounts due from/to related parties and bank and other borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and foreign currency exchange rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over the Relevant Periods.

Interest rate risk management

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

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

The Group's fair value interest rate risk mainly included bank borrowings and held-to-maturity financial assets carried at fixed interest rate. The Company also exposed to fair value interest rate risk from its fixed-rate bank and other borrowings.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of each reporting period. For those financial instruments bearing prevailing interest rate, the analysis is prepared assuming the amount of balances outstanding at the end of each reporting period was outstanding for the whole year/ period. A 25 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 (unaudited) and 2011 would decrease (increase) by RMB4,855,000, RMB12,832,000, RMB20,036,000, RMB19,450,000 and RMB19,311,000 respectively.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 would decrease/increase by RMB994,000, RMB1,763,000, RMB1,150,000 and RMB3,122,000 respectively.

Foreign currency risk management

Currency risk

The Group has certain assets and liabilities, including other receivables, bank balances and cash (Note 31) and bank and other borrowings (Note 34) denominated in foreign currencies, hence risk exposure to exchange rate fluctuation arise.

The Group has not entered into any forward contract to hedge against these foreign currencies risk exposure. However, the management of the Group will consider to hedge these balances should the need arise.

Currency sensitivity

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

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Increase (decrease) in profit (US$)	3,734	4,424	—	—
Increase (decrease) in profit (EUR)	40	776	1,411	627

Credit risk management

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

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

Credit risk on trade receivables is concentrated on a limited number of power grids. However, the management, having considered the strong financial background and good creditability of the power grids, believes there is no significant credit risk. As at December 31, 2008, 2009, and 2010 and June 30, 2011, the Group has concentration of credit risk as 59%, 42%, 47% and 60% of total trade receivable is due from the Group's largest customer, respectively, and 93%, 95%, 97% and 93% were due from the five largest customers, respectively. The Group also has concentration of credit risk in relation to the loans to associates as loans are made to one to two associates only. The associates are engaged in managing and operating of hydropower and heat energy plants in the PRC.

As at December 31, 2008, 2009, and 2010 and June 30, 2011, the Company has concentration of credit risk as 72%, 79%, 97% and 97% of total trade receivable is due from the Company's largest customer, respectively, and 97%, 94%, 100% and 100% were due from the five largest customers, respectively.

The Company has concentration of credit risk in the loans to subsidiaries as at June 30, 2011 as well, among which there were approximately RMB817 million balance with New Energy and RMB401 million balance with 盈江華富水電開發有限公司 (Yingjiang Huafu

HydroPower Development Co., Ltd., English name for identification purpose only) ("Yingjiang huafu"), representing 62% and 30% of the total balance respectively.

The credit risk on liquid funds is limited because the counterparties are authorized financial institutions in the PRC.

In the view of the management of the Company, the credit risk on financial guarantee contract is limited, after considered the counterparties' strong financial capacity.

Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilization of bank borrowings from time to time.

The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. As at October 31, 2011, the Group has available unutilized banking facilities of RMB13,997,225,000.

The following table details the Group's and the Company's expected remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The amounts included in the following table for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group has net current liabilities as at December 31, 2008, 2009 and 2010 and June 30, 2011, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management regularly monitors the operating cash flow of the Group as well as the unused bank facilities to meet its liquidity requirements in the short and long term.

THE GROUP	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2008								
Trade and other payables	—	1,274,223	—	—	—		1,274,223	1,274,223
Bank and other borrowings-variable interest rate	6.66	2,854,807	1,212,727	788,962	1,195,615	1,664,709	7,716,820	6,312,945
Bank and other borrowings-fixed interest rate	6.12	212,240	—	—	—	—	212,240	200,000
Amounts due to related parties	—	246,297	—	—	—	—	246,297	246,297
Other non-current liability	4.85	3,153	3,153	3,153	6,306	107,580	123,345	99,698
Financial guarantee contracts[a]	—	—	40,000	—	—	—	40,000	—
		4,590,720	1,255,880	792,115	1,201,921	1,772,289	9,612,925	8,133,163
At December 31, 2009								
Trade and other payables	—	1,523,473	—	—	—	—	1,523,473	1,523,473
Bank and other borrowings-variable interest rate	5.93	3,405,851	993,142	2,088,571	2,771,019	5,159,692	14,418,275	11,140,178
Bank and other borrowings-fixed interest rate	5.19	797,767	167,776	—	—	—	965,543	920,000
Amounts due to related parties	—	97,594	—	—	—	—	97,594	97,594
Financial guarantee contracts[a]	—	40,000	10,000	20,000	170,000	—	240,000	—
		5,864,685	1,170,918	2,108,571	2,941,019	5,159,692	17,244,885	13,681,245
At December 31, 2010								
Trade and other payables	—	1,598,601	—	—	—	—	1,598,601	1,598,601
Bank and other borrowings-variable interest rate	5.56	2,676,129	2,318,931	2,467,826	1,465,772	4,422,803	13,351,461	10,864,737
Bank and other borrowings-fixed interest rate	5.09	638,175	157,635	—	—	—	795,810	750,000
Amounts due to related parties	—	157,605	—	—	—	—	157,605	157,605
Financial guarantee contracts[a]	—	209,442	20,000	70,000	154,000	135,998	589,440	—
		5,279,952	2,496,566	2,537,826	1,619,772	4,558,801	16,492,917	13,370,943

THE GROUP	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2011								
Trade and other payables	—	716,926	—	—	—	—	716,926	716,926
Bank and other borrowings-variable interest rate	5.95%	5,226,631	1,662,456	1,660,001	1,607,610	4,526,990	14,683,688	12,078,651
Bank and other borrowings-fixed interest rate	5.17%	809,789	—	—	—	—	809,789	770,000
Amounts due to related parties	—	364,899	—	—	—	—	364,899	364,899
Financial guarantee contracts[a]	—	60,000	77,700	134,900	86,800	270,040	629,440	—
		7,178,245	1,740,156	1,794,901	1,694,410	4,797,030	17,204,742	13,930,476

Note:

(a) The amount is including both the utilized amount and the unutilized amount.

THE COMPANY	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2008								
Trade and other payables	—	153,759	—	—	—	—	153,759	153,759
Bank and other borrowings-variable interest rate	6.12	316,598	57,112	55,276	145,729	386,116	960,831	738,000
Amount due to related parties		95,788	—	—	—	—	95,788	95,788
Financial guarantee contracts[(a)]	—	—	40,000	—	—		40,000	—
		566,145	97,112	55,276	145,729	386,116	1,250,378	987,547
At December 31, 2009								
Trade and other payables	—	220,038	—	—	—	—	220,038	220,038
Bank and other borrowings-variable interest rate	5.36	226,632	275,376	101,934	217,310	368,156	1,189,408	960,000
Amounts due to related parties	—	3,046	—	—	—	—	3,046	3,046
Financial guarantee contracts[(a)]	—	40,000	10,000	20,000	170,000	—	240,000	—
		489,716	285,376	121,934	387,310	368,156	1,652,492	1,183,084
At December 31, 2010								
Trade and other payables	—	119,710	—	—	—	—	119,710	119,710
Bank and other borrowings-variable interest rate	5.29	229,624	24,334	24,334	48,668	559,981	886,941	660,000
Amounts due to related parties	—	61,621	—	—	—	—	61,621	61,621
Financial guarantee contracts[(a)]	—	392,028	249,913	337,913	643,338	1,697,415	3,320,607	—
		802,983	274,247	362,247	692,006	2,257,396	4,388,879	841,331

THE COMPANY	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2011								
Trade and other payables	—	67,238	—	—	—	—	67,238	67,238
Bank and other borrowings-variable interest rate	5.66	1,540,729	26,039	26,039	52,077	499,058	2,143,942	1,933,000
Bank and other borrowings-fixed interest rate	5.81	105,810	—	—	—	—	105,810	100,000
Amounts due to related parties	—	142,721	—	—	—	—	142,721	142,721
Amounts due to a subsidiary	—	750	—	—	—	—	750	750
Financial guarantee contracts[(a)]	—	272,463	260,573	366,980	570,304	2,166,120	3,636,440	—
		2,129,711	286,612	393,019	622,381	2,665,178	6,096,901	2,243,709

Note:

(a) The amount is including the utilized amount and unutilized amount.

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The held-for-trading financial asset during the years ended December 31, 2008 and 2009 is measured with level 1 fair value measurements which are derived from quoted prices in active market for identical asset.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statements of financial position approximate their respective fair values at the end of each reporting period.

46. SEGMENT INFORMATION

After the reorganization set out in Note 2, the Group starts to manage its businesses by divisions, such as performs the monthly revenue analysis by segment which are organized by types of business from 2011. In order to present the segment information in a same rationale, the segment information for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 (unaudited) were presented in the same rationale according to the management internal report in year 2011, and were consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment during year 2011. The Group has presented the following reportable segments.

— Wind power: constructs, manages and operates wind power plants and generates electric power for sale to external customers.

— Gas-fired Power and Heat Energy Generation: manages and operates natural gas-fired power plants and generates electric power and heat energy for sale to external customers.

— Hydropower and others: manages and operates hydropower plants and sales of electricity generated to external customers and other businesses. Business activities other than "Wind power" and "Gas-fired Power and Heat Energy Generation" are grouped as a whole and named as "Hydropower and others", as they are not significant to the Group individually.

(a) Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segment revenue, result, assets, and liabilities for the Relevant Periods by operating segment is as follows:

	Wind power	Gas-fired Power and Heat Energy Generation	Hydropower and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2008				
Revenue from external customers				
Sales of electricity	114,118	1,093,414	14,021	1,221,553
Sales of heat energy	—	70,245	8,821	79,066
Others	1,187	59	36,653	37,899
Reportable segment revenue	115,305	1,163,718	59,495	1,338,518
Reportable segment profit[(a)]	32,340	186,108	21,332	239,780
Segment assets	4,111,045	5,224,197	1,869,044	11,204,286
Segment liabilities	2,807,557	3,811,697	1,629,329	8,248,583
Additional segment information:				
Depreciation	1,979	184,713	26,547	213,239
Amortization	38,017	456	1,906	40,379
Impairment loss[(c)]	—	—	(185)	(185)
Finance costs[(b)(c)]	27,092	137,785	49,471	214,348
Other income	24,004	472,331	5,907	502,242
Including:				
— Government grant related to clean energy production	—	471,327	—	471,327
— Income from CERs and VERs	12,746	—	—	12,746
— Others	11,258	1,004	5,907	18,169
Expenditures for reportable segment non-current assets	2,630,610	1,004,015	256,528	3,891,153

Notes:

(a) The segment profit is arrived at after the deduction of gas consumption, service concession construction costs, depreciation and amortization, personnel costs, repair and maintenance, other expenses, and other gains and losses from revenue and other income (excluding dividend from available-for-sale financial assets).

(b) Finance costs have been allocated among the segments for the additional information in the presentation of the segment information, but are not considered to arrive at the segment profit. However, the relevant borrowings have been allocated into the segment liabilities.

(c) Represent amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss.

	Wind power	Gas-fired Power and Heat Energy Generation	Hydropower and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2009				
Revenue from external customers				
Sales of electricity	364,077	1,545,725	61,595	1,971,397
Sales of heat energy	—	346,183	10,824	357,007
Others	3,723	1,200	76,445	81,368
Reportable segment revenue	367,800	1,893,108	148,864	2,409,772
Reportable segment profit (loss)[(a)]	184,289	286,542	(1,178)	469,653
Segment assets	10,453,615	5,188,555	1,358,116	17,000,286
Segment liabilities	8,677,509	3,684,133	738,059	13,099,701
Additional segment information:				
Depreciation	97,576	314,913	5,415	417,904
Amortization	76,686	466	1,391	78,543
Impairment loss[(c)]	—	(12,351)	(892)	(13,243)
Finance costs[(b)(c)]	119,966	161,824	17,411	299,201
Other income	46,789	522,918	10,539	580,246
Including:				
— Government grant related to clean energy production	7,484	426,806	—	434,290
— Income from CERs and VERs	25,867	88,369	6,411	120,647
— Others	13,438	7,743	4,128	25,309
Expenditures for reportable segment non-current assets	6,255,835	19,543	333,549	6,608,927
For the year ended December 31, 2010				
Revenue from external customers				
Sales of electricity	1,032,494	2,185,168	54,374	3,272,036
Sales of heat energy	—	368,595	—	368,595
Others	—	—	2,187	2,187
Reportable segment revenue	1,032,494	2,553,763	56,561	3,642,818
Reportable segment profit (loss)[(a)]	556,838	466,490	(51,927)	971,401
Reportable segment assets	11,512,585	5,293,085	1,583,852	18,389,522
Reportable segment liabilities	8,862,564	3,521,709	536,539	12,920,812
Additional segment information:				
Depreciation	223,738	319,588	14,958	558,284
Amortization	198,759	777	297	199,833
Finance costs[(b)(c)]	331,504	155,360	13,395	500,259
Other income	47,055	551,209	10,780	609,044
Including:				
— Government grant related to clean energy production	11,760	408,727	—	420,487
— Income from CERs and VERs	31,982	124,281	—	156,263
— Others	3,313	18,201	10,780	32,294
Expenditures for reportable segment non-current assets	1,168,002	125,027	282,236	1,575,265

	Wind power	Gas-fired Power and Heat Energy Generation	Hydropower and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the period ended June 30, 2010 (Unaudited)				
Revenue from external customers				
Sales of electricity	492,584	1,178,547	35,399	1,706,530
Sales of heat energy	—	265,241	—	265,241
Others	—	190	677	867
Reportable segment revenue	492,584	1,443,978	36,076	1,972,638
Reportable segment profit (loss)[(a)]	267,802	295,744	(14,091)	549,455
Reportable segment assets	10,884,257	4,696,646	2,367,276	17,948,179
Reportable segment liabilities	8,371,824	3,128,531	1,134,066	12,634,421
Additional segment information:				
Depreciation	102,793	158,219	1,790	262,802
Amortization	100,070	32	—	100,102
Impairment loss[(c)]	—	—	(13)	(13)
Finance costs[(b)(c)]	168,781	80,535	6,457	255,773
Other income	10,669	207,758	2,937	221,364
Including:				
— Government grant related to clean energy production	—	124,463	—	124,463
— Income from CERs and VERs	8,870	83,070	—	91,940
— Others	1,799	225	2,937	4,961
Expenditures for reportable segment non-current assets	423,007	34,845	204,324	662,176
For the period ended June 30, 2011				
Revenue from external customers				
Sales of electricity	608,719	1,034,340	1,875	1,644,934
Sales of heat energy	—	247,302	19	247,321
Others	—	—	—	—
Reportable segment revenue	608,719	1,281,642	1,894	1,892,255
Reportable segment profit (loss)[(a)]	338,728	382,420	(14,342)	706,806
Reportable segment assets	12,184,770	5,304,148	2,834,455	20,323,373
Reportable segment liabilities	9,144,403	3,423,053	1,980,372	14,547,828
Additional segment information:				
Depreciation	137,047	151,607	1,906	290,560
Amortization	101,023	26	1	101,050
Finance costs[(b)(c)]	204,134	73,044	6,577	283,755
Other income	17,847	409,358	2,096	429,301
Including:				
— Government grant related to clean energy production	15,629	313,606	—	329,235
— Income from CERs and VERs	—	95,600	—	95,600
— Others	2,218	152	2,096	4,466
Expenditures for reportable segment non-current assets	580,507	448,272	227,729	1,256,508

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4.

There were no inter-segment revenue during the Relevant Periods.

The relevant key financial data of the hydropower business such as the revenue, operation result, total assets, and total liabilities are listed below:

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Hydropower					
Segment revenue	1,399	5,502	5,315	2,117	1,875
Segment (loss) profit	(155)	1,669	1,501	382	374
Segment assets	358,350	792,594	1,168,321	1,144,395	1,279,682
Segment liabilities	144,500	499,016	639,180	696,880	891,540

(b) Reconciliations of segment revenue, results, assets and liabilities to the Financial Information

	Year ended December 31,			Six months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue					
Reportable segment revenue	1,338,518	2,409,772	3,642,818	1,972,638	1,892,255
Concession construction revenue	918,135	2,375,681	—	—	—
Consolidated revenue	2,256,653	4,785,453	3,642,818	1,972,638	1,892,255
Results					
Reportable segment profit	239,780	469,653	971,401	549,455	706,806
Unallocated					
Gain on capital contribution from the non-controlling interests in an associate and a jointly controlled entity	—	—	36,796	—	—
Dividend income from available-for-sale financial assets	1,721	2,126	847	847	2,096
Fair value changes on held-for-trading financial assets	2,563	5,521	—	—	—
Profit from operation	244,064	477,300	1,009,044	550,302	708,902
Interest income	21,912	17,974	12,707	6,385	9,178
Finance costs	(214,348)	(299,201)	(500,259)	(255,773)	(283,755)
Share of results of associates	9,933	15,559	55,151	53,312	78,298
Share of results of jointly controlled entities	7,628	5,105	440	365	(1,281)
Consolidated profit before taxation	69,189	216,737	577,083	354,591	511,342

	At December 31,			At June 30,
	2008	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Reportable segment assets	11,204,286	17,000,286	18,389,522	20,323,373
Inter-segment elimination	—	(330)	—	(1,321,256)
Unallocated assets:				
— Investments in associates	186,922	1,291,037	1,120,351	1,198,649
— Loans to associates	84,949	110,582	109,961	123,440
— Investments jointly controlled entities	155,288	106,885	200,745	199,464
— Loans to jointly controlled entities	56,829	46,942	40,604	—
— Held-to-maturity financial assets	20,000	—	—	—
— Deferred tax assets	4,908	30,715	82,719	63,889
— Available-for-sale financial assets	692,617	88,048	98,048	98,048
Different presentation on:				
— Value-added tax recoverable(Note (i))	2,584	714,353	807,890	753,005
— Accrued of unpaid land use right(Note (ii))	(7,600)	(13,908)	(580)	—
Consolidated total assets	12,400,783	19,374,610	20,849,260	21,438,612
Liabilities				
Reportable segment liabilities	8,248,583	13,099,701	12,920,812	14,547,828
Inter-segment elimination	—	(330)	—	(1,321,256)
Unallocated liabilities:				
— Income tax payable	2,046	9,251	43,495	15,066
— Deferred tax liabilities	—	—	4,186	4,016
Different presentation on:				
— Value-added tax recoverable(Note (i))	2,584	714,353	807,890	753,005
— Accrued of unpaid land use right(Note (ii))	(7,600)	(13,908)	(580)	—
Consolidated total liabilities	8,245,613	13,809,067	13,775,803	13,998,659

Notes:

(i) Value-added tax recoverables are net-off with value-added tax payables under segment information, but reclassified and presented as assets on the statement of financial position

(ii) The Group records prepayments related to land use rights as assets but records the full contract value for the segment analysis purpose.

All assets are allocated to reportable segments, other than available-for-sale financial assets, held-to-maturity financial assets, investments in associates and jointly controlled entities, loans to associates and jointly controlled entities and deferred tax assets; all liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities.

(c) Geographical information

All of the Group's revenue and non-current assets (non-current assets excluded deferred tax assets) are located in the PRC, therefore no geographic segment information was presented. The basis for attributing the revenue is based on the location of customers from which the revenue is earned, which are located in the PRC and the sales activities are made in the PRC.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB1,221,553,000, RMB1,971,397,000, RMB3,272,036,000, RMB1,706,530,000 and RMB1,644,934,000 for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 (unaudited) and 2011, respectively. Sales of electricity to the major customers for the three years ended December 31, 2010 and the six months ended June 30, 2010 (unaudited) and 2011 by segment were as follows:

	Year ended December 31,			Six Months ended June 30,	
	2008	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wind Power	114,118	364,077	1,032,494	492,584	608,719
Gas-fired Power and Heat Energy Generation	1,093,414	1,545,725	2,185,168	1,178,547	1,034,340
Hydropower and others	14,021	61,595	54,374	35,399	1,875
Total	1,221,553	1,971,397	3,272,036	1,706,530	1,644,934

47. SUBSIDIARIES

Throughout the Relevant Periods and as at the date of this report, the Company had the following subsidiaries:

Name of subsidiary	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid up share capital/ registered capital	Equity interest attributable to the Group					Principal activities
				At December 31,			At June 30,	At the date of this report	
				2008	2009	2010	2011		
Yuan Shen Jie Neng	April 5, 1996 PRC	PRC	RMB20,000,000	75%	—	—	—	—	Energy reduction service
Bo Er Jie Neng	September 18, 1997 PRC	PRC	RMB5,000,000	60%	—	—	—	—	Energy reduction service
Beijing Huayuangaojie Energy Supplying Technology Co., Ltd.	April 11, 2006 PRC	PRC	RMB18,000,000	80%	—	—	—	—	Hotel service
Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd.	December 20, 2001 PRC	PRC	RMB60,958,000	51%	—	—	—	—	Vehicle energy saving technology development
內蒙古京能科右中風力發電有限責任公司 (Inner Mongolia Jingneng Keyouzhong Wind Power Co., Ltd., English name for identification purpose) ("Keyouzhong Power")	March 11, 2010 PRC	PRC	RMB78,000,000	—	—	100%	100%	100%	Wind power generation
內蒙古京能旗杆風力發電有限公司 (Inner Mongolia Jingneng Qigan Wind Power Co., Ltd., English name for identification purpose) ("Qigan Power")	March 4, 2010 PRC	PRC	RMB73,000,000	—	—	100%	100%	100%	Wind power generation
松源京能新能源有限公司 (Songyuan Jingneng New Energy Ltd., English name for identification purpose) ("Songyuan New Energy")	October 14, 2009 PRC	PRC	RMB1,000,000	—	100%	—	—	—	Deregistration
Taiyanggong Power	October 13, 2005 PRC	PRC	RMB700,000,000	74%	74%	74%	74%	74%	Gas-fired Power and Heat Energy Generation
Jingqiao Power	December 20, 2003 PRC	PRC	RMB500,751,000	78%	78%	80.03%	80.03%	80.03%	Gas-fired Power and Heat Energy Generation
Jingfeng Power	September 10, 2003 PRC	PRC	RMB325,770,000	85%	100%	100%	100%	100%	Gas-fired Power and Heat Energy Generation

Name of subsidiary	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid up share capital/ registered capital	Equity interest attributable to the Group: At December 31, 2008	At December 31, 2009	At December 31, 2010	At June 30, 2011	At the date of this report	Principal activities
New Energy	September 3, 2003 PRC	PRC	RMB1,999,670,000	100%	100%	100%	100%	100%	Investment management, wind power generation
Shangdu Power	July 17, 2008 PRC	PRC	RMB207,520,000	100%	100%	100%	100%	100%	Wind power generation
Chayouzhong Energy	October 16, 2007 PRC	PRC	RMB313,641,000	100%	100%	100%	100%	100%	Wind power generation
Wulanyiligeng Power	May 12, 2008 PRC	PRC	RMB655,520,000	100%	100%	100%	100%	100%	Wind power generation
Xilinguole Power	April 19, 2007 PRC	PRC	RMB324,468,000	100%	100%	100%	100%	100%	Wind power generation
Huolinguole Power	October 24, 2007 PRC	PRC	RMB129,220,000	51%	100%	100%	100%	100%	Wind power generation
京能昌圖新能源有限公司 (Jingneng Changfu New Energy Co., Ltd., English name for identification purpose)	June 5, 2009 PRC	PRC	RMB108,000,000	—	100%	100%	100%	100%	Wind power generation
Shandong Jingneng Energy (Note (a))	May 10, 2007 PRC	PRC	RMB50,000,000	60%	60%	60%	—	—	Biomass energy generation
Sanlian Power	October 12, 2004 PRC	PRC	RMB155,690,000	100%	100%	100%	100%	100%	Water power generation
Beijing Huafu Energy	August 9, 2005 PRC	PRC	RMB199,170,000	100%	100%	100%	100%	100%	Investment management
Yingjiang Huafu	November 22, 2005 PRC	PRC	RMB198,170,000	100%	100%	100%	100%	100%	Water power generation
騰沖縣猴橋永興河水電開發有限公司 (Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd., English name for identification purpose) ("Tengchong HydroPower")	June 20, 2010 PRC	PRC	RMB51,300,000	—	—	100%	100%	100%	Water power generation
Balinyou Wind Power	November 5, 2007 PRC	PRC	RMB79,000,000	100% (Note 2(a))	100% (Note 2(a))	100% (Note 2(a))	100% (Note 2(a))	100%	Wind power generation
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Limited., English name for identification purpose only) ("Ningxia New Energy")	June 3, 2010 PRC	PRC	RMB126,700,000	—	—	100%	100%	100%	Wind power generation

Name of subsidiary	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid up share capital/ registered capital	Equity interest attributable to the Group At December 31, 2008	2009	2010	At June 30, 2011	At the date of this report	Principal activities
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd., English name for identification purpose only) ("Lingwu Wind Power")	October 10, 2010 PRC	PRC	RMB65,000,000	—	—	100%	100%	100%	Wind power generation
內蒙古京能巴音風力發電有限公司 (Inner Mongolia Jingneng Bayin Wind Power Co., Ltd., English name for identification purpose) ("Bayin Wind Power")	March 30, 2011 PRC	PRC	RMB5,000,000	—	—	—	100%	100%	Wind power generation
內蒙古京能烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wulan Wind Power Co., Ltd., English name for identification purpose) ("Wulan Wind Power")	March 15, 2011 PRC	PRC	RMB5,000,000	—	—	—	100%	100%	Wind power generation
內蒙古京能文貢烏拉風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd., English name for identification purpose) ("Wengong Wula Wind Power")	March 29, 2011 PRC	PRC	RMB65,000,000	—	—	—	100%	100%	Wind power generation
左雲京能風力發電有限責任公司 (Zuoyun Jingneng Wind Power Co., Ltd., English name for identification purpose) ("Zuoyun Jingneng Wind Power")	May 23, 2011 PRC	PRC	RMB3,000,000	—	—	—	100%	100%	Wind power generation
Gaoantun Power	December 30, 2010 PRC	PRC	RMB80,000,000	—	—	100% (Note 2(a))	100% (Note 2(a))	100%	Gas-fired Power and Heat Energy Generation

Note:

(a) This subsidiary of New Energy has been classified in to the disposal group held for sale. Please refer to Note 32 for more details.

The following subsidiaries have issued statutory financial statements which were prepared under PRC GAAP and audited by the respective firms of certified public accountants registered in the PRC during the Relevant Periods:

Name of subsidiary	Financial period covered	Name of auditor
Yuan Shen Jie Neng	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
Bo Er Jie Neng	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
Beijing Huayuangaojie Energy Supplying Technology Co., Ltd.	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
Beijing Jiajie Boda Automobiles Energy Saving Technology Co., Ltd.	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
Taiyanggong Power	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
	Year ended December 31, 2009	天健正信會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Jingqiao Power	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
	Year ended December 31, 2009	天健正信會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Jingfeng Power	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
	Year ended December 31, 2009	天健正信會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
New Energy	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Shangdu Power	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Chayouzhong Energy	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Wulanyiligeng Power	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Balinyou Wind Power	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司

Name of subsidiary	Financial period covered	Name of auditor
Xilinguole Power	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Huolinguole Power	Year ended December 31, 2008	興華會計師事務所
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Changtu Energy	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Shandong Jingneng Energy	Year ended December 31, 2008	天健光華(北京)會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Sanlian Power	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Beijing Huafu Energy	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Yingjiang Huafu	Year ended December 31, 2008	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2009	中瑞岳華會計師事務所有限公司
	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Keyouzhong Power	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Qigan Power	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Tengchong Power	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Ningxia New Energy	Year ended December 31, 2010	國富浩華會計師事務所有限公司
Lingwu Wind Power	Year ended December 31, 2010	國富浩華會計師事務所有限公司

48. ASSOCIATES

Throughout the Relevant Periods and as at the date of this report, the Group had the following incorporated associates:

Name of entity	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid up share capital/ registered capital	Equity interest attributable to the Group: At December 31, 2008	2009	2010	At June 30, 2011	At the date of this report	Principal activities
Beijing Jingneng International	January 16, 2007 PRC	PRC	RMB4,000,000,000	10.72%	20%	20%	20%	20%	Electric power and energy construction, investment management
Quanzhou Liupu	October 11, 2004 PRC	PRC	RMB25,000,000	40%	40%	40%	40%	40%	Water power project development and investment
國電湯原生物質發電有限公司 (Guodian Tangyuan Biomass Power Co., Ltd., English name for identification purpose) (Note a)	April 12, 2007 PRC	PRC	RMB50,000,000	40%	40%	40%	—	—	Resources of materials utilization and development
Tian Yin Di Re	September 7, 2001 PRC	PRC	RMB70,000,000	43%	43%	43%	43%	43%	Geothermal power development and heating
Te Jie Neng	November 14, 1995 PRC	PRC	RMB75,000,000	40%	—	—	—	—	Energy saving and environment protection technology development, sale of equipments
北京京東方真空電器有限公司 (Beijing Orient Vacuum Electronics Co., Ltd., English name for identification purpose)	September 14, 1998 PRC	PRC	RMB35,000,000	40%	—	—	—	—	Vacuum equipment production and sale
Beijing Keliyuan	October 1, 1987 PRC	PRC	RMB25,576,000	47%	47%	—	—	—	Power generation and heating
Zhongyou Huafu	March 9, 2001 PRC	PRC	RMB5,000,000	20%	—	—	—	—	Finished oil wholesale and retail
北京九環實業有限責任公司 (Beijing Jiu Huan Industry Co., Ltd., English name for identification purpose)	March 1, 1993 PRC	PRC	RMB24,689,000	44.44%	—	—	—	—	Sale of saving energy and saving material equipment

Note:

(a) The investment in this associate company has been classified into "assets classified as held for sale" as at December 31, 2010.

49. JOINTLY CONTROLLED ENTITIES

Throughout the Relevant Periods and as at the date of this report, the Group had the following incorporated jointly controlled entities:

Name of entity	Date and place of incorporation/ establishment	Place of operations	Issued and fully paid up share capital/ registered capital	Equity interest attributable to the Group					Principal activities
				At December 31,			At June 30,	At the date of this report	
				2008	2009	2010	2011		
Huayuan Huizhong	August 1, 2007 PRC	PRC	RMB160,000,000	50%	50%	50%	50%	50%	Environment protection technology development
Huayuan Heating	July 25, 2007 PRC	PRC	RMB224,000,000	50%	50%	50%	50%	50%	Heating service, contraction
Beijing Petrochemical	July 19, 1993 PRC	PRC	RMB50,000,000	50%	—	—	—	—	Finished oil retail
北京聯眾為民供暖科技有限責任公司 (Beijing Lian Zhong Wei Min Heating Technology Co., Ltd., English name for identification purpose)	July 30, 2002 PRC	PRC	RMB10,000,000	50%	—	—	—	—	Sale of electrical heater

50. MAJOR NON-CASH TRANSACTION

During the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 (unaudited) and 2011, the Group entered into several concession agreements with local government to construct wind power facilities and was authorized to operate these wind power facilities for 20 to 25 years. In accordance with IFRSs, RMB918,135,000, RMB2,341,546,000, nil, nil and nil were recognized as concession rights (presented as intangible assets in the consolidated statements of financial position) and concession service revenue for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010 (unaudited) and 2011, respectively. No cash has been received from the concession service revenue.

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no other remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Relevant Periods. Under the arrangements presently in force, the aggregate remuneration excluding bonus payable, if any, of the Company's Directors for the year ending December 31, 2011 will be approximately RMB331,000.

C. SUBSEQUENT EVENTS

On November 2, 2011, the Group decided that a subsidiary, New Energy would issue medium-term notes amounting to RMB1,000 million with maturity for three years in the inter-bank bond market in the PRC, which is to finance its construction and operations for certain wind power farms. New Energy has filed an application to the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) for approval of this notes issue, which is expected to be obtained in early 2012. The joint underwriters will be Shanghai Pudong Development Bank Co., Ltd and Bank of Beijing Co., Ltd.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to June 30, 2011.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following information does not form part of the Accountants' Report issued by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included for information purposes only.

For illustrative purposes only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further information about (i) how the proposed listing might have affected the consolidated net tangible assets of the Group as at June 30, 2011 as if the Global Offering had occurred on June 30, 2011; and (ii) how the proposed listing might have affected the forecasted earnings per Share of our Company for the year ending December 31, 2011 as if the Global Offering had taken place on January 1, 2011.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position and financial results.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial position nor financial results following the completion of the Global Offering.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as at June 30, 2011 as extracted from the Accountants' Report on the financial information of the Group for the three years ended December 31, 2010 and the six months ended June 30, 2011, the text of which is set out in Appendix I to this prospectus, and is adjusted as described below.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial position of the Group.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared to show the effect on the consolidated net tangible assets of the Group as at June 30, 2011 as if the Global Offering had occurred on June 30, 2011.

We have prepared the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group for illustrative purposes only and because of its hypothetical nature, this statement may not give a true picture of our consolidated net tangible assets as of June 30, 2011 or any future date following the Global Offering. We prepared the statement based on our consolidated net assets as of June 30, 2011 as derived from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group does not form part of the Accountants' Report as set forth in Appendix I to this prospectus.

	Adjusted consolidated net tangible assets attributable to owners of the Company as of June 30, 2011(1)	Add: Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company(6)(7)	Unaudited pro forma adjusted consolidated net tangible assets per Share(3)(4)(5)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$
Based on an offer price of HK$1.59 per Share	3,407.7	1,207.1	4,614.8	0.77	0.95
Based on an offer price of HK$1.75 per Share	3,407.7	1,336.9	4,744.6	0.79	0.97

Notes:

(1) We have calculated the adjusted consolidated net tangible assets attributable to owners of the Company as of June 30, 2011 based on the audited consolidated net assets attributable to the owners of the Company of RMB7,122.5 million after deducting our intangible assets of RMB3,714.8 million. Our intangible assets mainly consisted of concession rights for wind power service concession projects, amounting to RMB3,577.8 million as of June 30, 2011.

(2) The estimated net proceeds from the Global Offering are based on indicative Offer Prices of HK$1.59 and HK$1.75 per H Share, respectively, after deducting underwriting fees and other related expenses payable by the Company. Estimated net offering proceeds do not take into account any H Shares that we may issue upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted at the PBOC Rate from Hong Kong dollars into Renminbi at an exchange rate of RMB0.8148 to HK$1.00 prevailing on December 2, 2011.

(3) We calculated the unaudited pro forma adjusted consolidated net tangible assets per Share after the adjustments referred to in the preceding paragraphs and on the basis that 6,032,200,000 Shares are in issue assuming that the Global Offering had been completed on June 30, 2011. The unaudited pro forma adjusted consolidated net tangible assets per Share do not take into account any H Shares that we may issue upon the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the adjusted consolidated net tangible assets per Share will decrease.

(4) Jones Lang LaSalle Sallmanns Limited, an independent property valuer, has valued our property interests as of September 30, 2011, of which the property valuation report is set out in Appendix IV to this prospectus. The revaluation surplus or deficit of properties included in building held for own use, assets under construction and land use rights will not be incorporated in our consolidated financial statements for the year ending December 31, 2011. If such revaluation surplus is incorporated in our consolidated financial statements for the year ending December 31, 2011, the annual depreciation charges would increase by approximately RMB13 million.

(5) The translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.8148 to HK$1.00, the PBOC Rate prevailing on December 2, 2011. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

(6) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company do not take into account the Special Dividends, details of which are disclosed in the section headed "Financial Information—Special distribution" in this prospectus. If the Special Distribution of RMB580 million have been included in the above calculation, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company would have been decreased.

(7) Except for mentioned above, no adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company to reflect any trading results or other transactions of the Group that were entered into subsequent to June 30, 2011 .

(B) UNAUDITED PRO FORMA FORECASTED EARNINGS PER SHARE FOR THE YEAR ENDING December 31, 2011

The following unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 have been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on January 1, 2011. The unaudited pro forma forecasted earnings per Share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecasted consolidated profit attributable to owners of our Company(1)	not less than RMB801.9 million (approximately HK$984.2 million)(3)
Unaudited pro forma forecasted earnings per Share(2)	not less than RMB13.29 cents (approximately HK16.31 cents)(3)

Notes:

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

(2) The calculation of the unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 is based on the above forecasted consolidated profit attributable to our owners for the year ending December 31, 2011, assuming that a total of 6,032,200,000 Shares were in issue during the year ending December 31, 2011, without taking into account any H Shares may be issued upon exercise of the Over-allotment Option.

(3) The forecasted consolidated profit attributable to owners of our Company and unaudited pro forma forecasted earnings per Share for the year ending December 31, 2011 are converted at the PBOC Rate from Renminbi into Hong Kong dollars at an exchange rate of RMB0.8148 to HK$1.00 prevailing on December 2, 2011.

(C) ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information.

Deloitte.
德勤

德勤 · 關黃陳方會計師行
香港金鐘道 88 號
太古廣場一座 35 樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF BEIJING JINGNENG CLEAN ENERGY CO., LIMITED

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (collectively the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the global offering of the Company's shares might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated December 12, 2011 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Parts A and B of Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 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 29(7) of Chapter 4 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 engagement 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 the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying 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 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 29(1) of Chapter 4 of the Listing Rules.

Our work has not been carried out in accordance with the auditing 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 it has been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, 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 June 30, 2011 or any future dates; or
- the forecasted earnings per share of the Group for the year ending December 31, 2011 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PART A

A OVERVIEW

The forecast of the consolidated profit attributable to equity holders of the Company for the year ending December 31, 2011 is set out in the section headed "Financial Information — Unaudited Pro Forma Forecasted Earnings Per Share for the Year Ending December 31, 2011" in this prospectus.

B BASES AND ASSUMPTIONS

The Directors have prepared the forecasted consolidated profit attributable to owners of the Company for the year ending December 31, 2011 based on (i) the audited consolidated financial results for the six-month period ended June 30, 2011; (ii) the unaudited financial information for the three-month period ended September 30, 2011; and (iii) a forecast of the consolidated results of the Group for the remaining three months of the year ending December 31, 2011 (the "Forecast Period"). The forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as set out in note 4 of "Appendix I Accountants' Report" to the Prospectus and the following assumptions.

(1) There will be no material changes in the existing government policies or political, legal, fiscal market or economic conditions in the People's Republic of China ("PRC") including Hong Kong, or any of the countries in which members of the Group currently operate or are established.

(2) There will be no material changes in legislations and regulations governing the renewable energy generation industry in the PRC or any country or region where the Group operates and/or has signed a contract material to the business (including but not limited to wind power generation, gas-fired power generation and gas-fired heat energy generation) that will materially affect the business operation of the Group.

(3) There will be no material changes in the bases or rates of taxation or duties in the PRC including Hong Kong, or any other country or region of the countries in which members of the Group operate or are established except for those disclosed in the Prospectus.

(4) There will be no material changes in the inflation rate, interest rate set by the PBOC or foreign currency exchange rate in the PRC including Hong Kong, or any other country or region in which members of the Group operate or are established.

(5) There will be no material changes in technology, industry, safety standards, and environmental protection regulations in connection with the generation and sales of electricity, heat generation and wind farm operations that would adversely impact on the Group's operation in the PRC.

(6) There will be no abnormal climatic conditions, particularly wind conditions which will reduce our planned electricity production of the wind farms. The forecasted income from wind farms is estimated with reference to the historical average wind speed used for the Forecast Period. If the actual wind speed is below the historical average wind speed of the Forecast Period, the forecasted income from wind farms may not be fully achieved.

(7) The government policies or the gas-fired power on-grid tariff pricing mechanism will not change to reduce or discontinue of the government subsidies we received for our gas-fired power business. Tariff subsidies for gas power generation and

gas cost subsidies can be timely obtained with sustainability. The Gas consumption efficiency is expected to be improved gradually based on the ongoing optimization of production process and certain upgrade of our machinery. The feasibility for the improved efficiency has been proofed by a 3rd party institution.

(8) The Group is in the process to apply all the CERs generated from CDM projects and based on the past experience for the time frame, the Group expects that all CER income in the application process can be authorized by relevant department in United Nations before December 31, 2011. Forecasted income from CERs in the December amounting to RMB91 million is subject to the review progress of the CDM EB and is awaiting approval from CDM EB before the year ending 2011 in order to meet the revenue recognition criteria according to the Group's accounting policy. If all CDM EB approvals of the CDM projects cannot be obtained before December 31, 2011, the forecasted CER income may not be fully achieved.

(9) The Directors believe that the Group is able to develop and complete the construction of new wind farms on schedule. Also, the Directors estimate that all necessary approvals and electricity transmission and dispatch services will be obtained in a timely manner so that the wind farms will be able to sell the electricity to local grid companies upon completion of constructions without limitation.

(10) The Group's operations and financial performance will not be materially and adversely impacted by any of the risk factors listed in the "Risk Factors" section in this prospectus.

C Profit Forecast Sensitivity Analysis

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

On-grid tariff change	Changes in net profit after tax for the year ending December 31, 2011 (RMB '000)
+5%	146,606
-5%	(146,606)
+10%	293,212
-10%	(293,212)

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

Gas price change	Changes in net profit after tax for the year ending December 31, 2011 (RMB '000)
+5%	(76,058)
-5%	76,058
+10%	(152,116)
-10%	152,116

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

PART B

Set out below is the text of the letter received by the Directors from the reporting accountants of our Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus in connection with the profit forecast.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道 88 號
太古廣場一座 35 樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

December 12, 2011

The Board of Directors
Beijing Jingneng Clean Energy Co., Limited

Goldman Sachs (Asia) L.L.C.

UBS AG, Hong Kong Branch

BOCI Asia Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending December 31, 2011 attributable to owners of the Company (the "Forecast"), for which the Directors of the Company are solely responsible, as set out in the prospectus dated December 12, 2011 issued by the Company (the "Prospectus"). The Forecast is prepared based on (i) the audited consolidated financial results for the six-month period ended June 30, 2011; (ii) the unaudited consolidated financial results for the three-month period ended September 30, 2011; and (iii) a forecast of the consolidated results of the Group for the remaining three months of the year ending December 31, 2011.

In our opinion the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in part A of Appendix III to the Prospectus (including but not limited to paragraphs 6 and 8 of the bases and assumptions which discussed the inherent risks associated with the weather conditions and certified emission reductions and their potential impact to the Forecast) 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 on the financial information of the Group for the three years ended December 31, 2010 and the six-month period ended June 30, 2011 as set out in Appendix I to the Prospectus.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PART C

The following is the text of a letter, prepared for inclusion in this prospectus by the Joint Sponsors in connection with the profit forecast.

Goldman Sachs (Asia) L.L.C.	UBS AG, Hong Kong Branch	BOCI Asia Limited
68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong	52nd Floor, Two International Finance Centre 8 Finance Street Hong Kong	26th Floor, Bank of China Tower 1 Garden Road, Central Hong Kong

The Directors

December 12, 2011

Dear Sirs,

We refer to the forecast (the "Forecast") of the consolidated profit attributable to shareholders of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (the "Group") for the year ending December 31, 2011 as set out in the paragraph headed "Unaudited Pro Forma Forecasted Earnings Per Share for the Year Ending December 31, 2011" in the section entitled "Financial Information" in the prospectus issued by the Company dated December 12, 2011.

The Forecast, for which the Directors are solely responsible, has been prepared based on (i) the audited consolidated financial results for the six-month period ended June 30, 2011; (ii) the unaudited consolidated financial results for the three-month period ended September 30, 2011; and (iii) a forecast of the consolidated results of the Group for the remaining three months of the year ending December 31, 2011.

We have discussed with you the bases and assumptions (as set out in part A of Appendix III to the Prospectus (including but not limited to paragraphs 6 and 8 of the bases and assumptions which discussed the inherent risks associated with the weather conditions and certified emission reductions and their potential impact to the Forecast)) upon which the Forecast has been made. We have also considered the letter dated December 12, 2011 addressed to you and ourselves from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, regarding the accounting policies and calculations upon which the Forecast has been based.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, we are of the opinion that the Forecast, for which you as the Directors of the company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of **Goldman Sachs (Asia) L.L.C.**	For and on behalf of **UBS AG, Hong Kong Branch**	For and on behalf of **BOCI Asia Limited**
Steven Barg *Managing Director*	**Michael Ngai** *Managing Director*	**Daniel Ng** *Managing Director* *Vice Chairman,* *Investment Banking Division*
	Lydia Li *Executive Director*	**Thomas Man** *Executive 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 Sallmanns Limited, an independent valuer, in connection with its valuation as at September 30, 2011 of the property interests of the Group.

Jones Lang LaSalle Sallmanns Limited
6/F Three Pacific Place
1 Queen's Road East Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

December 12, 2011

The Board of Directors

Beijing Jingneng Clean Energy Co., Limited
Room 118, Ziguang East Road
Badaling Economic Development Zone
Yanqing County
Beijing
The PRC

Dear Sirs,

In accordance with your instructions to value the properties in which Beijing Jingneng Clean Energy Co., 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 at September 30, 2011 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as "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".

We have valued the property interests of property nos. 1 to 4 in Group I which are held and occupied by the Company by the 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 comparables sales available, the property interests 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 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, we have assumed that they will be developed and completed in accordance with the latest development proposals 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 at the date of valuation and the remainder of the cost and fees to be expended to complete the developments.

We have attributed no commercial value to the property interests in Group III, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

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 values 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 Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and 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—Tianyuan Law Firm, 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.

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 reach an informed view, and we have no reason to suspect that any material information has been withheld.

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 Sallmanns Limited

Paul L. Brown
B.Sc. FRICS FHKIS
Chief Valuation Adviser

Sam B. Q. Zhu
MRICS
Director

Notes:

1. *Paul L. Brown is a Chartered Surveyor who has 28 years' experience in the valuation of properties in the PRC and 31 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.*
2. *Sam B. Q. Zhu is a Chartered Surveyor who has 13 years' experience in the valuation of properties in the PRC.*

SUMMARY OF VALUES

Group I—Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
1.	Units 905 and 909 Building No. 110 Huizhong Beili Residential Community Chaoyang District Beijing The PRC	4,300,000	100%	4,300,000
2.	Unit 602, Entrance 2, Building No.81 Huairou East Garden Huairou District Beijing The PRC	648,000	100%	648,000
3.	Unit 303, Entrance 4, Building No. 1 Tanying Residential Community Miyun County Beijing The PRC	1,056,000	100%	1,056,000
4.	A 2-storey building located at Shifo Forest Reserve Zhuozhou City Hebei Province The PRC	1,911,000	100%	1,911,000
5.	2 parcels of land, 6 buildings and various structures located at Nanguankang Road Duanzhuang Village Xiaonan Xinbao Town Huailai County Hebei Province The PRC	35,529,000	100%	35,529,000
6.	2 parcels of land, 5 buildings and various structures located at Huitengxile Park Chayouzhong Banner Wulanchabu City Inner Mongolia Autonomous Region The PRC	15,068,000	100%	15,068,000

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
7.	2 parcels of land, 6 buildings and various structures located at Mingantu Town Zhengxiangbai Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	14,026,000	100%	14,026,000
8.	2 parcels of land, 5 buildings and various structures located at North Zhurihe Town Suniteyou Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	1,146,000	100%	1,146,000
9.	2 parcels of land, 5 buildings and various structures located at Honggeergaole Town Abaga Banner Inner Mongolia Autonomous Region The PRC	28,775,000	100%	28,775,000
10.	2 parcels of land, 5 buildings and various structures located at Huitengxile Park Chayouzhong Banner Inner Mongolia Autonomous Region The PRC	16,102,000	100%	16,102,000
11.	A parcel of land, 5 buildings and various structures located at Wulatezhong Banner Bayannaoer City Inner Mongolia Autonomous Region The PRC	22,520,000	100%	22,520,000
12.	2 parcels of land, 5 buildings and various structures located at Tunkendui Town Shangdu County Inner Mongolia Autonomous Region The PRC	11,778,000	100%	11,778,000

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
13.	2 parcels of land, 6 buildings and various structures located at Huolinguole City Inner Mongolia Autonomous Region The PRC	17,424,000	100%	17,424,000
14.	3 parcels of land, 5 buildings and various structures located at South Street Changtu Town Tieling City Liaoning Province The PRC	23,937,000	100%	23,937,000
15.	A parcel of land, 16 buildings and various structures No. 6 Xibahe Road Chaoyang District Beijing The PRC	826,911,000	74%	611,914,000
16.	A parcel of land, 21 buildings and various structures No. 15 Yungang West Road Fengtai District Beijing The PRC	241,454,000	100%	241,454,000
17.	2 parcels of land, 5 buildings and various structures No. 29 Caoqiao East Road Fengtai District Beijing The PRC	118,471,000	80.03%	94,812,000
18.	A parcel of land, 2 buildings and various structures located at Zhawo Village Heishui County Sichuan Province The PRC	24,870,000	100%	24,870,000
19.	A parcel of land, 4 buildings and various structures located at Bayanhushu Town Keyouzhong Banner Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
20.	A parcel of land, 4 buildings and various structures located at Daban Town Balinyou Banner Chifeng City Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
21.	3 parcels of land, 3 buildings and various structures located at Taiyangshan Development Zone Wuzhong City Ningxia Hui Autonomous Region The PRC	No commercial value	100%	No commercial value
	Sub-total:	**1,405,926,000**		**1,167,270,000**

Group II—Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
22.	A parcel of land, 4 buildings and various structures under construction located at Wongniute Banner Chifeng City Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
23.	5 parcels of land, 3 buildings and various structures under construction located at Nabang Town Yingjiang County Yunnan Province The PRC	12,758,000	100%	12,758,000
24.	2 parcels of land, 6 buildings and various structures under construction located at Yongxing Village Houqiao Town Tengchong County Yunnan Province The PRC	No commercial value	100%	No commercial value
25.	A parcel of land, 2 buildings and various structures under construction located at Zhawo Village Heishui County Sichuan Province The PRC	No commercial value	100%	No commercial value
26.	A parcel of land, a building and various structures under construction located at Xiabazhai Village Songpan County Sichuan Province The PRC	No commercial value	100%	No commercial value
27.	A parcel of land, 2 buildings and various structures under construction located at Qinglang Village Heishui County Sichuan Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
28.	3 parcels of land, 5 buildings and various structures under construction located at Baitugang Village Lingwu City Ningxia Hui Autonomous Region The PRC	No commercial value	100%	No commercial value
29.	A parcel of land, 6 buildings and various structures under construction located at Binhe Community Xiang Huang Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
	Sub-total:	**12,758,000**		**12,758,000**

Group III—Property interests leased and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
30.	Unit 517 on Level 5, Jingyang Apartment, No. 6 Xibahe Road Chaoyang District Beijing The PRC	No commercial value	100%	No commercial value
31.	Unit 118 a 5-storey building, No. 1 Ziguang East Road Badaling Economic Development Zone Yanqing County Beijing The PRC	No commercial value	100%	No commercial value
32.	Unit 501 on Level 5 building located at Shenyan Angli Information Park No.2-1 Gaoge Road Hunnan New District Shenyang City Liaoning Province The PRC	No commercial value	100%	No commercial value
33.	A single-storey office building, located at Wudan Town Wongniute Banner Chifeng City Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
34.	An office building, a service building and 2 ancillary buildings No. 15 Yungang West Road Fengtai District Beijing The PRC	No commercial value	100%	No commercial value
35.	Unit 26 on Level 4 of a 6-storey residential building located at Zheng Street Luhua Town Heishui County Sichuan Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
36.	A unit on Level 3 of a 5-storey residential building, located at Zheng Street Heishui County Sichuan Province The PRC	No commercial value	100%	No commercial value
37.	Levels 2, 3 and 4 of an office building No. 272 Yongsheng Road Pingyuan Town Yingjiang County Yunnan Province The PRC	No commercial value	100%	No commercial value
38.	A 4-storey office Building Zhonghe Village Tengchong County Yunnan Province The PRC	No commercial value	100%	No commercial value
39.	Level 2 of an office Building located at Xihuan Road Litong District Wuzhong City Ningxia Hui Autonomous Region The PRC	No commercial value	100%	No commercial value
40.	Unit 501 of a 5-storey building No.1 Mudanyuan Community East Street Lingwu City Ningxia Hui Autonomous Region The PRC	No commercial value	100%	No commercial value
41.	Units B11 and B12 on Level 6 Yinchuan International Trade Center No.106 Wenhua Street Xingqing District Yinchuan City Ningxia Hui Autonomous Region The PRC	No commercial value	100%	No commercial value
42.	A portion of a 2-storey office building located at Wengong Arishan Street South Xianghuang Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at September 30, 2011	Interest attributable to the Group	Capital value attributable to the Group as at September 30, 2011
		RMB		*RMB*
43.	Unit 201, Entrance 5, Building No. 9 located at Binhe Community Heping Street Wulanhaote City Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
44.	2 units on Levels 1 and 3 of a 5-storey building located at Bailingmiao Town Damao Banner Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
45.	Units 1900 and 1902 on Level 19 Jiatai International Building, No.41 East Fourth Ring Road Chaoyang District Beijing The PRC	No commercial value	100%	No commercial value
46.	Units 409, 1801 and 1802 Scientific Research Building No. 3 Yanjingli Street Chaoyang District Beijing The PRC	No commercial value	100%	No commercial value
47.	A parcel of land, located at Guanting Town Huailai County Hebei Province The PRC	No commercial value	100%	No commercial value
	Sub-total:	**Nil**		**Nil**
	Grand total:	**1,418,684,000**		**1,180,028,000**

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 at September 30, 2011
				RMB
1.	Units 905 and 909 Building No. 110 Huizhong Beili Residential Community Chaoyang District Beijing The PRC	The property comprises 2 units on Level 9 of a 23-storey residential building completed in about 2000. The units have a total gross floor area of approximately 189.36 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	4,300,000 100% interest attributable to the Group: RMB 4,300,000

Notes:

1. Pursuant to a Building Ownership Certificate—X Jing Fang Quan Zheng Chao Zi Di No. 911007, 2 units with a total gross floor area of approximately 189.36 sq.m. are owned by the Company.
2. 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 the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
2.	Unit 602, Entrance 2, Building No. 81 Huairou East Garden Huairou District Beijing The PRC	The property comprises a unit on Level 6 of a 6-storey residential building completed in about 1998. The unit has a gross floor area of approximately 51.81 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	648,000 100% interest attributable to the Group: RMB 648,000

Notes:

1. Pursuant to a Building Ownership Certificate—X Jing Fang Quan Zheng Huai Zi Di No. 010332, a unit with a gross floor area of approximately 51.81 sq.m. is owned by the Company.
2. 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 the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
3.	Unit 303, Entrance 4, Building No. 1 Tanying Residential Community Miyun County Beijing The PRC	The property comprises a unit on Level 3 of a 6-storey building completed in 1995. The building has a gross floor area of approximately 111.17 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	1,056,000 100% interest attributable to the Group: RMB 1,056,000

Notes:

1. Pursuant to a Building Ownership Certificate—X Jing Fang Quan Zheng Mi Zi Di No. 024821, a unit with a gross floor area of approximately 111.17 sq.m. is owned by the Company.
2. 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 the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
4.	A 2-storey building located at Shifo Forest Reserve Zhuozhou City Hebei Province The PRC	The property comprises a 2-storey residential building completed in 1997. The building has a gross floor area of approximately 254.8 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	1,911,000 100% interest attributable to the Group: RMB 1,911,000

Notes:

1. Pursuant to a Building Ownership Certificate—Zhuo Zhou City Fang Quan Zheng Kai Zi Di No. 23182, a building with a gross floor area of approximately 254.8 sq.m. is owned by the Company.
2. 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 the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
5.	2 parcels of land, 6 buildings and various structures located at Nanguankang Road Duanzhuang Village Xiaonanxinbao Town Huailai County Hebei Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 17,940.7 sq.m., 6 buildings and various structures erected thereon which were completed in 2008. The buildings have a total gross floor area of approximately 7,379.32 sq.m. The buildings comprise 2 integrated buildings, a distribution room, a pump room and 2 ancillary buildings. The structures mainly include boundary fences, wells and roads. The land use rights of the property have been granted for a term expiring on December 7, 2059 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	35,529,000 100% interest attributable to the Group: RMB 35,529,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. 13073020090028 and 13073020090029 dated November 30, 2009, the land use rights of 2 parcels of land with a total site area of approximately 17,940.7 sq.m. were contracted to be granted to the Company for a term of 50 years for industrial use. The total land premium was RMB745,437.
2. Pursuant to 2 State-owned Land Use Rights Certificates—Huai Guo Yong (2010) Di Nos. 1045 and 1046, the land use rights of 2 parcels of land with a total site area of approximately 17,940.7 sq.m. have been granted to the Company for a term expiring on December 7, 2059 for industrial use.
3. Pursuant to 2 Building Ownership Certificates—Huai Fang Quan Zheng Youxiangongsi Zi Di Nos. 2010-1852 and 2010-1853, 6 buildings of the property with a total gross floor area of approximately 7,379.32 sq.m. are owned by the Company.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property; and
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
6.	2 parcels of land, 5 buildings and various structures located at Huitengxile Park Chayouzhong Banner Wulanchabu City Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 114,006 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2006. The buildings have a total gross floor area of approximately 5,650.97 sq.m. The buildings comprise 2 integrated buildings, a control room, a distribution room and a pump room. The structures mainly include boundary fences, roads and gates. The land use rights of a parcel of land with a site area of approximately 65,432 sq.m. have been granted for a term expiring on July 22, 2032 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	15,068,000 100% interest attributable to the Group: RMB 15,068,000

Notes:

1. Beijing Jingneng New Energy Co., Ltd. ("New Energy", 北京京能新能源有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract entered into between Inner Mongolia Autonomous Region Chayouzhong Banner State-owned Land Resources Bureau and New Energy dated August 1, 2006, the land use rights of a parcel of land with a site area of approximately 65,430 sq.m. were contracted to be granted to New Energy for a term of 25 years for industrial use. The land premium was RMB588,870.
3. Pursuant to a State-owned Land Use Rights Certificate—Zhong Wu Guo Yong (Tu) Di No. 150150190, the land use rights of a parcel of land with a site area of approximately 65,432 sq.m. have been granted to Beijing International Power New Energy Co., Ltd. (北京國際電力新能源有限公司, the former name of New Energy) for a term expiring on July 22, 2032 for industrial use.
4. For the remaining land parcel of the property with a site area of approximately 48,574 sq.m., we have not been provided with any title certificate.
5. Pursuant to a Building Ownership Certificate—Zhong Fang Quan Zheng Ke Zi Di No. 11134, 5 buildings with a total gross floor area of approximately 5,650.97 sq.m. are owned by New Energy. As advised by the Group, one of the 5 buildings with a gross floor area of approximately 2,836.70 sq.m. is erected on the land mentioned in note 4.
6. In valuing the property, we have attributed no commercial value to the land mentioned in note 4 without land use rights certificate and the building erected thereon. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB7,322,000 assuming the land use rights certificate has been obtained and the building could be transferred.

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 stated in note 3, the Group is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights;
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property; and
   c. for the land mentioned in note 4, the Group has the rights to occupy and use the land. The Group will have the rights to transfer, lease, mortgage or otherwise dispose of the land use rights after the State-owned Land Use Rights Certificate has been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
7.	2 parcels of land, 6 buildings and various structures located at Mingantu Town Zhengxiangbai Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 37,607.40 sq.m., 6 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 6,032.81 sq.m. The buildings comprise an integrated building, a distribution room, 2 pump rooms and 2 ancillary buildings. The structures mainly include roads and wells. The land use rights of the property have been granted for terms expiring on December 8, 2059 and July 7, 2060 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	14,026,000 100% interest attributable to the Group: RMB 14,026,000

Notes:

1. Beijing Jingneng New Energy Co., Ltd. ("New Energy", 北京京能新能源有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. (Meng) 0001915 and 0016001 dated July 1, 2008 and June 1, 2008, the land use rights of 2 parcels of land with a total site area of approximately 37,607 sq.m. were contracted to be granted to New Energy for a term of 50 years for industrial use. The land premium was RMB1,353,852.
3. Pursuant to 2 State-owned Land Use Rights Certificates—Xi Guo Yong (2009) Di No. J782 and Bai Guo Yong (2010) Di No.1525294015351, the land use rights of 2 parcels of land with a total site area of approximately 37,607.40 sq.m. have been granted to New Energy for terms expiring on December 8, 2059 and July 7, 2060 for industrial use.
4. Pursuant to a Building Ownership Certificate—Meng Fang Quan Zheng Inner Mongolia Autonomous Region Zi Di No. 160011001046, 6 buildings with a total gross floor area of approximately 6,032.81 sq.m. are owned by New Energy.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property; and
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
8.	2 parcels of land, 5 buildings and various structures located at North Zhurihe Town Suniteyou Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 91,053 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2008. The buildings have a total gross floor area of approximately 4,148.94 sq.m. The buildings comprise an integrated building, 2 distribution rooms, a pump room, a warehouse and a ancillary building. The structures mainly include boundary fences, roads and gates. The land use rights of a parcel of land of the property with a site area of approximately 19,103 sq.m. have been granted for a term expiring on September 20, 2060 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	1,146,000 100% interest attributable to the Group: RMB 1,146,000

Notes:

1. Beijing Jingneng New Energy Co., Ltd. ("New Energy", 北京京能新能源有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. (Meng) 0001697 and 0001946, the land use rights of 2 parcels of land with a total site area of approximately 91,053 sq.m. were contracted to be granted to New Energy for a term of 50 years for industrial use. The land premium was RMB3,277,908.
3. Pursuant to a State-owned Land Use Rights Certificate—Xi Guo Yong (2010) Di No. B861, the land use rights of a parcel of land with a site area of approximately 19,103 sq.m. have been granted to New Energy for a term expiring on September 20, 2060 for industrial use.
4. For the remaining one parcel of land of property with a site area of approximately 71,950 sq.m., we have no been provided with any title certificate.
5. Pursuant to a Building Ownership Certificate—Fang Quan Zheng Meng Zi Di No.165011000878, 5 buildings with a total gross floor area of approximately 4,148.94 sq.m. are owned by New Energy. As advised by the Group, the 5 buildings and structures are erected on the land mentioned in note 4.
6. In valuing the property, we have attributed no commercial value to the land mentioned in note 4 and the buildings and structures erected thereon which the Group has not obtained land use rights certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land element) as at the date of valuation would be RMB14,307,000 assuming the land use rights certificate has been obtained and the buildings could be transferred.

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 stated in note 3, the Group is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights;
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property;
   c. for the land stated in note 4, the Group has the rights to occupy and use the land. The Group will have the rights to transfer, lease, mortgage or otherwise dispose of the land use rights after the State-owned Land Use Rights Certificate has been obtained; and
   d. there is no material legal impediment for the Group to obtain relevant land use rights certificate of the land mentioned in note 4.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
9.	2 parcels of land, 5 buildings and various structures located at Honggeergaole Town Abaga Banner Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 149,504.368 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2009 and 2010. The buildings have a total gross floor area of approximately 2,762.75 sq.m. The buildings comprise an integrated building, a distribution room, a pump room and 2 ancillary buildings. The structures mainly include boundary fences, roads and gates. The land use rights of the property have been granted for terms expiring on April 23, 2058 and March 30, 2060 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	28,775,000 100% interest attributable to the Group: RMB 28,775,000

Notes:

1. Xilinguole Jixianghuaya Wind Power Co., Ltd. ("Xilinguole Power", 錫林郭勒吉相華亞風力發電有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. Abaga Banner Guo Rang He Zi (2008) No.1 and (Meng) 0001700 dated March 6, 2008 and November 23, 2009, the land use rights of 2 parcels of land with a total site area of approximately 149,504 sq.m. were contracted to be granted to Xilinguole Power for a term of 50 years for industrial use. The land premium was RMB5,531,648.
3. Pursuant to 2 State-owned Land Use Rights Certificates—A Guo Yong (2008) Di Nos. 224016413 and 224017043, the land use rights of 2 parcels of land with a site total area of approximately 149,504.368 sq.m. have been granted to Xilinguole Power for terms expiring on April 23, 2058 and March 30, 2060 for industrial use.
4. Pursuant to a Building Ownership Certificate—Meng No. H03—012009112501, 5 buildings with a total gross floor area of approximately 2,762.75 sq.m. are owned by Xilinguole Power.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights; and
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
10.	2 parcels of land, 5 buildings and various structures located at Huitengxile Park Chayouzhong Banner Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 57,523 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 3,327.87 sq.m. The buildings comprise an integrated building, a distribution room, a pump room and 2 ancillary buildings. The structures mainly include boundary fences, roads and gates. The land use rights of the property have been granted for terms expiring on March 9, 2033 and January 21, 2061 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	16,102,000 100% interest attributable to the Group: RMB 16,102,000

Notes:

1. Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd. ("Chayouzhong Energy", 內蒙古京能察右中風力發電有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 State-owned Land Use Rights Grant Contracts—Nos. (Meng) 0004247 and Guo Rang He Zi (2008) Di No.001, the land use rights of 2 parcels of land with a total site area of approximately 57,523 sq.m. were contracted to be granted to Chayouzhong Energy for a term of 50 years for industrial use. The land premium was RMB2,047,842.
3. Pursuant to 2 State-owned Land Use Rights Certificates—Zhong Ke Guo Yong (Tu) Zi Di Nos. 150150278 and 150287426, the land use rights of 2 parcels of land with a total site area of approximately 57,523 sq.m. have been granted to Chayouzhong Energy for a term expiring on March 9, 2033 and January 21, 2061 for industrial use.
4. Pursuant to a Building Ownership Certificate—Zhong Fang Quan Zheng Ke Zi Di No. 11141, 5 buildings with a total gross floor area of approximately 3,327.87 sq.m. are owned by Chayouzhong Energy.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights; and
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
11.	A parcel of land, 5 buildings and various structures located at Wulatezhong Banner Bayannaoer City Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 124,590 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2008 and 2009. The buildings have a total gross floor area of approximately 2,821.69 sq.m. The buildings comprise an integrated building, 2 distribution rooms, a pump room and a warehouse. The structures mainly include boundary fences, roads and gates. The land use rights of the property have been granted for a term expiring on November 23, 2060 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	22,520,000 100% interest attributable to the Group: RMB22,520,000

Notes:

1. Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd. ("Wulanyiligeng Power", 內蒙古京能烏蘭伊力更風力發電有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. 1508242010B01717 dated November 23, 2010, the land use rights of a parcel of land with a site area of approximately 124,590 sq.m. were contracted to be granted to Wulanyiligeng Power for a term of 50 years for industrial use. The land premium was RMB5,319,993.
3. Pursuant to a State-owned Land Use Rights Certificate—Wu Zhong Guo Yong (2010) Di No. 20101230, the land use rights of a parcel of land with a site area of approximately 124,590 sq.m. have been granted to Wulanyiligeng Power for a term expiring on November 23, 2060 for industrial use.
4. Pursuant to a Building Ownership Certificate—Fang Quan Zheng Zi Di No. 201100433, 5 buildings with a total gross floor area approximately 2,821.69 sq.m. are owned by Wulanyiligeng Power.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property; and
   b. the Group has the rights to transfer, donate, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
12.	2 parcels of land, 5 buildings and various structures located at Tunkendui Town Shangdu County Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 49,116 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 2,371.76 sq.m. The buildings comprise an integrated building, 2 distribution rooms, a pump room and an ancillary building. The structures mainly include boundary fences, roads and gates. The land use rights of a parcel of land of the property with a site area of approximately 40,338 sq.m. have been granted for a term expiring on October 1, 2059 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	11,778,000 100% interest attributable to the Group: RMB11,778,000

Notes:

1. Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd. ("Shangdu Power", 內蒙古京能商都風力發電有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. 2009-2 dated August 7, 2009, the land use rights of a parcel of land with a site area of approximately 40,338 sq.m. were contracted to be granted to Shangdu Power for a term of 50 years for public facility use. The land premium was RMB1,452,168.
3. Pursuant to a State-owned Land Use Rights Certificate—Shang Guo Yong (Tu) Di No. 2009-251, the land use rights of a parcel of land with a site area of approximately 40,338 sq.m. have been granted to Shangdu Power for a term expiring on October 1, 2059 for industrial use.
4. For the remaining land parcel of the property with a site area of approximately 8,778 sq.m. we have not been provided with any title certificate.
5. Pursuant to a Building Ownership Certificate—(2009) Nian Du Fang Quan Zheng Shang Zi Di No. 091533, 5 buildings with a total gross floor area of approximately 2,371.76 sq.m. are owned by Shangdu Power.
6. In valuing the property, we have attributed no commercial value to the land mentioned in note 4 without land use rights certificate.
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 stated in note 3, the Group is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights;
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property; and
   c. for the land mentioned in note 4, the Group has the rights to occupy and use the land. The Group will have the rights to transfer, lease, mortgage or otherwise dispose of the land use rights after the State-owned Land Use Rights Certificate has been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
13.	2 parcels of land, 6 buildings and various structures located at Huolinguole City Inner Mongolia Autonomous Region The PRC	The property comprises 2 parcels of land with a total site area of approximately 37,173 sq.m., 6 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 3,922.67 sq.m. The buildings comprise an integrated building, 2 distribution rooms, a pump room and 2 ancillary buildings. The structures mainly include boundary fences, roads and gates. The land use rights of a parcel of land of the property with a site area of approximately 30,710 sq.m. have been granted for a term expiring on December 14, 2059 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	17,424,000 100% interest attributable to the Group: RMB17,424,000

Notes:

1. Inner Mongolia Huolinguole Wind Power Co., Ltd. ("Huolinguole Power", 內蒙古京能霍林郭勒風力發電有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. (Meng) 0006133 dated December 14, 2009, the land use rights of a parcel of land with a site area of approximately 33,510 sq.m. were contracted to be granted to Huolinguole Power for a term of 50 years for public facility use. The land premium was RMB2,814,840.
3. Pursuant to a State-owned Land Use Rights Certificates—Huolinguole Shi Guo You (2009) Di No. 0617, the land use rights of a parcel of land with a site area of approximately 30,710 sq.m. have been granted to Huolinguole Power for a term expiring on December 14, 2059 for industrial use.
4. For the remaining land parcel of the property with a site area of approximately 6,463 sq.m., we have not been provided with any title certificate except a Construction Land Planning Permit—Di Zi Di No. 1505812010057 pursuant to which permission towards the planning of the land with a site area of approximately 6,463 sq.m. has been granted to Huolinguole Power.
5. Pursuant to a Building Ownership Certificate—Fang Quan Zheng Meng Zi Di No.151010902444, a building with a gross floor area of approximately 1,946.97 sq.m. is owned by Huolinguole Power.
6. For the remaining 5 building with a total gross floor area of approximately 1,975.70 sq.m. we have not been provided with any title certificates.
7. In the valuation of this property, we have attributed no commercial value to the 5 buildings mentioned in note 6 and the land mentioned in note 4. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB 2,096,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.

8. 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 mentioned in note 3, the Group is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights;
   b. for the building mentioned in note 5, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them;
   c. for the land mentioned in note 4, the Group has the rights to occupy and use the land, The Group will have the rights to transfer, lease, mortgage or otherwise dispose of the land use rights after the State-owned Land Use Rights Certificate has been obtained;
   d. there is no material legal impediment for the Group to obtain relevant land use rights certificate of the land mentioned in note 4; and
   e. for the buildings mentioned in note 6, the Group will have the rights to occupy, use, transfer, donate, lease, mortgage or otherwise dispose of them after the Building Ownership Certificates have been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
14.	3 parcels of land, 5 buildings and various structures located at South Street Changtu Town Tieling City Liaoning Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 24,236.28 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2009. The buildings have a total gross floor area of approximately 3,639.42 sq.m. The buildings comprise an integrated building, 2 distribution rooms, a pump room and a warehouse. The structures include boundary fences, roads and wells. The land use rights of a parcel of land of the property with a site area of approximately 5,445 sq.m. have been granted for a term expiring on December 31, 2059 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	23,937,000 100% interest attributable to the Group: RMB23,937,000

Notes:

1. Jingneng Changtu New Energy Co., Ltd. ("Changtu Energy", 京能昌圖新能源有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—Nos. 200946 dated December 31, 2009, the land use rights of a parcel of land with a site area of approximately 5,445 sq.m. were contracted to be granted to Changtu Energy for a term of 50 years for industrial use. The land premium was RMB522,720.
3. Pursuant to a State-owned Land Use Rights Certificate—Chang Guo Zi Fa Guo Yong (2010) Di No. 013, the land use rights of a parcel of land with a site area of approximately 5,445 sq.m. have been granted to Changtu Energy for a term expiring on December 31, 2059 for industrial use.
4. Pursuant to a Building Ownership Certificate—Chang Fang Quan Zheng Chang Tu Zhen Zi Di Nos. 43337 to 43339, 3 buildings with a total gross floor area of approximately 3,441.44 sq.m. are owned by Changtu Energy.
5. For the remaining 2 parcels of land of the property with a total site area of approximately 18,719.28 sq.m., we have not been provided with any title certificate.
6. For the remaining 2 buildings with a total gross floor area of approximately 197.98 sq.m., we have not been provided with any title certificate.
7. In the valuation of this property, we have attributed no commercial value to the 2 parcels of land mentioned in note 5 and the 2 buildings mentioned in note 6. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB 482,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.

8. 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 mentioned in note 3, the Group is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights;
   b. for the building mentioned in note 4, the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of them;
   c. for the land mentioned in note 5, the Group has the rights to occupy and use the land, The Group will have the rights to transfer, lease, mortgage or otherwise dispose of the land use rights after the State-owned Land Use Rights Certificate has been obtained; and
   d. for the buildings mentioned in note 6, the Group will have the rights to transfer, donate, lease, mortgage or otherwise dispose of them after the Building Ownership Certificates have been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
15.	A parcel of land, 16 buildings and various structures No. 6 Xibahe Road Chaoyang District Beijing The PRC	The property comprises a parcel of land with a site area of approximately 89,714.06 sq.m., 16 buildings and various structures erected thereon which were completed in 2008. The buildings have a total gross floor area of approximately 61,158.96 sq.m. The buildings comprise 4 industrial buildings, an office building and various ancillary buildings. The structures mainly include boundary fences, pools and roads. The land use rights of the property have been granted for a term expiring on July 9, 2057 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	826,911,000 74% interest attributable to the Group: RMB611,914,000

Notes:

1. Beijing Taiyanggong Gas-fired Power Company ("Taiyanggong Power", 北京太陽宮燃氣熱電有限公司) is a 74% interest owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. Jing Chao Di Chu (He) Zi (2007) Di 001 dated July 10, 2007, the land use rights of a parcel of land with a site area of approximately 89,714.064 sq.m. were contracted to be granted to Taiyanggong Power for a term of 50 years for industrial use. The land premium was RMB18,839,954.
3. Pursuant to a State-owned Land Use Rights Certificate—Jing Chao Guo Yong (2007 Chu) Di No. 0337, the land use rights of a parcel of land with a site area of approximately 89,714.06 sq.m. have been granted to Taiyanggong Power for a term expiring on February 10, 2060 for industrial use.
4. Pursuant to 16 Building Ownership Certificates—X Jing Fang Quan Zheng Chao Zi Di Nos. 813615, 818535, 818536, 820506, 820662, 820833, 820835, 821462, 821464, 821470, 821613, 821997, 822024, 822946, 822950 and 822956, 16 buildings of the property with a total gross floor area of approximately 61,158.96 sq.m. are owned by Taiyanggong Power.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property; and
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
16.	A parcel of land, 21 buildings and various structures No. 15 Yungang West Road Fengtai District Beijing The PRC	The property comprises a parcel of land with a site area of approximately 77,526.77 sq.m., 21 buildings and various structures erected thereon which were completed in various stage between 2004 and 2009. The buildings have a total gross floor area of approximately 21,918.91 sq.m. The buildings comprise 2 industrial buildings and various ancillary buildings. The structures mainly include boundary fences, pools and roads. The land use rights of the property have been granted for a term expiring on February 10, 2060 for public facility use.	The property is currently occupied by the Group for production, office and ancillary purposes.	241,454,000 100% interest attributable to the Group: RMB 241,454,000

Notes:

1. Beijing Jingfeng Natural Gas-fired Power Co., Ltd. ("Jingfeng Power", 北京京豐燃氣發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—No. Jing Di Chu (He) Zi (2010) Di 0036 dated February 11, 2000, the land use rights of a parcel of land with a site area of approximately 77,526.77 sq.m. were contracted to be granted to Jingfeng Power for a term of 50 years for public facility use. The land premium was RMB1,550,536.
3. Pursuant to a State-owned Land Use Rights Certificate—Jing Feng Guo Yong (2010 Chu) Di No. 00032, the land use rights of a parcel of land with a site area of approximately 77,526.77 sq.m. have been granted to Jingfeng Power for a term expiring on February 10, 2060 for public facility use.
4. Pursuant to a Building Ownership Certificate—X Jing Fang Quan Zheng Feng Zi Di No. 219501, 19 buildings of the property with a total gross floor area of approximately 21,632.82 sq.m. are owned by the Jingfeng Power.
5. For the remaining 2 building with a total gross floor area of approximately 286.09 sq.m., we have not been provided with any title certificate.
6. In the valuation of this property, we have attributed no commercial value to the 2 buildings mentioned in note 5. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB 907,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property; and
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
17.	2 parcels of land, 5 buildings and various structures No. 29 Caoqiao East Road Fengtai District Beijing The PRC	The property comprises 2 parcels of land with a total site area of approximately 103,120.41 sq.m., 5 buildings and various structures erected thereon which were completed in 2008. The buildings have a total gross floor area of approximately 12,348.42 sq.m. The buildings comprise an industrial building, an office building, a control building and 2 ancillary buildings. The structures mainly include boundary fences, pools and roads. The property also comprises 11 buildings which are currently under construction (the "**CIP**"). As advised by the Group, the CIP is scheduled to be completed in December 2012 and it will have a total gross floor area of approximately 59,000 sq.m. upon completion. The total construction cost of the CIP is estimated to be RMB 141,350,000, of which RMB 13,240,682 had been paid up to the date of valuation. The land use rights of a parcel of land of the property with a site area of approximately 26,634.14 sq.m. been granted for a term expiring on July 19, 2060 for public facility use.	The property is currently occupied by the Group for production, office and ancillary purposes except for the CIP which is currently under construction.	118,471,000 80.03% interest attributable to the Group: RMB 94,812,000

Notes:

1. Beijing Jingqiao Thermal Power Co., Ltd. ("Jingqiao Power", 北京京橋熱電有限公司) is a 80.03% interest owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Grant Contract—Nos. Jing Di Chu (He) Zi (2010) Di 0026 dated July 20, 2010, the land use rights of a parcel of land with a site area of approximately 26,634.14 sq.m. were contracted to be granted to Jingqiao Power for a term of 50 years for public facility use. The land premium was RMB9,055,608.
3. Pursuant to a State-owned Land Use Rights Certificate—Jing Feng Guo Yong (2010 Chu) Di No. 00140, the land use rights of a parcel of land with a site area of approximately 26,634.14 sq.m. have been granted to Jingqiao Power for a term expiring on July 19, 2060 for public facility use.
4. For the remaining land parcel with a site area of approximately 76,486.27 sq.m., we have not been provided with any title certificate.
5. Pursuant to a Building Ownership Certificate—X Jing Fang Quan Zheng Feng Zi Di No. 217262, 5 buildings of the property with a total gross floor area of approximately 12,348.42 sq.m. are owned by the Jingqiao Power.
6. In valuing the property, we have attributed no commercial value to the land mentioned in note 4 without land use rights certificate.
7. For the CIP, we have not been provided with any construction permit.
8. We have attributed no commercial value to the CIP due to lack of land title certificate and construction permit. However, for reference purpose we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB 13,240,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
9. 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 stated in note 3, the Group is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights;
   b. the Group has the rights to occupy, use, donate, transfer, lease, mortgage or otherwise dispose of the buildings of the property; and
   c. for the land mentioned in note 4, the Group has the rights to occupy and use the land. The Group will have the rights to transfer, lease, mortgage or otherwise dispose of the land use rights after the State-owned Land Use Rights Certificate has been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
18.	A parcel of land, 2 buildings and various structures located at Zhawo Village Heishui County Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 8,673.10 sq.m., 2 buildings and various ancillary structures erected thereon which were completed in 2008 and 2009. The buildings have a total gross floor area of approximately 726.82 sq.m. The buildings comprise an industrial building and an integrated building. The structures mainly include boundary fences and roads. The land use rights of the property have been granted for a term expiring on March 24, 2058 for industrial use.	The property is currently occupied by the Group for production, office and ancillary purposes.	24,870,000 100% interest attributable to the Group: RMB24,870,000

Notes:

1. Heishui County Sanlian HydroPower Development Co., Ltd. ("Sanlian Power", 黑水縣三聯水電開發有限責任公司) is a wholly- owned subsidiary of the Company.
2. Pursuant to a State-owned Land Use Rights Certificate—Hei Guo Yong (2008) Di No. 03, the land use rights of a parcel of land with a site area of approximately 8,673.10 sq.m. have been granted to Sanlian Power for a term expiring on March 24, 2058 for industrial use.
3. We have not been provided with any Building Ownership Certificate for the 2 buildings of the property.
4. In the valuation of this property, we have attributed no commercial value to the 2 buildings without proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings (excluding the land element) as at the date of valuation would be RMB 5,839,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property; and
   b. the Group will have the rights to transfer, donate, lease, mortgage or otherwise dispose of the 2 buildings of the property after the Building Ownership Certificates have been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
19.	A parcel of land, 4 buildings and various structures located at Bayanhushu Town Keyouzhong Banner Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 85,000 sq.m., 4 buildings and various ancillary structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 2,735 sq.m. The buildings comprise an integrated building, 2 distribution rooms and a warehouse. The structures mainly include boundary fences, roads and gates.	The property is currently occupied by the Group for production, office and ancillary purposes.	No commercial value

Notes:

1. Inner Mongolia Jingneng Keyouzhong Wind Power Co., Ltd. ("Keyouzhong Energy" 內蒙古京能科右中風力發電有限公司) is a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate and building ownership certificates of the property.
3. We have attributed no commercial value to the property due to lack of 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) as at the date of valuation would be RMB 8,131,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
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 will have the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the property upon obtaining relevant land use rights certificate and building ownership certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
20.	A parcel of land, 4 buildings and various structures located at Daban Town Balinyou Banner Chifeng City Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 21,600 sq.m., 4 buildings and various ancillary structures erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 2,620 sq.m. The buildings comprise an integrated building, 2 distribution rooms and a warehouse. The structures mainly include boundary fences, roads and gates.	The property is currently occupied by the Group for production, office and ancillary purposes.	No commercial value

Notes:

1. Inner Mongolia Jingneng Balinyou Wind Power Co., Ltd. ("Balinyou Wind Power", 內蒙古京能巴林右風力發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Construction Land Planning Permit—Di Zi Di No. 1504232010017, permission towards the planning of the land with a site area of approximately 21,600 sq.m. has been granted to Balinyou Wind Power.
3. We have not been provided with any land use rights certificate and building ownership certificate of the property.
4. We have attributed no commercial value to the property due to lack of 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) as at the date of valuation would be RMB11,528,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
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 will have the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the property upon obtaining relevant land use rights certificate and building ownership certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
21.	3 parcels of land, 3 buildings and various structures located at Taiyangshan Development Zone Wuzhong City Ningxia Hui Autonomous Region The PRC	The property comprises 3 parcels of land with a total site area of approximately 172,326.16 sq.m., 5 buildings and various ancillary structures erected thereon which were completed in 2010 and 2011. The buildings have a total gross floor area of approximately 2,724.70 sq.m. The buildings comprise an integrated building, a distribution room, a pump room and 2 ancillary buildings. The structures mainly include boundary fences, roads and gates.	The property is currently occupied by the Group for production, office and ancillary purposes.	No commercial value

Notes:

1. Ningxia Jingneng New Energy Co., Ltd. ("Ningxia New Energy", 寧夏京能新能源有限公司) is a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate and building ownership certificate of the property.
3. We have attributed no commercial value to the property due to lack of 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) as at the date of valuation would be RMB 11,082,000 assuming all relevant title certificates have been obtained and they could be freely transferred.
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 will have the rights to occupy, use, transfer, lease, mortgage or otherwise dispose of the property upon obtaining relevant land use rights certificates and building ownership certificates.

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 at September 30, 2011
				RMB
22.	A parcel of land, 4 buildings and various structures under construction located at Wongniute Banner Chifeng City Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 65,853 sq.m., 4 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in December 2011. Upon completion, the buildings of the property will have a total gross floor area of approximately 2,802 sq.m. The total construction cost is estimated to be approximately RMB32,507,000, of which RMB28,438,964 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. As advised by the Group, the property is being constructed by Inner Mongolia Jingneng Qigan Wind Power Co., Ltd. ("Qigan Power", 內蒙古京能旗杆風力發電有限公司), a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate and construction permits of the property.
3. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB29,210,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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 will be able to initiate the application process of land use rights certificate upon obtaining relevant approvals or permits to use the land; and
   b. The Group should apply for planning and construction permits for the CIP.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
23.	5 parcels of land, 3 buildings and various structures under construction located at Nabang Town Yingjiang County Yunnan Province The PRC	The property comprises 5 parcels of land with a total site area of approximately 117,363.56 sq.m., 3 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in January 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 11,732.69 sq.m. The total construction cost is estimated to be approximately RMB 686,227,900, of which RMB432,366,386 had been paid up to the date of valuation. The land use rights of the property have been granted for terms expiring on April 27, 2060 and June 20, 2077 for industrial and residential uses respectively.	The property is currently under construction.	12,758,000 100% interest attributable to the Group: RMB 12,758,000

Notes:

1. As advised by the Group, the property is being constructed by Yingjiang Huafu HydroPower Development Co., Ltd. ("Yingjiang Huafu", 盈江華富水電開發有限公司), a wholly-owned subsidiary of the Company.
2. Pursuant to 4 State-owned Land Use Rights Grant Contracts—Nos. CR53Ying Jang Xian 201021021-1, 201019019-2, 201020020-2 and 201018018-2 dated April 27, 2009 and April 30, 2009, the land use rights of 4 parcels of land with a total site area of approximately 110,697.36 sq.m. were contracted to be granted to Yingjiang Huafu for a term of 50 years for industrial use. The land premium was RMB1,402,020.40.
3. Pursuant to a State-owned Land Transfer Agreement—entered into between Yunnan Jiahe Real Estate Development Co., Ltd. Yingjang Branch (雲南佳和房地產開發有限公司盈江分公司), Yingjiang Huafu and Yingjiang County State-owned Land and Resources Bureau (盈江縣國土資源局) dated January 6, 2009, the land use rights of a parcel of land with a site area of approximately 6,666.2 sq.m. were contracted to be granted to Yingjiang Huafu for a term of 70 years for residential use. The land premium was RMB3,260,000.
4. Pursuant to 4 State-owned Land Use Rights Certificates—Ying Guo Yong (2010) Di Nos. 606 to 609, the land use rights of 4 parcel of land with a total site area of approximately 110,697.36 sq.m. have been granted to Yingjiang Huafu for a term expiring on April 27, 2060 for industrial use.

5. Pursuant to a State-owned Land Use Rights Certificate—Ying Guo Yong (2010) Di No. 259, the land use rights of a parcel of land with a site area of approximately 6,666.2 sq.m. have been granted to Yingjiang Huafu for a term expiring on June 20, 2077 for residential use.
6. We have not been provided with any approval documents regarding the construction of the property.
7. In valuing the property, we have attributed no commercial value to the 3 buildings and structures due to lack of construction permits. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB432,366,000 assuming all the relevant construction permits had been obtained and the CIP could be freely transferred.
8. 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 is entitled to occupy, use, transfer, lease, mortgage or otherwise dispose of the land use rights of the property and;
   b. The Group should apply for planning and construction permits for the CIP.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
24.	2 parcel of land, 6 buildings and various structures under construction located at Yongxing Village Houqiao Town Tengchong County Yunnan Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 380,616 sq.m., 6 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in March 2013. Upon completion, the buildings of the property will have a total gross floor area of approximately 3,422 sq.m. The total construction cost is estimated to be approximately RMB60,868,100, of which RMB9,510,272 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. As advised by the Group, the property is being constructed by Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd. ("Tengchong HydroPower", 騰沖縣猴橋永興河水電開發有限公司), a wholly-owned subsidiary of the Company.
2. Pursuant to 2 approvals issued by the State-owned Resources Department of Yunnan Province, permission of converting the agricultural land into construction land and expropriation regarding the land with a total site area of approximately 380,616 sq.m. has been granted to Tengchong Hydropower.
3. We have not been provided with any land use rights certificates and construction permits of the property.
4. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB9,510,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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. There is no material legal impediment for the Group to obtain relevant land use rights certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
25.	A parcel of land, 2 buildings and various structures under construction located at Zhawo Village Heishui County Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 10,000 sq.m., 2 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in December 2011. Upon completion, the buildings of the property will have a total gross floor area of approximately 1,913.77 sq.m. The total construction cost is estimated to be approximately RMB74,981,200, of which RMB50,988,568 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. As advised by the Group, the property is being constructed by Heishui County Sanlian HydroPower Development Co., Ltd. ("Sanlian Power", 黑水縣三聯水電開發有限責任公司), a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate of the property.
3. Pursuant to a Construction Work Commencement Permit—No. 2 (2008) in favor of Sanlian Power, permission by the relevant local authority was given to commence the construction work of the property.
4. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB50,989,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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 will be able to initiate the application process of land use rights certificate upon obtaining relevant approvals or permits to use the land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
26.	A parcel of land, a building and various structures under construction located at Xiabazhai Village Songpan County Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 10,000 sq.m., an industrial building and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in December 2012. Upon completion, the building of the property will have a gross floor area of approximately 1,989.10 sq.m. The total construction cost is estimated to be approximately RMB107,653,300, of which RMB75,771,357 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. As advised by the Group, the property is being constructed by Heishui County Sanlian HydroPower Development Co., Ltd. ("Sanlian Power", 黑水縣三聯水電開發有限責任公司), a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate of the property.
3. Pursuant to a Construction Work Commencement Permit—No. 513224200903170110 in favor of Sanlian Power, permission by the relevant local authority was given to commence the construction work of the property.
4. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB75,771,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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 will be able to initiate the application process of land use rights certificate upon obtaining relevant approvals or permits to use the land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
27.	A parcel of land, 2 buildings and various structures under construction located at Qinglang Village Heishui County Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 6,800 sq.m., 2 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in December 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 3,793.18 sq.m. The total construction cost estimated to be approximately RMB88,190,700, of which RMB58,659,922 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. As advised by the Group, the property is being constructed by Heishui County Sanlian HydroPower Development Co., Ltd. ("Sanlian Power", 黑水縣三聯水電開發有限責任公司), a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate of the property.
3. Pursuant to a Construction Work Commencement Permit—No. 61 (2009) in favor of Sanlian Power, permission by the relevant local authority was given to commence the construction work of the property.
4. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB 58,660,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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 will be able to initiate the application process of land use rights certificate upon obtaining relevant approvals or permits to use the land.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
28.	3 parcels of land, 5 buildings and various structures under construction located at Baitugang Village Lingwu City Ningxia Hui Autonomous Region The PRC	The property comprises 3 parcels of land with a total site area of approximately 52,430 sq.m, 5 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in December 2011. Upon completion, the buildings of the property will have a total gross floor area of approximately 3,397.80 sq.m. The total construction cost is estimated to be approximately RMB 15,108,200, of which RMB14,525,744 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Ningxia Jingneng Lingwu Wind Power Co., Ltd. ("Ningxia Jingneng Lingwu Wind Power", 寧夏京能靈武發電有限公司) is a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate and constructed permits of the property.
3. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB 14,526,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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 will be able to initiate the application process of land use rights certificate upon obtaining relevant approvals or permits to use the land; and
   b. The Group should apply for planning and construction permits of the CIP.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
29.	A parcel of land, 6 buildings and various structures under construction located at Binhe Community Xiang Huang Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	The property comprises a parcel of land with a site area of approximately 29,090 sq.m., 6 buildings and various structures which were being constructed thereon as at the date of valuation (the "CIP"). The property is scheduled to be completed in March 2012. Upon completion, the buildings of the property will have a total gross floor area of approximately 3,341.8 sq.m. The total construction cost of the property is estimated to be approximately RMB6,252,065, of which RMB888,870 had been paid up to the date of valuation.	The property is currently under construction.	No commercial value

Notes:

1. Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd. ("Wengongwula Wind Power", 內蒙古京能文貢烏拉風力發電有限公司) is a wholly-owned subsidiary of the Company.
2. We have not been provided with any land use rights certificate and constructed permits of the property.
3. We have attributed no commercial value to the property due to lack of land title certificate. However, for reference purpose, we are of the opinion that the capital value of the CIP (excluding the land element) as at the date of valuation would be RMB889,000 assuming all relevant title certificates have been obtained and it could be freely transferred.
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 will be able to initiate the application process of land use rights certificate upon obtaining relevant approvals or permits to use the land; and
   b. The Group should apply for planning and construction permits of the CIP.

VALUATION CERTIFICATE

Group III—Property interests leased and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
30.	Unit 517 on Level 5 Jingyang Apartment No. 6 Xibahe Road Chaoyang District Beijing The PRC	The property comprises a unit on Level 5 of a 6-storey office building completed in about 2008. The property has a lettable area of approximately 57.6 sq.m. The property is leased to Beijing Huafu Energy Consultancy Co., Ltd. for a term of one year expiring on June 30, 2012.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Beijing Huafu Energy Consultancy Co., Ltd. ("Beijing Huafu Energy", 北京華富能源諮詢有限公司) is a wholly- owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Beijing Huafu Energy from Meeting & Exhibiting Service Branch of Jingneng Power Logistics Service Co., Ltd. (京能電力後勤服務有限公司會展服務分公司) for a term of one year expiring on June 30, 2012 at an annual rent of RMB 50,000, exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
31.	Unit 118 of a 5-storey building, No. 1 Ziguang East Road Badaling Economic Development Zone Yanqing County Beijing The PRC	The property comprises a unit on Level 1 of a 5-storey office building completed in about 2002. The property has a lettable area of approximately 30 sq.m. The property is leased to the Company from an independent third party for a term of one year expiring on December 29, 2011.	The property is currently occupied by the Company for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to the Company from Beijing Badaling Economic Development Zone Management Committee (北京市八達嶺經濟開發區管理委員會) for a term of one year expiring on December 29, 2011 with free rent for office use.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
32.	Unit 501 on Level 5 building located at Shenyan Angli Information Park No.2-1 Gaoge Road Hunnan New District Shenyang City Liaoning Province The PRC	The property comprises a unit on Levels 5 of a 6-storey office building completed in about 2006. The property has a lettable area of approximately 262.80 sq.m. The property is leased to Beijing Jingneng New Energy Co., Ltd. from an independent third party for a term expiring on March 14, 2012.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Beijing Jingneng New Energy Co., Ltd. ("New Energy", 北京京能新能源有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to New Energy from Shenyang City Productive Promotion Center (瀋陽市生產力促進中心) for a term expiring on March 14, 2012 at an annual rent of RMB 114,540 exclusive of water, electricity and heating charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
33.	A single-storey office building located at Wudan Town Wongniute Banner Chifeng City Inner Mongolia Autonomous Region The PRC	The property comprises a single-storey office building completed in about 2000. The property has a lettable area of approximately 28.98 sq.m. The property is leased to Inner Mongolia Jingneng Qigan Wind Power Co., Ltd. from an independent third party for a term of 3 years expiring on February 28, 2013.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Inner Mongolia Jingneng Qigan Wind Power Co., Ltd. ("Qigan Power", 內蒙古京能旗杆風力發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Qigan Power from Liushuqing (劉樹清) for a term of 3 years expiring on February 28, 2013 with free rent.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
34.	An office building, a service building and 2 ancillary buildings No. 15 Yungang West Road Fengtai District Beijing The PRC	The property comprises an office building, a service building and 2 ancillary buildings completed between 1960 and 1997. The property has a total lettable area of approximately 12,630 sq.m. The property is leased to Beijing Jingfeng Natural Gas-fired Power Co., Ltd. from a connected party for a term of one year expiring on December 31, 2011.	The property is currently occupied by the Group for office and ancillary purpose.	No commercial value

Notes:

1. Beijing Jingfeng Natural Gas-fired Power Co., Ltd. ("Jingfeng Power", 北京京豐燃氣發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Jingfeng Power from Beijing Jingfeng Heat Power Generation Co. Ltd. (北京京豐熱電有限責任公司) for a term of one year expiring on December 31, 2011 at an annual rent of RMB8,065,223, exclusive of water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the lease relating to a building with a gross floor area of approximately 4,650 sq.m. is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the building according to the Tenancy Agreement;
   b. for the remaining 3 buildings, as the lessor has not obtained proper title certificates, the lease relating to them may be invalid if the local authority concludes that the lessor does not have the qualification or legal rights to lease these buildings; and
   c. non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
35.	Unit 26 on Level 4 of a 6-storey residential building located at Zheng Street Luhua Town Heishui County Sichuan Province The PRC	The property comprises a unit Level 4 of a 6-storey residential building completed in about 2010. The property has a lettable area of approximately 140 sq.m. The property is leased to Heishui County Sanlian HydroPower Development Co., Ltd. from an independent third party for a term of one year expiring on August 19, 2012.	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. Heishui County Sanlian HydroPower Development Co., Ltd. ("Sanlian Power", 黑水縣三聯水電開發有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Sanlian Power from Liu Yong (劉勇) for a term of one year expiring on August 19, 2012 at an annual rent of RMB 12,000, exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. As the lessor has not obtained proper title certificate to the property, the Tenancy Agreement may be invalid if the local authority concludes that the lessor does not have the qualification or legal rights to lease the property; and
   b. Non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
36.	A unit on Level 3 of a 5-storey residential building, located at Zheng Street Heishui County Sichuan Province The PRC	The property comprises a unit on Level 3 of a 5-storey residential building completed in about 2008. The property has a lettable area of approximately 91.69 sq.m. The property is leased to Heishui County Sanlian Hydro Power Development Co., Ltd. from an independent third party for a term of one year expiring on March 24, 2012.	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. Heishui County Sanlian Hydro Power Development Co., Ltd. ("Sanlian Power", 黑水縣三聯水電開發有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Sanlian Power from Jiang Zongyuan (蔣宗元) for a term of one year expiring on March 24, 2012 at an annual rent of RMB 10,080, exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
37.	Levels 2,3 and 4 of an office building, No. 272 Yongsheng Road Pingyuan Town Yingjiang County Yunnan Province The PRC	The property comprises Levels 2, 3 and 4 of a 5-storey office building completed in about 2008. The property has a lettable area of approximately 1,438.56 sq.m. The property is leased to Yingjiang Huafu HydroPower Development Co., Ltd. from an independent third party for a term expiring on December 31, 2011.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Yingjiang Huafu HydroPower Development Co., Ltd. ("Yingjiang Huafu", 盈江華富水電開發有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Yingjiang Huafu from Yunken Yingjiang Industrial Company (雲墾盈江實業總公司) for a term expiring on December 31, 2011 at an annual rent of RMB 163,200, exclusive of water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. As the lessor has not obtained proper title certificate to the property, the Tenancy Agreement may be invalid if the local authority concludes that the lessor does not have the qualification or legal rights to lease the property; and
   b. Non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
38.	A 4-storey office Building Zhonghe Village Tengchong County Yunnan Province The PRC	The property comprises a 4-storey office building completed in about 2005. The property has a lettable area of approximately 401 sq.m. The property is leased to Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd. from an independent third party for a term of one year expiring on August 12, 2012.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd. ("Tengchong HydroPower", 騰沖縣猴橋永興河水電開發有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Tengchong HydroPower from Yinjunming (尹君明) for a term of one year expiring on August 12, 2012 at an annual rent of RMB 326,000, exclusive of water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. As the lessor has not obtained proper title certificate to the property, the Tenancy Agreement may be invalid if the local authority concludes that the lessor does not have the qualification or legal rights to lease the property; and
   b. Non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
39.	Level 2 of an office building, located at Xihuan Road Litong District Wuzhong City Ningxia Hui Autonomous Region The PRC	The property comprises Level 2 of a 3-storey office building completed in about 2005. The property has a lettable area of approximately 530 sq.m. The property is leased to Ningxia Jingneng New Energy Co., Ltd. from an independent third party for a term of 3 years expiring on May 6, 2013.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Ningxia Jingneng New Energy Co., Ltd. ("Ningxia New Energy", 寧夏京能新能源有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Ningxia New Energy from Wuzhong City Hezhong Automobile Sales & Service Co., Ltd. (吳忠市和眾汽車銷售服務有限公司) for a term of 3 years expiring on May 6, 2013 at an annual rent of RMB 100,000, exclusive of water, electricity and heating charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
40.	Unit 501, of a 5-storey building located at No. 1 Mudanyuan Community East Street Lingwu City Ningxia Hui Autonomous Region The PRC	The property comprises a unit on Level 5 of a 5-storey residential building completed in about 2002. The property has a lettable area of approximately 116.82 sq.m. The property is leased to Ningxia Jingneng Lingwu Wind Power Co., Ltd. from an independent third party for a term expiring on August 17, 2013.	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. Ningxia Jingneng Lingwu Wind Power Co., Ltd. ("Ningxia Jingneng Lingwu Wind Power", 寧夏京能靈武風電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Ningxia Jingneng Lingwu Wind Power from Xunliqiao (荀麗巧) for a term expiring on August 17, 2013 at an annual rent of RMB 3,750 exclusive of water, electricity and heating charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
41.	Units B11 and B12 on Level 6 Yinchuan International Trade Center No.106 Wenhua Street Xingqing District Yinchuan City Ningxia Hui Autonomous Region The PRC	The property comprises 2 units on Levels 6 of a 15-storey office building completed in about 2003. The property has a total lettable area of approximately 219.78 sq.m. The property is leased to Ningxia Jingneng Lingwu Wind Power Co., Ltd. from an independent third party for a term expiring on May 31, 2013.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Ningxia Jingneng Lingwu Wind Power Co., Ltd. ("Ningxia Jingneng Lingwu Wind Power", 寧夏京能靈武發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Ningxia Jingneng Lingwu Wind Power from Ningxia Jingneng Chuangye Real Estate Development Co., Ltd. (寧夏京能創業房地產開發有限公司) for a term expiring on May 31, 2013 at an annual rent of RMB 118,680 exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
42.	A portion of a 2-storey office building located at Wengong Arishan Street South Xianghuang Banner Xilinguole League Inner Mongolia Autonomous Region The PRC	The property comprises a portion of a 2-storey office building completed in about 2007. The property has a lettable area of approximately 154 sq.m. The property is leased to Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd. from an independent third party for a term expiring on December 31, 2011.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd. ("Wengongwula Wind Power", 內蒙古京能文貢烏拉風力發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Wengongwula Wind Power from Yuanbaozhu (袁寶珠) for a term of one year expiring on December 31, 2011 at an annual rent of RMB 26,000 exclusive of water, electricity and heating charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
43.	Unit 201, Entrance 5, Building No. 9 located at Binhe Community Heping Street Wulanhaote City Inner Mongolia Autonomous Region The PRC	The property comprises a unit on Level 2 of a 7-storey residential building completed in about 2005. The property has a lettable area of approximately 196 sq.m. The property is leased to Inner Mongolia Jingneng Wulan Wind Power Co., Ltd. from an independent third party for a term expiring on November 3, 2011.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Inner Mongolia Jingneng Wulan Wind Power Co., Ltd. ("Wulan Wind Power", 內蒙古京能烏蘭風力發電有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Wulan Wind Power from Wulanhaote City Zhongyi Real Estate Development Co., Ltd (烏蘭浩特市眾益房地產開發有限公司) for a term expiring on November 3, 2011 at a monthly rent of RMB 3,300 exclusive of water, electricity and heating charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
44.	2 units on Levels 1 and 3 of a 5-storey building located at Bailingmiao Town Damao Banner Inner Mongolia Autonomous Region The PRC	The property comprises 2 units on Levels 1 and 3 of a 5-storey residential building completed in about 2009. The property has a total lettable area of approximately 242 sq.m. The property is leased to Inner Mongolia Jingneng Bayin Wind Power Co., Ltd. from an independent third party for a term expiring on October 22, 2011 and November 20, 2011.	The property is currently occupied by the Group for office and residential purposes.	No commercial value

Notes:

1. Inner Mongolia Jingneng Bayin Wind Power Co., Ltd. ("Bayin Wind Power", 內蒙古京能巴音風力發電有限公司), is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 Tenancy Agreement, the property is leased to Bayin Wind Power from Zhouhaixia(周海霞) and Zhengchengsheng(鄭成生) for a term expiring on October 22, 2011 and November 20, 2011 at a total annual rent of RMB 17,800 exclusive of management fees, water and electricity charges. As advised by the Group, the Tenancy Agreements are under renewal as at the date of report.
3. We have been provided with a legal opinion on the legality of the tenancy agreements to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:
   a. the Tenancy Agreements are legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreements, non-registration does not affect the validity of the leases.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
45.	Units 1900 and 1902 on Level 19 Jiatai International building, No.41 East Fourth Ring Road Chaoyang District Beijing The PRC	The property comprises 2 units on Level 19 of a 20-storey office building completed in about 2008. The property has a total lettable area of approximately 165.57 sq.m. The property is leased to Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd. from an independent third party for a term expiring on February 23, 2012.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd. ("Gao'antun Power", 北京京能高安屯燃氣熱電有限責任公司), is a wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is leased to Gao'antun Power from Beijing Zhongfang Tianxing Real Estate Development Co., Ltd. (北京中紡天行房地產開發有限公司) for a term expiring on February 23, 2012 at an annual rent of RMB 241,732.20 exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
46.	Units 409, 1801 and 1802 Scientific Research Building No. 3 Yanjingli Street Chaoyang District Beijing The PRC	The property comprises 3 units on Levels 4 and 18 of a 22-storey office building completed in about 2010. The property has a total lettable area of approximately 298.3 sq.m. The property is leased to Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd. from an independent third party for terms expiring on November 20, 2012 and September 30, 2012 respectively.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd. ("Gao'antun Power", 北京京能高安屯燃氣熱電有限責任公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to 2 Tenancy Agreements, the property is leased to Gao'antun Power from Beijing Zhongfang Tianxing Real Estate Development Co., Ltd. (北京中紡天行房地產開發有限公司) for terms expiring on November 20, 2012 and September 30, 2012 at a total annual rent of RMB 451,580.41 exclusive of management fees, water and electricity charges.
3. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. the Tenancy Agreement is legal, valid and binding on the signing parties and the Group has the rights to occupy and use the property according to the Tenancy Agreement, non-registration does not affect the validity of the lease.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at September 30, 2011
				RMB
47.	A parcel of land, located at Guanting Town Huailai County Hebei Province The PRC	The property comprises a parcel of land with a site area of approximately 20,200 sq.m. The property is leased to the Company from an independent party for a term of 20 years expiring on December 25, 2029.	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Beijing Guanting Reservoir Management office (北京官廳水庫管理處) and the Company, a parcel of land with a site area of approximately 20,200 sq.m. is leased to the Company from Beijing Guanting Reservoir Management office for a term of 20 years expiring on December 25, 2029 for industrial use.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   a. The Group has the rights to occupy and use the property according to the Lease Agreement, and non-registration does not affect the validity of the lease.

Beijing Jingneng Clean Energy Co., Limited – Technical Assessment

Final Report

31 May 2011

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

Issue and revision record

Revision	Date	Originator		Checker	Approver	Description
0	10/08/10	Zoe Zhao Bauer Wu Piya Leripiyayowong Edward Sidgwick	Scott Love Yanmin Song Danai Posomboon Nick Macrae	Paula Finiayson Ian Pugh	Cyril Pacot	Draft Report
1	10/09/10	Zoe Zhao Bauer Wu Jingwei Yuan Piya Leripiyayowong	Scott Love Yanmin Song Edward Sidgwick	Jian Zhang Nick Macrae	Cyril Pacot	Draft Report
2	25/09/10	Zoe Zhao Bauer Wu Jingwei Yuan	Yanmin Song Edward Sidgwick Danai Posomboon	Nick Macrae Scott Love Piya Leripiyayowong	Clare Rhodes James Cyril Pacot	Draft Report
3	31/05/11	Zoe Zhao Bauer Wu Jingwei Yuan	Yanmin Song Edward Sidgwick Danai Posomboon	Nick Macrae Scott Love Piya Leripiyayowong	Clare Rhodes James Cyril Pacot	Final Report

Contents

1. Executive Summary

1.1 Introduction

Mott MacDonald Limited (MM) has been appointed by Beijing Jingneng Clean Energy Co., Limited (Beijing Energy) to act as Technical Consultant on the Company's global initial public offering (IPO) project.

Mott MacDonald will be compensated with professional fees for the services and technical advice provided. However, none of the Mott Macdonald directors and staff who contributed to the report has any interest in:

- Beijing Jingneng Clean Energy Co., Limited;
- the asset portfolio that was subject to the technical assessment; or
- the outcome of the Global Offering.

Prior to issuing 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 world-class multi-disciplinary consultancy engaged in development, focusing on many aspects of everyday life from energy, transport, health and education, water and the environment to building, industry and communications. MM has won recognition for technical excellence in power engineering, water, transportation, building and infrastructure and, in addition to these technical services, also offers a wide range of strategic planning, financial and business development services. MM is a wholly independent international company, with headquarters in the UK, annual turnover in excess of 1 billion Euros, over 14,000 staff and global experience spanning 140 countries. 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, ranking eighth in 2010.

MM has undertaken over seventy projects in China totaling over 32 GW including wind, hydro, biomass, waste-to-energy, gas-fired and coal-fired power plants.

MM carried out an independent technical assessment of Beijing Energy assets of wind farms and gas-fired power plants. This review of wind farms includes wind resource assessment, power generation, availability, operational and maintenance arrangements, wind turbine technologies, grid connection arrangements and compliance with grid codes. The review of gas-fired power plants includes gas supply, heat and power production, availability, operational and maintenance arrangements, Combined Cycle Gas Turbine (CCGT) technologies, life-limiting issues and major problems, and environmental limitations. The assessment covers eight representative wind farms out of the fifteen operating projects and two operating gas-fired power plants.

The majority of the information from which the report was compiled comprises of documents provided by Beijing Energy, and discussions and meetings with relevant Beijing Energy staff. MM's professional judgment was exercised with regard to the validity and use of all information submitted from external sources. MM's knowledge of the Chinese power sector has been utilized throughout the independent technical assessment process.

Mott Macdonald has selected a core team of specialists to complete the technical appraisal for the Beijing Energy's generation assets. The core team members and their roles are presented below.

Bauer Wu, MSc, BSc is the project manager for this project with 7 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 hydropower plants technical assessment projects for assets acquisitions and some IPO technical due diligence projects such as Longyuan. The projects are both domestic and overseas.

Scott Love, MSc, BSc is an engineer specializing in renewable energy with more than 5 years of experience in the wind energy sector. His expertise covers a range of activities from design and manufacture of wind turbines to installation, commissioning and servicing. Scott has worked for a wind turbine manufacturer on various projects in the UK, Denmark and in the US. Most notably, in 2008 Scott provided installation supervision, commissioning and training on-site for a test turbine at a world leading wind technology research facility in Colorado. For Mott MacDonald, Scott is a Renewable Energy Engineer working on many aspects of both onshore and off-shore wind projects as well as on other renewable energy projects. Scott's experience includes resource assessment, feasibility studies, due diligence for financing of wind power projects, technology assessment, wind farm construction and operations monitoring.

Dr. Yanmin Song, BSc, MSc, PhD is a highly experienced power system engineer and project manager for over 25 years with solid industrial, commercial and research experience and robust track record in project delivery of deployment, including not only technology, market and commercial considerations, environmental impact, regulatory framework, standardization usage, ICT (Information & Communication Technology) and migration strategy but also societal requirements and governmental edicts. Her expertise covers due diligence work for renewable energy including wind farm, biomass and WtE energy; distributed generator assessment and energy saving issues; grid code and electricity market regulation, especially on grid connection code for wind farm; transmission and distribution (T&D) network planning; electricity market management system (MMS) used in electricity trading market; power plant bidding and decision making support tool; supervisory control and data acquisition/energy management systems (SCADA/EMS) as well as dispatcher training simulator (DTS).

Zoe Zhao, has BSc in Material Engineering and MSc in both Material Engineering and Power Engineering focusing on wind energy. Her expertise covers due diligence work for renewable energy including wind farm and hydropower plant and transmission towers modelling and design. She has been involved in several due diligence projects for IPO in China up to date.

Piya Lertpiyayowong, Registered Professional Engineer, has BSc in Electrical Engineering and MSc in Management Technology focusing on Renewable Energy Technology and Environmental Management. He specializes in Power Purchase Agreement of large-scale power projects in Thailand including both thermal and renewable power projects. He also has a background in erection and testing of Control Systems (DCS and

Mark V) for Gas and Steam Turbines. He was recently involved in setting up of an efficiency measurement scheme for an SPP cogeneration plant that was being developed in Thailand. He also has experience in EPC Contract management and construction-monitoring work from previous experience in EGAT's conventional power projects.

Danai Posomboon has over 20 years experience in power project both in Thailand and abroad. He has in depth understanding of biomass and coal fired plants, covering engineering, construction and operation. He has also undertaken a number of assignments for due diligence review and feasibility study for coal fired power project. He was involved in 2007 IPP bid solicitation in Thailand providing technical support for the proposed 800 MW coal fired project. In addition to thermal power project, Danai has previous experience in combined cycle gas turbine and biomass power plants plus gas pressurization plant. In O&M aspect, he also has experience in operation and maintenance of coal fired plant, cogeneration power plant, combined cycle and bunker oil thermal power plants, and was Plant Manager of a biomass power plant as well as Operations Manager of cogeneration combine cycle power plant.

- Wind resources and geographic coverage—Representative wind farms selected are located in areas with abundant wind resources including Inner Mongolia, Liaoning and northwest of Beijing, as shown in Figure 2.1.

- Wind turbine types—Representative wind farms selected include turbines produced by both domestic and international manufacturers as detailed in Section 3.3 of this report.

- Year of operation—Representative wind farms selected have different operation start dates as detailed in Table 4.1.

- Gas turbine suppliers—Two gas-fired power plants applied different top-class gas turbine manufactures as detailed in Section 3.4.

1.2 Project Participants

Converted from Beijing Jingneng Technology, Beijing Energy was formed in Aug 2010, and is a shareholding subsidiary of Jingneng Group. It was previously known as Beijing Energy Investment, which was formed in 1993. Its business focuses on the investment, construction and operation of all the clean energy projects, and integrates the development and utilization of wind energy, gas-fired power, hydropower, biomass power and heat-supply networks. The development strategy is to strongly accelerate the use of wind power and gas-fired power, and to steadily develop the hydropower, solar PV and other clean energy technologies. Environmental protection and energy conservation business are also covered in its strategic plan. Based on the representative projects reviewed, we consider that Beijing Energy is capable of acting as the owner and operator of the wind farms and gas-fired power plants.

Most of the WTG suppliers chosen by Beijing Energy to supply and maintain the WTGs on its wind farms are well known to the wind industry. However Sewind Co., Ltd. (Sewind) did not have the long track record of the other chosen WTG suppliers as it was only founded in 2006. It has undergone rapid development and one of its parent companies is the Shanghai

Electric Group which has strong equipment manufacturing capability. We therefore considered Sewind acceptable as a WTG supplier. We consider that these WTG manufacturers are capable of delivering their role in the reviewed projects.

Both GE and MHI are famous gas turbine suppliers in the world and have substantial track records. We have no current concerns on their services.

The transmission and distribution network in China is state-owned. The State Grid Corporation of China (SGCC) and the Inner Mongolia Power Company are two of three grid corporations in China, acting as grid operators. We have gained experience working with SGCC and Inner Mongolia Power Company through working on power projects in China and the Hong Kong Electricity Market Development project. Therefore, we have no concerns with regards to the capabilities and experience of China transmission and distribution companies acting as grid operators.

1.3 Wind Turbine Generator (WTG) Technologies

Representative wind farms include WTGs produced by both domestic and international manufacturers. Generally speaking, WTG models reviewed here have a modern design broadly in line with current technology standards and with a rated power range of 750 kW to 2 MW. All installed WTG models have been selected according to site specific conditions.

Beijing Energy uses several models of WTG on its sites, including Goldwind S50/750 and GW77/1500, Sewind SEC/1250, Nordex S70/1500 and S77/1500, Suzlon S82/1500 and so on. As all WTG models used by Beijing Energy except Sewind have substantial track records, we consider the technology of these WTGs as mature and the models should be reliable if operated properly and adequately maintained. As for Sewind, we considered it acceptable as a WTG supplier and details can be referred to section 1.2.

We are aware that the Guanting and Taiyangshan wind farms maybe required to be technically upgraded so that they can perform Low Voltage Ride Through (LVRT) to meet relevant requirement in the latest Chinese Grid Code issued by National Grid. Goldwind has promised that the wind turbine units of Goldwind in Guanting wind farm already have LVRT capability. While, Beijing Energy promised that Taiyangshan wind farm will implement the upgrade, if SGCC's upgrade requirement received.

It is also worth noting that seven of the eight wind farms in the portfolio are located in very cold areas of China and all wind turbines selected for these wind farms are low temperature versions or have operating capability for low temperatures, according to the manufacturer's specifications.

1.4 Wind Resource Assessment

Having reviewed feasibility studies for a selection of eight wind farms within the portfolio, we can conclude that a consistent approach has been adopted towards the wind resource assessment. On the whole, the adopted methodology has been broadly in-line with standard international practice. 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. The feasibility studies fail to account for specific grid curtailments and in this respect, they do not realistically represent the actual output of many of the wind farms within this portfolio. 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 losses.

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 be based on actual production since commissioning.

1.5 Grid Connections Assessment

The transformers at all wind farm step-up substations are appropriately sized and have sufficient capacity to export the maximum power under normal operation scenarios.

It appears that all overhead lines connecting the wind farms visited 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. Although it is not compliant with the 'N-1' security contingency in western wind farms, it is noted that in western, the connection lines are belonged to wind farm, who applied "N-1" principle based on its own choice, also there is no compellent 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 curcuits. 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.

All the representative wind farms have appropriate switchgear installed to withstand fault current at both the wind farm step-up substations and the grid connection substations. No issue regarding switchgear rating has been identified at any of the representative wind farms. Appropriate protection schemes have been applied to all wind farms which seems to be the common practice for most Chinese wind farms. Lightning protection equipment has also been installed to prevent lightning damage to the wind farm equipment. No significant issues have been raised regarding the equipment condition.

All WTGs from representative wind farms have controllable power factors at grid connection point as required in the Chinese Grid Code. All representative wind farms have reactive power compensation equipment installed to provide reactive power support as required by the grid connection study report. In addition, all the main transformers are equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the High Voltage winding. Therefore, we would consider that the wind farms have sufficient reactive and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

As wind speed is variable and difficult to predict, wind farm power output is too. These characteristics of wind power affect grid stability and make scheduling challenging. The higher the wind power penetration in an electricity network, the more pronounced these problems become. In order to address these problems, the grid connection of a wind farm is required to meet the network security operational requirements. A new grid code for connecting wind farms to power networks was issued by the State Grid Corporation of China in February 2009. In the grid code, the wind farm is required to operate within a frequency range of 48Hz to 51Hz. Low voltage ride through (LVRT) capabilities are required such the WTGs can continue to operate for 625ms when the grid voltage drops to 20% of the nominal level. The WTGs are also required to keep operating when the grid voltage rate of change is within ±10% of its rated value.

The updated Chinese Grid Code (Revision) of wind farm grid connection requires an assessment of the power quality and low voltage ride through (LVRT) to ensure that the relevant indices are within the given limits and in accordance with technical standards. The relevant tests are required to be finished before the wind farm is connected to the grid. The Chinese Grid Code (Revision) LVRT stipulated thereunder are only guidelines issued by the State Grid Corporation of China. They are not law, regulations, national standards nor compulsory requirements. Accordingly, compliance with the requirements set out in the Updated CGC is not mandatory. Majority of the Group's wind farms are located in Inner Mongolia which is covered by Inner Mongolia Grid Company, and the Inner Mongolia Grid Company does not have similar requirements. There is no deadline stipulated in the Updated CGC for compliance or completion of any upgrade required.

As per our site visit, only two local power grids, Beijing power grid and Tieling power grids are 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 wind farms in Inner Mongolio to be subjected to grid curtailments. The major reasons for grid curtailments are that in winter, especially during the night, the thermal power plants in Inner Mongolia operate as CHP plants to provide heat to the local district heating systems. Therefore, the power generation from wind farms in Inner Mongolia 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 Inner Mongolia power grid for a large scaled expansion of wind power. We gather that the construction of more interconnection lines which includes the proposed joint venture to establish two high voltage grid lines between West Inner Mongolia and North China. We understand that the local network should have sufficient capability to accommodate Beijing Energy wind power and we would expect that this problem could be solved by future reinforcement of the network. MM noticed that Inner Mongolia local grid has an ambitious upgrading plan which is expected to accept more electricity power. The plan has been started to implement already, and it will efficiently improve the grid connection capability of wind farms.

China wind power sector increased rapidly since year 2007, and since winter of 2009, the grid curtailment problem of Inner Mongolia Grid came out. But, along with the upgrade of Inner Mongolia Grid in 2010, the problem is mitigating gradually. Up to February 2011, Hetao 500 kV substation of Inner Mongolia grid has started commercial operation, which makes the grid curtailment of Wulanyiligeng wind farm mitigate significantly. The upgrade project of

Huitengliang 220 kV substation is expected to start operation in July 2011, and will be upgrade to 500 kV, which will significantly mitigate the grid curtailment of Jixianghuaya wind farm. MM thinks that the grid curtailment problem shall be fully considered in feasibility study stage.

1.6 Performance of Wind Farms

Of the eight representative wind farms we reviewed, two had different wind turbines types, number of units and layouts compared with those quoted in the feasibility study. Two wind farms had just completed commissioning this year and so did not have enough operational data (at least 12 months normal operational data) and one did not have on-grid power generation figures only for phase I separately available because one meter was shared for four phases of this wind farm. We could not assess whether their production of these five wind farms was in line with the forecasted figures in the feasibility studies.

Out of the three remaining wind farms, two had higher annual productions than forecasted in the feasibility study.

Changtu Taiyangshan Wind Farm showed lower performance than expected. We understand from the available information that low average wind speed was the main reason for the low production. According to the feasibility study, the annual average wind speed was 6.74 m/s which is much higher than the actual annual average wind speed 3.78 m/s.

Six of the eight representative wind farms are located in Inner Mongolia with excellent wind regimes. Their performances could be better if there were no grid curtailments which is very common in Inner Mongolia. We would expect this problem to be solved by future reinforcement of the network. However the wind farms located near Beijing and Tieling city in Liaoning province do not have any such concerns.

Overall, the equipments and facilities are well-maintained and of a good standard. The design, construction and installation are in line with our expectations.

1.7 Operation and Maintenance of Wind Farms

We consider the O&M arrangements to be suitable for Beijing Energy operations as they are based on currently recognized best practice models whilst being specifically developed for the Beijing Energy sites. Beijing Energy 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 few points.

The control center in Hohhot is very helpful for improving the operation management level, saving human resources, reducing operation cost, improving operation analysis and control level, improving the steady and healthy operation of wind farms of Beijing Energy in west region of Inner Mongolia. This kind of regional control center is very comply the actual practice of China wind power development, and very possibly to be spread and popularized.

Although we believe that improvements are needed in the preventive maintenance strategy for WTG main components, we believe that the treatment to the outage, the structural organization of O&M, the purchase and storage of spare parts and the QHSE requirements of Beijing Energy wind farms are generally acceptable and well-organized.

1.8 Technical Review of Gas-fired Power Plants

We comment on the key conclusions relating to the Jingfeng CCHP as below:

- We consider the main generating plant items are of proven technology;
- Our review of the technical documents suggests that the overall condition of the plant is generally in accordance with our expectations for a facility of this age and type;
- Availability of the plant is somewhat below average industry standards, however, the definition and regulation of availability in China is different with western;
- The designed output and heat rate figures are in line with our expectations, actual performance values have been proved by in the commissioning test report;
- The plant Capacity Factor is at high level among the similar gas-fired power plants in China. Though, it's slightly lower than western similar western gas-fired power plants, that's because its annual power generation amount is decided by the production plan issued by government authority at beginning of every year. This is mainly due to task of Jingfeng CCGT plant, whose major task is the heat supply to local community, so the majority power generation is completed in heat-supply period;
- Redundancy design in major plant equipment is considered adequate with the exception of the main cooling water pumps;
- The operation records have not indicated any gas supply interruption during the past 4 years;
- MM reviewed the Long Term Spare Parts Management & Service Agreement (LTSPMSA) between plant and MHI. Plant always signs the independent agreement (MM didn't reviewed) of technical support before every schedule outage, which request MHI sends the professional engineers to plant to guide the maintenance. Jingfeng plant has adequate technical force and staff team to complete all the maintenance work under the guide of professional engineers from MHI. This arrangement seems more cost-effective and complies with plant condition, comparing to the Long Term Service Agreement. and
- The Long Term Spare Parts Management & Service Agreement with GT supplier MHI has been reviewed, which is a good guarantee for the spare parts supply. We reviewed the spare parts list of GT, which is quite proper and adequate compare to the similar plants in western.

We comment on the key conclusions relating to the Taiyanggong CCHP as below:

- We consider the main generating plant items are of proven technology;
- Our review of the technical documents suggests that the overall condition of the plant is generally in accordance with our expectations for a facility of this age and type;

- Availability of the plant is somewhat below average industry standards, however, the definition and regulation of availability in China is different with western;

- The designed output and heat rate figures are in line with our expectations, which are proved by actual performance values in the commissioning test report;

- The plant Capacity Factor is at high level among the similar gas-fired power plants in China. Though, it's slightly lower than western similar western gas-fired power plants, that's because its annual power generation amount is decided by the production plan issued by government authority at beginning of every year. This is mainly due to task of Taiyanggong CCGT plant, whose major task is the heat supply to local community, so the majority power generation is completed in heat-supply period;

- Redundancy design in major plant equipment is considered adequate.

- The operation records have not indicated any gas supply interruption during the past 2 years;

- The LTSA with GE is beneficial as specialist support is available to the project. The adoption of condition-based maintenance follows modern industry practices; and

- Spare parts are stored in good condition on site. The full inventory list of spare parts is considered to include complete items, adequate quantity and proper models for all major systems. In particular, the situation regarding major spare parts for the GT including those required for HGPI and major inspections can meet the requirement of regular outage and scheduled outage.

2. Introduction

2.1 Overview

Mott MacDonald Limited (MM) has been appointed by Beijing Jingneng Clean Energy Co., Limited (Beijing Energy) to act as Technical Consultant on the Company's global initial public offering (IPO) project.

MM is a world-class multi-disciplinary consultancy engaged in development, focusing on many aspects of everyday life from energy, transport, health and education, water and the environment to building, industry and communications. MM has won recognition for technical excellence in power engineering, water, transportation, building and infrastructure and, in addition to these technical services, also offers a wide range of strategic planning, financial and business development services. MM is a wholly independent international company, with headquarters in the UK, annual turnover in excess of 1 billion Euros, over 14,000 staff and global experience spanning 140 countries. 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, ranking eighth in 2010.

MM has undertaken over seventy projects in China totalling over 32 GW including wind, hydro, biomass, waste-to-energy, gas-fired and coal-fired power plants.

MM carried out an independent technical assessment of Beijing Energy assets of wind farms and gas-fired power plants. This review of wind farms includes wind resource assessment, power generation, availability, operational and maintenance arrangements, wind turbine technologies, grid connection arrangements and compliance with grid codes. The review of gas-fired power plants includes gas supply, heat and power production, availability, operational and maintenance arrangements, Combined Cycle Gas Turbine (CCGT) 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 Beijing Energy, and discussions and meetings with relevant Beijing Energy staff. MM's professional judgment was exercised with regards to the validity and use of all information submitted from external sources. MM's knowledge of the Chinese power sector has been utilized throughout the independent technical assessment process.

A large number of wind farms as well as gas-fired power plants are included in the asset portfolio and are spread across a wide area of China. These plants were designed by various local design institutes based on the same Chinese standard. The wind turbines and gas turbines were supplied by a number of domestic and international manufacturers. For these reasons it was agreed that the report would be compiled with specific reference to representative projects. These plants were selected to best encapsulate and represent the diversity of all power plants controlled and operated by Beijing Energy. Particular attention was paid to the following factors when selecting the representative power plants:

- Wind resources and geographic coverage—Representative wind farms selected are located in areas with abundant wind resources including Inner Mongolia, Liaoning and northwest of Beijing, as shown in Figure 2.1.

- Wind turbine types—Representative wind farms selected include turbines produced by both domestic and international manufacturers as detailed in Section 3.3 of this report.

- Year of operation—Representative wind farms selected have different operation start dates as detailed in Table 4.1.

- Gas turbine types—Two gas fired power plants applied different top-class gas turbine manufactures as detailed in Section 3.4.

The process of technical assessment was carried out in China and the UK through a variety of procedures including, but not limited to: site visits, data collection, discussion, analysis, and report production.

2.2 Assets Overview

2.2.1 General Overview

To date December 31, 2010, Beijing Energy owns sixteen wind farms with consolidated installed capacity of 1,058.75 MW, and two gas-fired CHP plants with consolidated installed capacity of 1,190.00 MW. All the wind farms are operated by its subsidiaries across China. In 2009, the total electricity generation of consolidated wind power was 802 GWh, and the total electricity generation of consolidated gas-fired CHP was 3,855 GWh.

Wind turbine technologies adopted in the portfolio are from renowned Chinese Wind Turbine Generator (WTG) manufacturers such as Goldwind, Sinovel, United Power, Mingyang, Fengdian, Beizhong and Sewind and international suppliers such as Suzlon and Nordex. The size of the turbines varies from 750 kW to 2.5 MW.

2.2.2 Selection of Representative Wind Farms

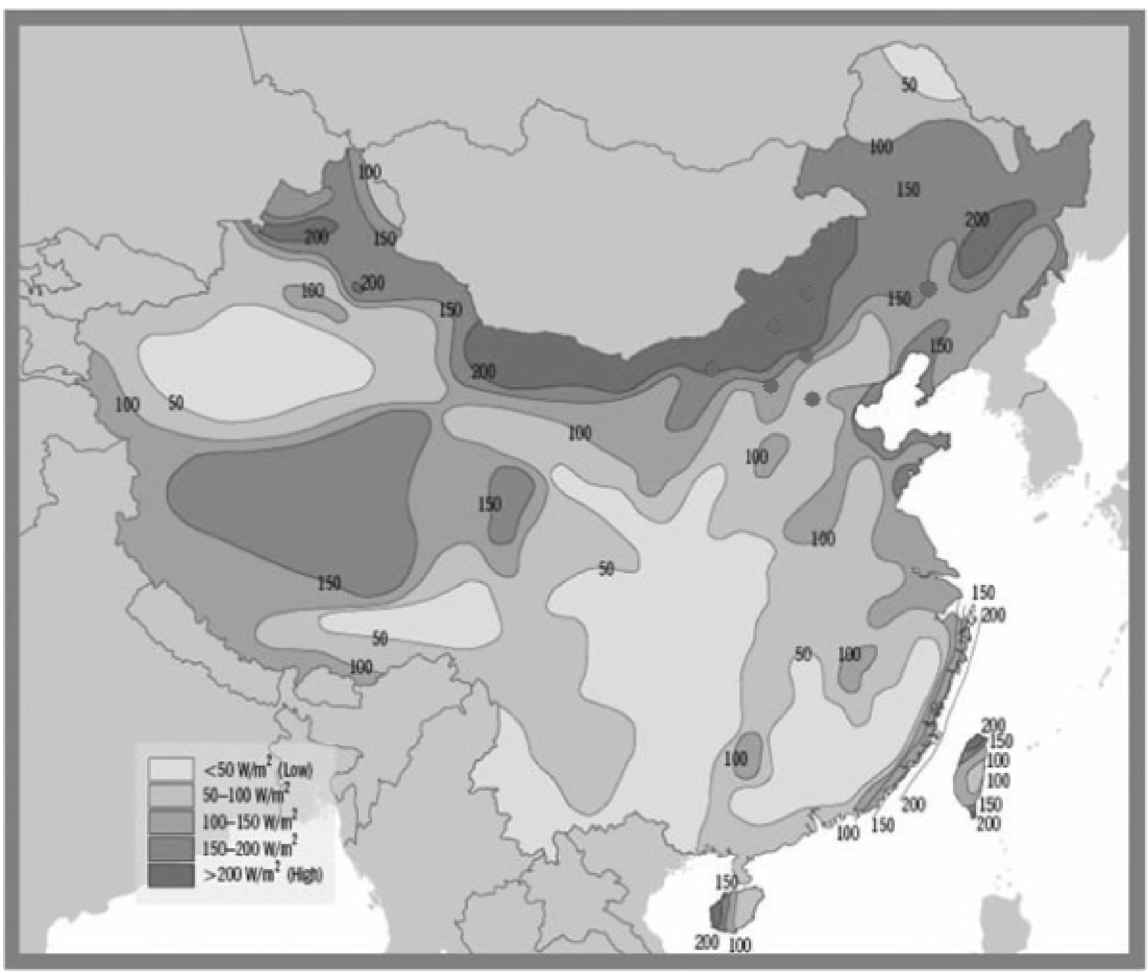
Due to the large number of projects involved in the asset portfolio, it was decided that a representative sample of eight wind farms will be assessed as part of our due diligence.

When selecting the representative wind farms the following factors were considered:

- Wind resources;
- Geographic coverage;
- Wind Turbine Generator (WTG) supplier; and
- Year of operation.

China has abundant wind resources, with the Global Wind Energy Council (GWEC) report "Global Wind 2009 Report", estimating 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 2.1. 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 Shangdong to Fujian Provinces. The color tone in Figure 2.1 represents wind density.

Figure 2.1: Wind Resources Distribution in China and Representative Projects' Location



Source: BCSE/CREIA 2006

As indicated by the red marks in Figure 2.1 we have selected representative projects located in the wind abundant areas of Inner Mongolia, Liaoning and northwest of Beijing.

MM select the wind farms visited and assessed based on the criteria as below:

(1) All the wind farms we have visited are operating; this is because operating wind farms have actual operation records such that MM can evaluate its real performance and the accuracy of the forecast. In evaluating which wind farm to

visit, MM has taken into account all wind farms that are worth visiting and assessing using the criteria described below.

(2) The wind turbines of major manufactures such as GoldWind, Sinovel, Nordex and Suzlon are all visited and assessed. These suppliers provided majority of wind turbines for Beijing Energy's wind farms, 452 sets out of 779 wind turbines in operating, about 58%, also In addition, these turbine manufacturers have signed contract with Beijing Energy to provide majority of the latter's developing wind farms' wind turbine needs.

(3) If two wind farms use the same wind turbine model from the same supplier, then, only one of these two wind farms is necessary to be evaluated, in MM's view.

(4) The wind farms selected are distributed across the whole developed and developing region of Beijing Energy's business, from west of Inner Mongolia to Liaoning Province.

(5) All wind turbine models from the main wind turbines suppliers mentioned in (2) have been assessed.

(6) If different phases of same wind farm use the same wind turbine model from the same supplier, then, MM believes assessment of one phase can already represent all phases.

(7) As of June 2010, which is MM's wind farm assessment selection time point, there were 16 wind farms in operation. MM visited 8 out of 16, about 50%. The installed capacity of wind farms MM visited is 660.8 MW, which compares to Beijing Energy's total of 1058.8 MW as of June 2010, thus about 62.4% of the latter's operating wind farm capacity has been visited.

(8) The wind farms we selected are located in the areas, where wind energy density range from 50 to 200W/m^2. So these wind farms can represent the wind power performances in different wind regime.

2.3 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;
- WTG Technologies;
- Wind Resources Assessment;
- Grid Connection Assessment;
- Performance of the Wind Farms;
- Operation and Maintenance Execution;
- Technical Review of Gas-fired Power Plants; and

2.4 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 Beijing Energy, 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.

3. Project Participants

3.1 Introduction

This section of the report reviews the Project participants and considers their suitability and capability for the roles envisaged. The report considers Beijing Energy 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.

3.2 Beijing Jingneng Clean Energy Co,. Limited

Converted from Beijing Jingneng Technology, Beijing Energy was formed in Aug 2010, and is a shareholding subsidiary of Jingneng Group. It was previously known as Beijing Energy Investment, formed in February 1993. Its business focuses on the investment, construction and operation of all the clean energy projects, and integrates the development and utilization of wind energy, gas-fired power, hydropower, biomass power and heat-supply networks. The development strategy is to strongly accelerate the business of wind power and gas-fired power, meanwhile, steadily develop the hydropower, solar PV, other clean energy technologies and environmental protection and energy conservation business are also covered in its strategic plan.

To date December 31, 2010, Beijing Energy owns sixteen wind farms with consolidated installed capacity of 1,058.75 MW, and two gas-fired CHP plants with consolidated installed capacity of 1,190.00 MW. All the wind farms are operated by its subsidiaries across China. In 2009, the total electricity generation of consolidated wind power was 802 GWh, and the total electricity generation of consolidated gas-fired CHP was 3,855 GWh.

In CWEA's report dated March 2010, Beijing Energy was ranked 6th operator in China in terms of installed capacity of wind power in year 2009.

Based on the representative projects reviewed, we consider that Beijing Energy is capable of acting as the owner of the wind farms and gas-fired power plants.

3.3 WTG Suppliers

Beijing Energy 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, maximization of energy yield etc. Beijing Energy manages all procurement and engineering activities of WTGs centrally from its headquarters in Beijing, and its regional subsidiaries operate those WTGs. The following sub-sections assess the capability of all WTG manufacturers utilized on the representative wind farms we visited.

3.3.1 Xinjiang Goldwind Science & Technology Co., Ltd.

The history of Xinjiang Goldwind Science & Technology Co., Ltd. (Goldwind) can be traced back to 1998. It is a leading wind turbine manufacturer and whole technical solutions provider in China. Its core business includes research, development, manufacture and sale of WTGs. It also provides wind power consultancy services as well as developing wind farms which can be sold as packages to wind farm operators and investors. Goldwind is also involved in design and construction, wind farm planning and consultancy services.

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 Ninxia province. It also has a factory in Germany.

As of May 27, 2010, 7,773 Goldwind WTGs have been sold and over 6,000 Goldwind WTGs had been installed in 19 provinces across China. The new installed capacity in 2009 was 2,726.5 MW and the cumulative installed capacity was 5,351.05 MW by 2009. According to CWEA's report dated March 2010, Goldwind ranked the second in terms of both new installed capacity in 2009 and cumulative installed capacity from 2007 to 2009. According to a trusted source dated in March 2010, Goldwind ranked fifth in terms of new installed capacity in 2009.

3.3.2 Sinovel Wind Group Co., Ltd.

Sinovel is one of China's major WTG manufacturers, with its headquarters in Beijing, and branches or factories in Tianjin, Dalian of Liaoning province, Baotou, Xing'anmeng and Bayannaoer of Inner Mongolia, Dongying of Shangdong province, Yancheng of Jiangsu province and Jiuquan of Gansu province. It is actively engaged in development, design, manufacture, marketing, sale and operation & maintenance of both onshore and offshore WTGs.

Sinovel has a significant track record and a large number of installed units. In 2009, Sinovel supplied 3,510 MW and has supplied 5,652 MW of the cumulative installed capacity. According to CWEA's report dated March 2010, Sinovel ranked first in terms of both new installed capacity in 2009 and cumulative installed capacity from 2007 to 2009. According to a trusted source dated in March 2010, Sinovel ranked third in terms of new installed capacity in 2009 and its global market share was 3.5% in terms of cumulative installed capacity.

3.3.3 Suzlon

From its beginning in 1995 in India, Suzlon has developed to become a leading global wind power company with over 14,000 people in 21 countries.

The recent acquisition of REpower In 2009 gave the Indian-owned company a stronger foothold in Europe. By the end of 2009, Suzlon had installed 9,671 MW across the world.

According to a trusted source dated March 2010, this Indian company was ranked as fifth main WTG supplier with a global market share of 9.1% (including the REpower acquisition) in terms of total cumulative installed capacity worldwide.

For the wind farms with Suzlon turbines in this portfolio, the turbine were supplied by Suzlon's wholly-owned subsidiary company, Suzlon Energy (Tianjin) Limited which was commissioned in 2007. The plant manufactures rotor blades, nacelles, nacelle covers, control panel systems, hubs and generators. It already has several projects with a total capacity of 825 MW which is equivalent to almost 600 WTGs. Suzlon supplied capacity in 2009 was 293 MW and cumulative installed capacity was 605 MW, giving it a ninth place ranking in the Chinese market.

3.3.4 Nordex

Nordex was founded in 1985 in Denmark and develops larger and more economical wind turbines. Now more than 3,700 Nordex turbines with a total-rated output of more than 4,800 MW are already operational in 34 countries across the world. Nordex has offices and subsidiaries are located in 18 countries. Hundreds of 2.3 – 2.5 MW Nordex wind turbines have been installed around world.

Nordex has operated in China since 1995 and set up a joint venture in Xi'an for wind turbine assembly in 1998. In 2006 the joint venture Nordex (Yinchuan) Wind Turbine Co., Ltd. was founded and assembles 1.5 MW wind turbines. In January 2007 Nordex set up a factory for blade production of its 1.5 MW wind turbines in Dongyin city of Shandong province. Presently there is 430 staff working for Nordex in China.

Nordex has started its business in China since 1995. Nordex has installed more than 350 WTGs since 1985 in China with the cumulative installed capacity of 443.9 MW by May 30, 2009. Nordex mainly supply wind turbines of Nordex S70 and S77 series in China market.

3.3.5 Sewind Co., Ltd.

Shanghai Electric Group Co., Ltd. and China Huadian Engineering Co., Ltd. established a joint venture company—Sewind Co., Ltd. in September 2006. It is a professional engineering company covering WTG design, manufacturer, technical consultancy and Engineer, Procure and Construct of projects.

Sewind has a production and assembly facility in Lingang and can produce 1,500 units per year. A second production facility base located in Jiangsu province is being constructing and will be completed by August 2010. It will be used to produce 2 MW and 3.6 MW offshore WTGs. At the beginning of 2006, D6 – 1.25 MW technology was introduced from Dewind into Sewind through obtaining its license. In 2007, it jointly developed 2 MW WTG with Germany Aerodyn which is suitable for wind regime in China. Currently, Sewind can manufacture WTGs with the capacity of 1.25 MW, 2 MW and 3.6 MW.

The new installed capacity of Sewind in 2009 was 280.5 MW and the cumulative installed capacity was 475.5 MW. According to CWEA's report dated March 2010, Sewind ranked eleventh in terms of new installed capacity in 2009 and ranked twelfth in terms of cumulative installed capacity from 2007 to 2009.

3.3.6 Conclusion

Most WTG suppliers chosen by Beijing Energy 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 Sewind did not have the long track record of the other chosen WTG suppliers as it was only founded in 2006, it has undergone rapid development in the past four years and is a subsidiary of Shanghai Electric Group which has strong equipment manufacturing capability. We therefore considered Sewind acceptable as a WTG supplier. All other WTG models chosen by Beijing Energy have substantial track records and we consider the technology used as mature and the models as reliable if operated properly and adequately maintained.

3.4 Gas Turbine Suppliers

3.4.1 General Electric

General Electric (GE) is the world's leading supplier from USA in the power generation and transmission & distribution market including operation and maintenance services especially for its gas turbine. GE has been established for over 130 years. Currently, GE provides services in 120 countries and installed gas turbine more than 6,000 units worldwide with accumulated over 200 million fired hours of operating experience.

For gas turbines, GE is capable of manufacturing units ranging from 26 MW to 480 MW each for small to large scale of power plants. GE has a good reputation as a gas turbine manufacturer and O&M service supplier for its gas turbine in international market and we have no current concern on GE services.

3.4.2 Mitsubishi Heavy Industries Limited

Mitsubishi Heavy Industries Limited (MHI) is the world's leading Japanese supplier in the power generation market and operation and maintenance services especially for its gas turbine. MHI is an affiliated company of Mitsubishi Group who has been founded for over 125 years with 92 affiliated companies. Currently, MHI provides has more than 33,000 employees and installed gas turbine more than 500 units worldwide.

MHI is capable of manufacturing units a wide range of gas turbines, from 6 MW to 300 MW for very small to large scale of power plants. MHI has a good reputation as a gas turbine manufacturer in international market and we have no current concern on MHI services.

3.4.3 Conclusion

Both GE and MHI are famous gas turbine suppliers in the world and have substantial track records. We have no current concerns on their services.

3.5 Grid Operators

To date, there are three Grid Corporations in China, including

- State Grid Corporation of China (SGCC)
- China Southern Power Grid Co. Ltd. (CSG)

- Inner Mongolia Power Company

They consist of 38 transmission grid companies and 3,171 distribution network companies. The transmission grid companies are responsible for the operation and management of the transmission grids at a provincial level and above; and the distribution network companies (power supply companies) are responsible for the operation and management of the distribution network and supplying electricity to the customers.

3.5.1 Grid Operators in Selected Projects

As detailed in section 2.2.2, the eight wind farms we visited are distributed in regions covering from the North east to the North China. These wind farms have been connected to the 220kV, 110kV and 66kV transmission & distribution network owned by SGCC and the Inner Mongolia Power Company.

The grid operators for the selected wind farm have been listed in Table 3.1, including local, provincial and regional Grid companies affiliated either to SGCC or to the Inner Mongolia Power Company.

Table 3.1: Grid Operators in Representative Wind Farms

Items	Wind Farm	Capacity (MW)	Grid Operator				Connected Point Voltage
			Local	Provincial	Regional	National	
1	Saihan Wind Farm Phase I	49.5 MW	Xixi Power Supply	Inner Mongolia Power Company	N/A		220 kV
2	Zheligentu Wind Farm Phase I	48.75 MW	Xilin Power Supply	Inner Mongolia Power Company	N/A		220 kV
3	Jixianghuaya Wind Farm Phase I	49.5 MW	Xilin Power Supply	Inner Mongolia Power Company	N/A		220 kV
4	Jixianghuaya Wind Farm Phase II	49.5 MW	Xilin Power Supply	Inner Mongolia Power Company	N/A		220 kV
5	Chayouzhong Wind Farm Phase I	49.5 MW	Wulanchabu Power Supply	Inner Mongolia Power Company	N/A		220 kV
6	Wulanyiligeng Wind Farm	300 MW	Bayannao'er Power Supply	Inner Mongolia Power Company	N/A		220 kV
7	Changtu Taiyangshan Wind Farm	49.5 MW	Tieling Power Supply	Liaoning Electric Power Company	Northeast China Grid Company Limited	SGCC	66 kV
8	Lumingshan Guanting Wind Farm Phase I	49.5 MW	N/A	Beijing Power Supply	North China Grid Company Limited	SGCC	110 kV

3.5.2 State Grid Corporation of China (SGCC)

Founded on December 29, 2002 by the State Council, SGCC is responsible for construction and operation of power grids, and providing secure and reliable power supply for economic development. SGCC supplies electricity to 88% of the national area, in twenty-six provinces. It also provides power services to one billion customers. By the end of 2009, it owned and managed five regional electric power grid companies and twenty-six provincial-level electric power grid companies. The owned transmission line at 110 kV and above was 553,382 km. In 2009, SGCC sold 2,274.8 TWh of electricity and had annual revenue of RMB 1,265.98 billion. Therefore, we consider that SGCC is capable of acting as the grid operator.

3.5.3 Inner Mongolia Power Company

As an independent provincial Grid Corporation, the Inner Mongolia Power Company is responsible for investment and construction of the transmission and distribution networks in western Inner Mongolia. The eastern power grid is operated by Northeast China Power Grid Company in SGCC. By the end of 2009, it owned transmission line at 110 kV and above was more than 20,000 km. In 2009, the Inner Mongolia Grid Company sold 100.7 TWh of electricity and had annual revenue of RMB 31.9 billion. Therefore, We have no concerns with regards to the capabilities and experience of Inner Mongolia Grid Company.

3.5.4 Conclusion

The transmission and distribution network in China is state-owned. The State Grid Corporation of China (SGCC) and the Inner Mongolia Power Company are two of three grid corporations in China, acting as grid operators. We have gained experience working with SGCC and Inner Mongolia Power Company through working on power projects in China and the Hong Kong Electricity Market Development project. Therefore, we have no concerns with regards to the capabilities and experience of China transmission and distribution companies acting as grid operators.

3.6 General Conclusion

Converted from Beijing Jingneng Technology, Beijing Energy was formed in Aug 2010, and is a shareholding subsidiary of Jingneng Group. It was previously known as Beijing Energy Investment, which was formed in February 1993. Its business focuses on the investment, construction and operation of all the clean energy projects, and integrates the development and utilization of wind energy, gas-fired power, hydropower and heat-supply networks. The development target is to strongly accelerate the use of wind power and gas-fired power, and to steadily develop the hydropower, solar PV and other clean energy technologies. Environmental protection and energy conservation business are also covered in its strategic plan. Based on the representative projects reviewed, we consider Beijing Energy is capable of acting as the owner of the wind farms and gas-fired power plants.

Most of the WTG suppliers chosen by Beijing Energy to supply and maintain the WTGs on its wind farms are well known to the wind industry. However Sewind did not have the long track record of the other chosen WTG suppliers as it was only founded in 2006. It has undergone rapid development and one of its parent companies is the Shanghai Electric

Group which has strong equipment manufacture capability. We therefore considered Sewind acceptable as a WTG supplier. We consider that these WTG manufacturers are capable of delivering their role in the reviewed projects.

Both GE and MHI are famous gas turbine suppliers in the world and have substantial track records. We have no current concerns on their services.

The transmission and distribution network in China is state-owned. The State Grid Corporation of China (SGCC) and the Inner Mongolia Power Company are two of three grid corporations in China, acting as grid operators. We have gained experience withing with SGCC and Inner Mongolia Power Company through working on power projects in China and the Hong Kong Electricity Market Development project. Therefore, we have no concerns with regards to the capabilities and experience of China transmission and distribution companies acting as grid operators.

4. Wind Turbine Technologies

4.1 Key Wind Turbines Involved

As detailed in Table 4.1, representative wind farms include WTGs produced by both domestic and international manufacturers. Most WTG models reviewed have a modern design broadly in line with current technology standards and with a rated power range of 750 kW to 1.5 MW. All installed WTG models have been selected according to site specific conditions.

Table 4.1: WTGs installed in Representative Wind Farms

Ref	Wind farm	Capacity (MW)	Operation Date	Manufacturer	WTG Model	Rated Power (kW)	WTG Quantity
1	Saihan—Phase I	49.5	2009	Goldwind	S50/750	750	30
					GW77/1500	1,500	18
2	Zheligentu—Phase I	48.75	2009	Sewind	SEC/1250	1,250	39
3	Jixianghuaya—Phase I	49.5	2009	Nordex	S77/1500	1,500	33
4	Jixianghuaya—Phase II	49.5	2009	Suzlon	S82/1500	1,500	33
5	Chayouzhong—Phase I	49.5	2009	Nordex	S70/1500	1,500	33
6	Wulanyiligeng	300	2009	Goldwind	GW77/1500	1,500	200
7	Changtu Taiyangshan	49.5	2009	Sinovel	SL1500/77	1,500	33
8	Lumingshan Guanting—Phase I	49.5	2009	Goldwind	GW77/1500	1,500	33

4.1.1 Goldwind S50-750 and GW77-1500

Goldwind started its business by procuring the expertise from German wind turbine manufacturers in 1998. It first licensed Repower's 48 kW to 750kW turbine technology in 2002 and then acquired a license in 2003 from Vensys for its 62-1.2 MW turbine, and subsequently for the low wind speed version 64-1.5 MW.

The early Goldwind model S50 is based on Repower's standard doubly-fed induction generator and stall control system. Although the technology is relatively old, and its stall blades do not allow the speed control and thus power control, we consider that the technology is mature and this model is proven to be reliable. Along with MW-sized wind turbines with pitch control becoming more and more popular, S50 is no longer Goldwind's key WTG model.

GW77 has been developed on Vensys's design concept which is based on a gearless wind turbine system having a synchronous permanent magnet generator that operates with a direct drive system without gearbox, intermediate shaft and couplings, which are usually subject to failure and need intensive maintenance activity. The use of permanent-magnet excitation eliminates the need for excitation coils, slip rings, and the generation of direct current for excitation purposes.

As the technology of the GW77 is well-established, we consider this model to be reliable for its application in the reviewed projects. The main technical parameters are summarized in Table 4.2.

Table 4.2: Technical Summary of Goldwind S50-750 and GW77-1500

	S50	GW77
Hub Height	60m	65m
Rotor Diameter	50m	77m
Rated Power	750kW	1,500kW
IEC Classification IEC	IEC IIA	IEC IIA
Certification	China Classification Society	China General Certification Center
Cut-in Wind Speed	3.5m/s	3m/s
Nominal Wind Speed	14 - 15m/s	11m/s
Cut-out Wind Speed	25m/s	22m/s
Generator	Double fed asynchronous generator	Permanent magnet direct drive synchronous generator
Gearbox	One planetary stage + two helical gear stages	Gearless direct drive
Gearbox Ratio	1:70.022	N/A
Power Regulation and Control	Stall	Electromechanical blade pitch
Operating Ambient Temperature	-30°C ~ +40°C	-30°C ~ +40°C
Standby Ambient Temperature	-40°C ~ +50°C	-40°C ~ +50°C

4.1.2 Sinovel SL1500

In 2009, Sinovel's installed capacity was 3,510 MW and was mainly based on the wind turbines of the SL 1500 WTG series. Sinovel developed its WTG technology jointly with the established German manufacturer Fuhrländer and is produced under a licence agreement with AMSC Windtec. The SL1500 is a three blades, horizontal shaft WTG with a double-fed generator, active pitch, and active yaw system with variable speed operation. 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 4.3.

Table 4.3: Technical Summary of Sinovel SL1500 LTV

	SL1500
Hub Height	70m
Rotor Diameter	77m
Rated Power	1,500kW
IEC Classification IEC	IEC III
Certification	Germanischer Lloyd
Cut-in Wind Speed	3m/s
Nominal Wind Speed	11m/s
Cut-out Wind Speed	20m/s
Generator	Double fed asynchronous generator, water cooling
Gearbox	Two planetary stages + one spur gear stage
Gearbox Ratio	1:104.1
Power Regulation and Control	Electromechanical blade pitch
Operating Ambient Temperature	-30°C ~ +45°C
Standby Ambient Temperature	-45°C ~ +45°C

4.1.3 Suzlon S82-1500

Suzlon produces the S82-1.5 MW WTG mainly for the Indian and Chinese market. As of January 31, 2010, Suzlon announced a total of 6,622 WTG installed worldwide; among these 1,212 were of the S82 model.

The wind turbine is designed for a medium wind speed regime and features a robust design with pitch regulated blade operation and a 3-stage gearbox with flexible coupling to the asynchronous induction generator.

As the technology of the S82 is well-established, we consider this model to be reliable for its application in the reviewed projects. The main technical parameters are summarized in Table 4.4.

Table 4.4: Technical Summary of Suzlon S82-1500

	S82
Hub Height	78m
Rotor Diameter	82m
Rated Power	1,500kW
IEC Classification IEC	IEC IIIA
Certification	Germanischer Lloyd
Cut-in Wind Speed	4m/s
Nominal Wind Speed	14m/s
Cut-out Wind Speed	20m/s
Generator	Single fed induction generator, air cooling
Gearbox	One planetary stage + two helical gear stages
Gearbox Ratio	1:95.09
Power Regulation and Control	Electromechanical blade pitch
Operating Ambient Temperature	-30°C~ +40°C
Standby Ambient Temperature	-40°C~ +50°C

4.1.4 Nordex S70/S77 CCV-1500

Nordex 1.5 MW WTG has a three blades, horizontal shaft with a double-fed generator, active pitch, and active yaw system with variable speed operation. The design concept for S70 originated in 1997 with the rotor diameter of 70 m. This design was based on Nordex blade pitch technology and rotor speed control system and thus ensures wind turbines can operate in harsh climates. S77 is an updated version of S70 with the rotor diameter of 77 m. Its longer blade and pitch control technology makes it a good choice for medium wind speed areas.

Nordex 1.5 MW S70/S77 CCV WTGs were designed specially to adapt to the harsh climate in north China. Wind turbines installed in north China require the ability to operate in very low temperature, high wind speeds and wind directions changing fast most of the year. The operating ambient temperature of S70/S77 CCV is from -30°C to +45°C and the standby ambient temperature is from -40°C to +50°C.

Overall, we consider the design of the S70/S77 CCV to be in line with the industry standards and adapted to the harsh climate in north China. The main technical parameters are summarized in Table 4.5.

Table 4.5: Technical Summary of Nordex S70/77 CCV-1500

	S70	S77
Hub Height	65m	61.5m
Rotor Diameter	70m	77m
Rated Power	1,500kW	1,500kW
IEC Classification IEC	IEC IIA	IEC IIA
Certification	TUV	TUV
Cut-in Wind Speed	3.5m/s	3.5m/s
Nominal Wind Speed	13m/s	12.5m/s
Cut-out Wind Speed	25m/s	25m/s
Generator	Double fed asynchronous generator	Double fed asynchronous generator
Gearbox	One planetary stage + two helical gear stages	One planetary stage + two helical gear stages
Gearbox Ratio	1:94.7	1:104.078
Power Regulation and Control	Electromechanical blade pitch	Electromechanical blade pitch
Operating Ambient Temperature	-30°C~+45°C	-30°C~+45°C
Standby Ambient Temperature	-40°C~+50°C	-40°C~+50°C

4.1.5 Sewind SEC-1250

SEC-1250 was manufactured by Sewind Co., Ltd. through procuring D6-1250 wind turbine model from the Germany wind turbine manufacturer DeWind. The first D6-1250 was manufactured in September 2000. The design concept of DeWind is to provide integrated series of wind turbines for wind farms to optimize the inputs and outputs.

Based on SEC-1250 normal temperature version, the new SEC-1250 low temperature version was developed to adapt to the cold weather in north China. Its operation temperature is from -30°C to +40°C and the survival temperature is from -30°C to +40°C. To achieve this goal, six heating fans are installed in nacelle, main components and towers are made of low temperature materials and Shell arctic 32 low temperature oil is used in hydraulic system.

As the technology of the D6-1250 is well-established, we consider that the technology for SEC-1250 is mature and proven and this model to be reliable. The main technical parameters are summarized in Table 4.6.

Table 4.6: Technical Summary of Sewind SEC-1250 LTV

	SEC-1250
Hub Height	68m
Rotor Diameter	64m
Rated Power	1,250kW
IEC Classification IEC	IEC IIIA
Certification	DIBT
Cut-in Wind Speed	2.8m/s
Nominal Wind Speed	12.3m/s
Cut-out Wind Speed	23m/s
Generator	Double fed asynchronous generator
Gearbox	One planetary stage + Two spur gear stages
Gearbox Ratio	1:53.1
Power Regulation and Control	Hydraulic pressure pitch
Operating Ambient Temperature	-30°C~+40°C
Standby Ambient Temperature	-40°C~+40°C

4.2 Conclusions

Representative wind farms include WTGs produced by both domestic and international manufacturers. Generally speaking, WTG models reviewed here have a modern design broadly in line with current technology standards and with a rated power range of 750 kW to 2 MW. All installed WTG models have been selected according to site specific conditions.

Beijing Energy uses several models of WTG on its sites, including Goldwind S50/750 and GW77/1500, Sewind SEC/1250, Nordex S70/1500 and S77/1500, Suzlon S82/1500 and so on. As all WTG models used by Beijing Energy except Sewind have substantial track records, we consider the technology of these WTGs as mature and the models should be reliable if operated properly and adequately maintained. As for Sewind, we considered it acceptable as a WTG supplier and details can be referred to section 1.2.

We are aware that the Guanting and Taiyangshan wind farms maybe required to be technically upgraded so that they can perform Low Voltage Ride Through (LVRT) to meet relevant requirement in the latest Chinese Grid Code issued by National Grid. Goldwind has promised that the wind turbine units of Goldwind in Guanting wind farm already have LVRT capability. While, Beijing Energy promised that Taiyangshan wind farm will implement the upgrade, if SGCC's upgrade requirement received.

It is also worth noting that seven of the eight wind farms in the portfolio are located in very cold areas of China and all wind turbines selected for these wind farms are low temperature versions or have operating capability for low temperatures, according to the manufacturer's specifications.

5. Wind Resources Assessment

5.1 Introduction

Each wind farm within the portfolio has a feasibility study report which contains sections on wind resource assessment and energy yield assessment.

For this portfolio, we have reviewed wind resource and energy yield assessments within the feasibility studies for a selection of eight wind farms. Rather than involving a quantitative and detailed analysis involving remodeling or recalculation of the energy yields, our review focuses on the adopted methodology and assumptions. We have also reviewed the applicable Chinese standards, which set out recommended practices in China, in order to comment on the approach compared to wider international practice.

The wind resource assessments form a key component of the feasibility studies, and can provide a useful insight into the expected 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 estimate.

5.2 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 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 carried out 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.

5.2.1 Methodology of GB/T 18709-2002

The standard GB/T 18709-2002 covers on the standard approach to meteorological mast configuration and sensor placement, including some guidance on sensor alignment and mitigation of the influence from tower shading. We have observed in previous projects that fewer masts were used in the Chinese measurement campaigns compared to our preferred practice. However, in most of the sites we assessed for this portfolio, the measurement campaigns were often with more than one met mast considered in feasibility studies, showing evidence of good practice.

5.2.2 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 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. This 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 resource assessment method. Much of GB/T 18710-2002 is derived directly from this document and hence the approach to wind resource 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 Beijing Energy 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 losses must then be modeled, and other losses, such as electrical efficiency and availability, must be considered in order to arrive at a net energy yield.

5.3 Feasibility Studies for the Representative Wind Farms

Between July 21 and 25, 2010 we conducted site visit for a selection of eight of the wind farms within the portfolio. During or after these visits Beijing Energy 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 downtime, major component failure, grid curtailments etc.

We reviewed the wind resource 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 adequacy. However, in the cases where there was at least 1 year of normal production data available we focused more heavily on those figures for our consideration of the future energy yield forecasts.

5.3.1 Wind Resource

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. There was one notable exception for the Saihan wind farm, for which we were provided wind speed and direction data for the operational 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 the wind speed distributions were modeled by WasP, which is a software package developed by Riso, the Danish wind institution and is considered to be an industry standard tool for modeling the variation in wind flow considering details on topographic and ground cover variation in non-complex environments.

We noticed that for Saihan Wind Farm Phase I and Zheligentu Wind Farm Phase I the WTG models and layouts considered in the feasibility study differed from the actual WTG models and layouts of the as-built wind farm. In these cases, we could not directly compare the preconstruction energy yield estimates with the actual production of the wind farm presented to us by Beijing Energy. As a result for Saihan Wind Farm Phase I and Zheligentu Wind Farm Phase I we focused more heavily on the production values for the operational period when considering the energy yield forecasts. This is dealt with in section 7.2.1 and 7.2.2.

The difference in the wind turbines types, number of units and layouts of the two wind farms to their feasibility studies is due to the fact that turbine manufacture chose through tendering procedure after project approval is not same as the recommended wind turbine manufacture in the feasibility study report, which is normal situation happens during project implementation. However, the difference in the wind turbines types, number of units and layouts of the two wind farms to their feasibility studies had not and will not effect the operation of the two wind farms.

5.3.2 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 eight 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 Beijing Energy that this is due to the need to maintain fairness in the open bidding process for wind turbine selection. To appreciate the accuracy of a wind resource assessment, 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 Beijing Energy'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 modeling 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, cold weather shut-down and availability.

However, we noted that there was no consideration of losses due to grid curtailments for those wind farms in Inner Mongolia. We understood that it was mainly because there was no grid curtailment when most of these feasibility study reports were prepared. China wind power sector increased rapidly since year 2007, and since winter of 2009, the grid curtailment problem of Inner Mongolia Grid came out. But, along with the upgrade of Inner Mongolia Grid in 2010, the problem is mitigating gradually Up to Feb 2011, Hetao 500 kV substation of Inner Mongolia grid has started commercial operation, which makes the grid curtailment of Wulanyiligeng wind farm mitigate significantly. The upgrade project of Huitengliang 220 kV substation is expected to start operation in Jul 2011, and will be upgrade to 500 kV, which will significantly mitigate the grid curtailment of Jixianghuaya wind farm. MM thinks that the grid curtailment problem shall be fully considered in feasibility study stage. 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 analyses 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 immunize 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 utility with a large portfolio of wind farms such as Beijing Energy 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 Beijing Energy 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 chapter 7.

5.4 Conclusions

Having reviewed feasibility studies for a selection of eight wind farms within the portfolio, we can conclude that a consistent approach has been adopted towards the wind resource 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 losses.

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 be based on actual production since commissioning.

6. Grid Connection Assessment

6.1 Introduction

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 of wind farm including whether all equipments, i.e. main transformers, export cable/overhead line 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 sources 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 (LVRT) and power quality indices of the two wind farms connected to SGCC; and

- Capability of the local power network in view of voltage/frequency deviation, 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 eight representative wind farms and has been undertaken based upon:

- documents provided by Beijing Energy;
- meetings and discussions with relevant staff of Beijing Energy;
- site visits to the eight representative power plants; 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 study reports;
- single line diagrams of grid connections;
- single line diagrams of internal energy collection systems in the wind farms;
- grid connection agreement;
- grid codes and essential requirements for wind farms;
- renewable energy policy of the Chinese Government;
- feedback to our questionnaire; and
- site visit records.

It is assumed that all data collected from the site visits are the latest available. During our assessment, no any 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 Beijing Energy.

6.2 Key Issues Addressed in Grid Connection Studies

Through our data review and analysis, we noted that the eight representative wind farms are properly connected to 220 kV, 110 kV or 66 kV transmission and distribution network.

We summarized several key issues addressed in Grid Connection Studies as following.

6.2.1 Equipment Capacity of the Wind Farm Step-up Substation

Capacity of a step-up main transformer

Selection of a step-up main transformer 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 and reactive power compensation. The step-up transformers at all wind farms have sufficient capability to export full power from the wind farm to the grid, and are equipped with on-load tap changers which are able to maintain required voltage level at the wind farm step-up substation.

Capacity of the wind farm cable/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 overhead lines connecting the wind farms visited 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. Although it is not compliant with the 'N-1' security contingency in western wind farms, it is noted that in western, the connection lines are belonged to wind farm, who applied "N-1" principle based on its own choice, also there is no compellent 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 curcuits. 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 steady-state 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, or with normal limits after system adjustments.

Other equipment capacity

Fault level calculation has been used to choose appropriate switchgear ratings so that the switchgear is capable of withstanding potential fault currents at the wind farm substation.

6.2.2 Reactive Power Compensation and Voltage Control

Reactive Power Compensation and Voltage Control

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. The purpose of the reactive power compliance study is to examine whether there are sufficient reactive power sources 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 study 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 power projects as they are elsewhere in the world, Chinese Grid connection studies usually provide requirements of reactive compensation schemes under typical operating modes.

Capacity of Low Voltage Ride Through (LVRT) and Power Quality

Design principles adopted in wind generators differ from conventional synchronous generators. 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 updated Chinese Grid Code (Revision) of wind farm grid connection requires an assessment of the power quality and LVRT to ensure that the relevant indices are within the given limits and in accordance with technical standards. We are aware that the Guanting and Taiyangshan wind farms maybe required to be technically upgraded so that they can perform Low Voltage Ride Through (LVRT) to meet relevant requirement in the latest Chinese Grid Code issued by National Grid. Goldwind has promised that the wind turbine units of Goldwind in Guanting wind farm already have LVRT capability. While, Beijing Energy promised that Taiyangshan wind farm will implement the upgrade, if SGCC's upgrade requirement received.

6.2.3 Local Power Grid Operation

The feasibility study reports have shown that the power system analysis including the 'N-1' security criteria has been carried out for the transmission network at the grid connection point in each wind farm project in order to assess the steady and dynamic performance of the local power network that the wind farm is connected to.

Connection of wind farms to power networks 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 network.

As per our site visit, most local power grids except for Beijing power grid and Tieling power grids 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 wind farms in Inner Mongolio 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 thermal power plants operate as CHP plants to provide heat to the local district heating systems, the power generation from wind farms in Inner Mongolio 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 Inner Mongolia power grid for a large scaled expansion of wind power. We understand that the local network should have sufficient capability to accommodate Beijing Energy and we would expect that this problem could be solved by future reinforcement of the network.

6.3 Grid Connection Assessment on Each Wind Farm

6.3.1 Introduction

As part of our desk study and site visits, taking into account of the generation—demand balance and local network constraints, we will provide our assessment on the key grid connection issues and consequently identify the potential risks and operational issues for each wind farm.

6.3.2 Saihan Wind Farm Phase I

6.3.2.1 Equipment Capacity

Saihan Wind Farm Phase I has thirty Goldwind S50—750 kW WTGs and eighteen Goldwind S77—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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with one 120 MVA—220/35 kV transformer with an on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation and then stepped up to 220 kV via the main transformers.

The extension of Saihan wind farm Phase II of 49.5 MW has been installed at the same site and shared the 220 kV step-up substation. The main transformer is sized at 120 MVA. The size of the transformer will support the full output of the units, which is 99 MW. Therefore, we consider that the transformer is sufficiently rated to export the full power from the wind farm to the grid.

Saihan Wind Farm Phase I is connected to the 220 kV Wenduer substation via one 18 km 220 kV overhead line with the type LGJ-400 and the thermal rating of 200 MVA. 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 40/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.2.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 24 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.

6.3.2.3 Local Power Grid Operation

As described in Section 3.5.3, Inner Mongolia Power Company is an independent provincial Grid Corporation. Saihan Wind Farm Phase I is located in Soniteyouqi, the western area of Xilin Gol in Inner Mongolia. It is connected to Xixi Power Grid in the western Inner Mongolia power grid via 220 kV transmission line, and hence it is dispatched by Inner Mongolia Power Company.

There is insufficient electricity capacity installed in Soniteyouqi where the electricity consumption exceeds production. Therefore, the grid connection of Saihan Wind Farm Phase I is a useful complement to electricity consumption. We do not expect curtailments from local dispatch center to happen on Saihan Wind Farm Phase I under normal circumstances. However, in winter, many thermal power generators have to be kept in operation in order to supply both electricity and heat in the area where Saihan Wind Farm Phase I is located. As a result, the power output from Saihan Wind Farm Phase I 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 network should have sufficient capability to accommodate Beijing Energy and would expect that this problem could be eliminated in the medium term by future reinforcement of the network.

6.3.3 Zheligentu Wind Farm Phase I

6.3.3.1 Equipment Capacity

Zhelingentu Wind Farm Phase I has thirty-nine Sewind SEC/1250 kW WTGs installed with a total capacity of 48.75 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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with one 100 MVA – 220/35 kV transformer with an on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation and then stepped up to 220 kV via the main transformers.

The extension of Zhelingentu wind farm Phase II of 49.5 MW has been installed at the same site and shared the 220 kV step-up substation. The main transformer is sized at 100 MVA. The size of the transformer will support the full output of the units, which is 98.25 MW. Therefore, we consider that the transformer is sufficiently rated to export the full power from the wind farm to the grid.

Zhelingentu Wind Farm Phase I is connected to the 220 kV Ming'antu substation via one 35 km 220 kV Zheming overhead line with the type LGJ-400 and the thermal rating of 300 MVA. We consider that the circuit is sufficient to export all power generated by the wind farm to the grid. According to the last version of Chinese Grid Code (Trial) published in 2006, the transmission network between the wind farm substation to 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 50/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.3.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 44.48 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.

6.3.3.3 Local Power Grid Operation

As described in Section 3.5.3, Inner Mongolia Power Company is an independent provincial Grid Corporation. Zhelingentu Wind Farm Phase I is located in Zhengxiangbaiqi, the southern area of Xilin Gol in Inner Mongolia. It is connected to Xilin Power Grid in the western Inner Mongolia power grid via 220 kV transmission line, and hence it is dispatched by Inner Mongolia Power Company.

Xilin Gol has abundant wind resources. At present, the total wind farm capacity connected into the Xilin Power Grid reaches more than 600 MVA. Except for meeting the local demand, the surplus electricity from the wind farm will be exported to the main transmission grid of Inner Mongolia power grid for provincial or national use. We do not expect curtailments from local dispatch center to happen on Zhelingentu Wind Farm Phase I under normal circumstances. However, in winter, many thermal power generators have to be kept in operation in order to supply both electricity and heat in the area where Zhelingentu Wind Farm Phase I is located. As a result, the power output from Zhelingentu Wind Farm Phase I 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. We understand that the local network should have sufficient capability to accommodate Beijing Energy and would expect that this problem could be eliminated in the medium term by future reinforcement of the network.

6.3.4 Jixianghuaya Wind Farm Phase I and II

6.3.4.1 Equipment Capacity

With thirty-three NORDEX S77/1500 kW WTG and thirty-three Suzlon S82/1500 kW WTG installed respectively, Jixianghuaya Huitengliang Wind Farm Phase I and Phase II have a total installed capacity of 99MW. 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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

One step-up substation has been constructed at the site with two 50 MVA – 220/35 kV transformers equipped with one on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation, and then stepped up to 220 kV via the main transformers.

The main transformers are sized at 100 MVA. The size of the transformers will support the full output of the units, which is 99 MW. Therefore, we consider that these transformers are sufficiently rated in order to export the full power from the wind farm to the grid.

The step-up substation is connected to the 220 kV Huitengliang grid substation via one 36 km 220 kV Jiliang overhead line with the type LGJ-240x2 and the thermal rating of 400 MVA which is sufficient for the power evacuation from the wind farm to the grid. According to the last version of Chinese Grid Code (Trial) published in 2006, the transmission network between the wind farm substation to 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 50/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.4.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 20 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.

6.3.4.3 Local Power Grid Operation

As described in Section 3.5.3, Inner Mongolia Power Company is an independent provincial Grid Corporation. Jixianghuaya Wind Farm is located in Abagaqi, the southwest area of Xilin Gol in Inner Mongolia. It is connected to Xilin Power Grid in the western Inner Mongolia power grid via 220 kV transmission line, and hence it is dispatched by Inner Mongolia Power Company.

Xilin Gol has abundant wind resources. At present, the total wind farm capacity connected into the Xilin Power Grid reaches more than 600 MVA. Except for meeting the local demand, the surplus electricity from the wind farm will be exported to the main transmission grid of Inner Mongolia power grid for provincial or national use. We do not expect curtailments from local dispatch centre to happen on Jixianghuaya Wind Farm Phase I and Phase II under normal circumstances. However, in winter, many thermal power generators have to be kept in operation in order to supply both electricity and heat in the area where Jixianghuaya Wind Farm is located. As a result, the power output from Jixianghuaya 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 network should have sufficient capability to accommodate Beijing Energy and would expect that this problem could be eliminated in the medium term by future reinforcement of the network.

6.3.5 Chayouzhong Wind Farm Phase I

6.3.5.1 Equipment Capacity

Chayouzhong Wind Farm Phase I has thirty-three NORDEX S70 – 1500 kW 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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with one 120 MVA – 220/35 kV transformer with an on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation and then stepped up to 220 kV via the main transformers.

The extension of Chayouzhong wind farm Phase II of 50 MW has been installed at the same site and shared the 220 kV step-up substation. The main transformer is sized at 120 MVA. The size of the transformer will support the full output of the units, which is 99.5 MW. Therefore, we consider that the transformer is sufficiently rated to export the full power from the wind farm to the grid.

Chayouzhong Wind Farm Phase I is connected to the 220 kV Desheng substation via one 10 km 220 kV overhead line with the type LGJ-240 and the thermal rating of 300 MVA. We consider that the circuit is sufficient to export all power generated by the wind farm to the grid. According to the last version of Chinese Grid Code (Trial) published in 2006, the transmission network between the wind farm substation to 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 50/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.5.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 24 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.

6.3.5.3 Local Power Grid Operation

As described in Section 3.5.3, Inner Mongolia Power Company is an independent provincial Grid Corporation. Chayouzhong Wind Farm Phase I is located in Chahaeryouyizhongqi, Wulanchabu city in Inner Mongolia. It is connected to Wulanchabu Power Grid in the western Inner Mongolia power grid via 220 kV transmission line, and hence it is dispatched by Inner Mongolia Power Company.

Wulanchabu city has abundant wind resources. At present, the total wind farm capacity connected into the Wulanchabu Power Grid is around 500MVA. Except for meeting the local demand, the surplus electricity from the wind farm will be exported to the main transmission grid of Inner Mongolia power grid for provincial or national use. We do not expect curtailments from local dispatch center to happen on Chayouzhong Wind Farm Phase I under normal circumstances. However, in winter, many thermal power generators have to be kept in operation in order to supply both electricity and heat in the area where Chayouzhong Wind Farm Phase I is located. As a result, the power output from Chayouzhong Wind Farm Phase I 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 network should have sufficient capability to accommodate Beijing Energy and would expect that this problem could be eliminated in the medium term by future reinforcement of the network.

6.3.6 Wulanyiligeng Wind Farm

6.3.6.1 Equipment Capacity

Wulanyiligeng Wind Farm has two hundreds Goldwind JF77/1500 kW WTGs installed with a total capacity of 300 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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with three 100 MVA – 220/35 kV transformers with an on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation and then stepped up to 220 kV via the main transformers.

The size of the transformer at 300 MVA will only just support the full output of current units, which is 300 MW.

Wulanyiligeng Wind Farm is connected to the 220 kV Delingshan substation via one 95 km 220 kV overhead line with the type LGJ-240 and the thermal rating of 400 MVA. 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 50/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.6.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 60 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.

6.3.6.3 Local Power Grid Operation

As described in Section 3.5.3, Inner Mongolia Power Company is an independent provincial Grid Corporation. Wulanyiligeng Wind Farm is located in Wulatezhongqi, Bayannaoer city in Inner Mongolia. It is connected to Bayannaoer Power Grid in the western Inner Mongolia power grid via 220 kV transmission line, and hence it is dispatched by Inner Mongolia Power Company.

Bayannaoer city has abundant wind resources. At present, the electricity production exceeds the consumption in Bayannaoer city. Except for meeting the local demand, the surplus electricity from the wind farm will be exported to the main transmission grid of Inner Mongolia power grid for provincial or national use. We do not expect curtailments from local dispatch center to happen on Wulanyiligeng Wind Farm under normal circumstances. However, in winter, many thermal power generators have to be kept in operation in order to supply both electricity and heat in the area where Wulanyiligeng wind farm is located. As a result, the power output from Wulanyiligeng 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 network should have sufficient capability to accommodate Beijing Energy and would expect that this problem could be eliminated in the medium term by future reinforcement of the network. But, along with the upgrade of Inner Mongolia Grid in 2010, the problem is mitigating gradually. Up to Feb 2011, Hetao 500 kV substation of Inner Mongolia grid has started commercial operation, which makes the grid curtailment of Wulanyiligeng wind farm mitigate significantly.

6.3.7 Changtu, Taiyangshan Wind Farm

6.3.7.1 Equipment Capacity

Changtu Taiyangshan Wind Farm has thirty-three Sinovel SL1500/77 WTGs 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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with one 63 MVA – 66/35 kV transformer with an on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation and then stepped up to 66 kV via the main transformers. The main transformer is sized at 63 MVA. The size of the transformer will support the full output of the units, which is 49.5 MW. Therefore, we consider that the transformer is sufficiently rated to export the full power from the wind farm to the grid.

Changtu Taiyangshan Wind Farm is connected to the 66 kV bus bar at the 220 kV Changtu substation via one 7.5 km 66 kV Changtai overhead line with the type LGJ-300 and the thermal rating of 85.3 MVA. We consider that the circuit is sufficient to export all power generated by the wind farm to the grid. According to the last version of Chinese Grid Code (Trial) published in 2006, the transmission network between the wind farm substation to 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 40/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.7.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 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 sufficient reactive capacity and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

6.3.7.3 Local Power Grid Operation

Changtu Taiyangshan Wind Farm is located in Changtu County, the northern area of Tieling city in Liaoning province. It is connected to Tieling power grid in Liaoning power grid via 66 kV overhead line, and hence it is dispatched by Liaoning Electric Power Company.

At present, the electricity production exceeds the consumption in Tieling city. Except for meeting the local demand, the surplus electricity from the wind farm will be exported to the main transmission grid of Liaoning power grid for provincial or national use. We do not expect curtailments from local dispatch center to happen on Changtu Taiyangshan Wind Farm under normal circumstances.

6.3.8 Lumingshan Guanting Wind Farm Phase I

6.3.8.1 Equipment Capacity

Lumingshan Guanting Wind Farm Phase I has thirty-three Goldwind S77 – 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 35 kV collection trunk line circuits. These circuits consist of overhead line connection only, and are rated appropriately to carry the maximum output from the wind turbines.

A step-up substation has been constructed with two 50 MVA and 100 MVA – 110/35 kV transformers with an on-load tap changer. The 35 kV collection lines are connected to the 35 kV bus bar at the substation and then stepped up to 110 kV via the main transformers.

The extension phases of Lumingshan Guanting wind farm of 100.5 MW has been installed at the same site and shared the 110 kV step-up substation. The main transformer is sized at 150 MVA. The size of the transformer will only just support the full output of the units, which is 150 MW. Therefore, we consider that it is likely that the transformer will be overloaded when all WTGs simultaneously produce at their nominal power range; indeed it is possible for WTGs to produce power at a higher level than the nominal power rating, depending on the grid power factor at the time.

Lumingshan Guanting Wind Farm Phase I is connected to the 110 kV Kangzhuang substation via one 10 km 110 kV overhead line with the type LGJ-400 and the thermal rating of 500 MVA. 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 40/31.5 kA. Hence the circuit breakers should be able to withstand the fault currents. Appropriate protection schemes have been applied to the wind farm which seems to be the common practice for most Chinese wind farms. Lightning protection equipments have been installed to prevent lightning impact on the wind farm equipment. No significant issues have been raised regarding the equipment condition.

6.3.8.2 Reactive Power Compensation Capacity and Voltage Control Capacity

The total capacity of the reactive power compensation device installed at the site is 15 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.

6.3.8.3 Local Power Grid Operation

Lumingshan Guanting Wind Farm is located in the boundary of the northwest Beijing and Huailai County in Hebei province. It is connected to Beijing power grid in North China power grid via 110 kV overhead line, and hence it is dispatched by Beijing Power Supply.

Lumingshan Guanting Wind Farm is located at the end of Beijing power grid which has abundant wind resources. Therefore, the grid connection of Lumingshan Guanting Wind Farm Wind Farm is a useful complement to electricity consumption. We do not expect curtailments from local dispatch center to happen on Lumingshan Guanting Wind Farm under normal circumstances.

6.4 Conclusions

The transformers at all wind farm step-up substations are appropriately sized and have sufficient capacity to export the maximum power under normal operation scenarios.

It appears that all overhead lines connecting the wind farms visited 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. Although it is not compliant with the 'N-1' security contingency in western wind farms, it is noted that in western, the connection lines are belonged to wind farm, who applied "N-1" principle based on its own choice, also there is no compellent 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 curcuits. 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.

All the representative wind farms have appropriate switchgear installed to withstand fault current at both the wind farm step-up substations and the grid connection substations. No issue regarding switchgear rating has been identified at any of the representative wind farms. Appropriate protection schemes have been applied to all wind farms which seems to be the common practice for most Chinese wind farms. Lightning protection equipment has also been installed to prevent lightning damage to the wind farm equipment. No significant issues have been raised regarding the equipment condition.

All WTGs from representative wind farms have controllable power factors at grid connection point as required in the Chinese Grid Code. All representative wind farms have reactive power compensation equipment installed to provide reactive power support as required by the grid connection study report. In addition, all the main transformers are equipped with an on-load tap changer which is able to control voltage between 90% and 110% at the High Voltage winding. Therefore, we would consider that the wind farms have sufficient reactive and voltage control capacity to meet the reactive power demand and voltage regulation as required in the grid code.

The updated Chinese Grid Code (Revision) of wind farm grid connection requires an assessment of the power quality and low voltage ride through (LVRT) to ensure that the relevant indices are within the given limits and in accordance with technical standards. The relevant tests are required to be finished before the wind farm is connected to the grid. We are aware that the Guanting and Taiyangshan wind farms maybe required to be technically upgraded so that they can perform Low Voltage Ride Through (LVRT) to meet relevant requirement in the latest Chinese Grid Code issued by National Grid. Goldwind has promised that the wind turbine units of Goldwind in Guanting wind farm already have LVRT capability. While, Beijing Energy promised that Taiyangshan wind farm will implement the upgrade, if SGCC's upgrade requirement received.

As per our site visit, only two local power grids, Beijing power grid and Tieling power grids are 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 wind farms in Inner Mongolio to be subjected to grid curtailments. The major reasons for grid curtailments are that in winter, especially during the night, the thermal power plants in Inner Mongolia operate as CHP plants to provide heat to the local district heating systems. Therefore, the power generation from wind farms in Inner Mongolia 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 Inner Mongolia power grid for a large scaled expansion of wind power. We gather that the construction of more interconnection lines between Inner Mongolia Network and North China Network in near future might be one solution for this issue. We understand that the local network should have sufficient capability to accommodate Beijing Energy wind power and we would expect that this problem could be solved by future reinforcement of the network. MM noticed that Inner Mongolia local grid has an ambitious upgrading plan which is expected to accept more electricity power. The plan has been started to implement already, and it will efficiently improve the grid connection capability of wind farms.

China wind power sector increased rapidly since year 2007, and since winter of 2009, the grid curtailment problem of Inner Mongolia Grid came out. But, along with the upgrade of Inner Mongolia Grid in 2010, the problem is mitigating gradually. Up to Feb 2011, Hetao 500 kV substation of Inner Mongolia grid has started commercial operation, which makes the grid curtailment of Wulanyiligeng wind farm mitigate significantly. The upgrade project of Huitengliang 220 kV substation is expected to start operation in Jul 2011, and will be upgrade to 500 kV, which will significantly mitigate the grid curtailment of Jixianghuaya wind farm. MM thinks that the grid curtailment problem shall be fully considered in feasibility study stage.

7. Performance of Wind Farms

7.1 Definition of WTG Availability

Availability ratio of the WTGs, as defined in the "Assessment Code of Wind Power Equipment Reliability" issued by China Electricity Council (CEC), is calculated according the following formula:

$$\text{Availability Factor} = \frac{\text{AH}}{\text{PH}} \text{ X } 100\%$$

AH: Available Hours means the hours when the WTG is considered as available to produce power;

PH: Physical Hours means the total hours during the availability measurement period.

The Available Hours are defined as being applied when the wind turbines are in their prearranged status, without consideration of the actual of power output. All outages due to the wind, the grid, or other conditions being unavailable are not covered according to this definition. This is not the internationally recognized standard methodology although we understand that it is the normal calculation method used within the Chinese wind power sector. Beijing Energy followed this method to calculate and assess the performance of the WTGs in its wind farms as would all other Chinese developers and producers.

We understand that Beijing Energy collects the average availability of all wind turbines as for the whole wind farm from the turbine SCADA system at each site. Then, it uses the data gathered to assess the performance and, operation and maintenance of each wind farm.

7.2 Wind Farms Performance—Generation and Availability

7.2.1 Saihan Wind Farm Phase I

Saihan Wind Farm is located in Suniteyouqi of Xilinhot in Inner Mongolia. It consists of two phases:

- Saihan Wind Farm Phase I (total capacity of 49.5 MW with thirty Goldwind S50/750 kW WTGs and eighteen GW77/1500 installed, fully commissioned in June 2009)

- Saihan Wind Farm Phase II (total capacity of 48 MW with twenty-four Beizhong FD80/2000 kW WTGs installed, operational since November 2009)

Under our scope of work, we have reviewed Saihan Wind Farm Phase I.

7.2.1.1 Generation and Availability

Saihan Wind Farm Phase I is constructed on very flat and simple terrain and scrub/ desert land with the site varying in altitude 1140 m above sea level (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 temperatures in winter. The operating ambient temperature of Goldwind S50 and GW77 is from -30°C to +40°C and the standby ambient temperature is from -40°C to +50°C which is similar to other wind turbine models as low temperature version although there is no special low temperature version for Goldwind. During January to March of 2010, the extreme cold weather led GOLDWIND S50 wind turbine hydraulic accumulator failure. The total downtime of 30 S50 wind turbines is 568 hours. Beijing Energy has replaced all failed S50 wind turbine accumulators by using cold-resistant model accumulator. There was not a similar failure happened during the operation testing from November 2010 to February 2011. The low temperature in early winter in 2010 resulted to failures of GOLDWIND GW77 wind turbine's pitch system proximity switch, cooling system, and converter. The total downtime of 18 GW77 wind turbines is 266 hours. Beijing Energy had fixed these problems by adopting electric auxiliary heating system already.

There is a compound area at the site which contains the substation, control building, store buildings, offices and other site facilities. The wind farm company which is the subsidiary of Beijing Energy employs one wind farm manager and two O&M teams operating in shift patterns; working fifteen days on with seven days leave. Each team comprises a team leader and six engineers/ technicians. The wind farm compound has very good facilities which are suitable for housing the teams 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 Beijing Energy that there are no problems for a crane to access in the wind farm and conduct a lift.

Goldwind is a leading Chinese wind turbine manufacturer with a good track record and a significant number of units in China. In response to our enquiries during the site visit, Beijing Energy informed us that they experienced problems on the power converter for six of the GW77/1500 WTG units. The repair was carried out by Goldwind during comissioning and according to Beijing Energy resulted in only a few hours downtime in each case. There no outage found due to the fault of convertor during the commercial operation period. They also reported the failure and subsequent replacement of the UPS (Uninterruptable Power Supply) on eight of the S50/750 WTG units.

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. Beijing Energy has supplied us some of their monthly production reports.

During our site visit, Beijing Energy informed us that the power curve performance on one of the S50/750 WTGs is below the warranted power curve. According to Beijing Energy, Goldwind is carrying out adjustments to the pitch control system and will pay liquidated damages if they cannot fix the problem.

During our site visit, we noticed some cracks in the concrete around the foundations of one of the WTGs. Although the cracks appear to be minor, we consider that there may be an increased risk of water ingress, which could lead to problems especially in the winter months when freezing and thawing of any water could potentially lead to more severe issues. Beijing Energy has checked all WTGs foundations and found some has the same problem. However they considered these small cracks are only in the surface of aprons. There is no impact on foundations currently. Beijing Energy has provided us Foundation Concrete Mixture Proportion Test Report and Foundation Concrete Compression Test Report which were done by the third party. Both reports show the foundation concrete are qualified. Although there seems no problem now, we still suggest to check these foundations concrete on a regular basis.

Two met masts were considered for the wind resource analysis of the site, although only one (met mast #8) was eventually used for wind data from September 09, 2006 to September 08, 2007 to calculate the power production forecast and its integrity ratio was 93.9%. One of these masts (met mast #6, located near WTG no. C05 in phase I) was kept operational after the feasibility study had been completed, providing another source of wind resource data for the operational period other than wind data measured by the WTG anemometers.

At the time of our visit, the WTGs of Saihan Wind Farm Phase I were covered by a manufacturer's warranty with a two year warranty period. Goldwind guarantee a 95% availability level, although we understand that scheduled maintenance and grid downtime are excluded from this figure. They only reflect the turbine availbility for the whole wind farm and only as per the definition of availability in the turbine supply contract. During our site visit, Beijing Energy provided us two power curves for S50 and GW77 separately from SCADA system. They appeared to be broadly consistent with the standard power curves from the manufacturer.

The average annual wind speed at the hub height of the WTGs (65 m) has been calculated to be 7.79 m/s and the net capacity factor to be 0.29, which is typical for an onshore wind farm. The wind speed, availability and production data provided by Beijing Energy shows that the average turbine availability after comissioning was 98.11% (as shown in Table 7.1 below), higher than the warranted availability 95%. Since the actual constructed wind farm features different models and numbers of WTG units when compared with the feasibility study, the future production forecasts can only be based on actual production data.

It should be noted that there is only one meter for on-grid generation from both Saihan Phase I and II installed in the wind farm substation. The on-grid generation figures in Table 7.1 was calculated by wind farm staff which we consider reasonable but may be not accurate enough.

Table 7.1: Operational Data of Saihan Phase I

Date	Average WTG Availability (%)	Total Generation (MWh)	On-grid Generation (MWh)	Equivalent Full-load Hours	Capacity Factor	Average Wind Speed at 65 m (m/s)
2010-06	99.39	6,865.1	6,783.2	137	0.19	6.02
2010-05	99.44	16,105.1	16,006.9	323	0.43	8.82
2010-04	99.18	15,626.7	15,488.8	313	0.43	8.73
2010-03	99.92	12,577.3	12,283.0	248	0.33	8.88
2010-02	96.43	5,245.0	4,853.0	98	0.15	7.02
2010-01	95.60	11,857.0	11,306.5	228	0.31	8.63
2009-12	98.66	9,769.8	9,350.5	189	0.25	8.97
2009-11	91.81	13,381.6	13,059.9	264	0.37	9.19
2009-10	99.27	13,735.9	13,570.4	274	0.37	8.36
2009-09	99.54	9,428.0	9,317.7	188	0.26	7.23
2009-08	99.24	7,166.9	7,063.0	143	0.19	5.98
2009-07	98.45	6,362.8	6,262.4	127	0.17	5.78
2009-06	98.52	10,949.2	10,838.2	219	0.30	7.67
Total/Average	**98.11**	**139,070.4**	**136,183.3**	**2751**	**0.29**	**7.79**

In response to our request for information on grid curtailments, we were informed by Beijing Energy that it is very common for wind farms in Inner Mongolia to be subjected to grid curtailments. We understand that the curtailments usually occur at night in the 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 thermal power stations which operate closer to the centers of demand and operate as CHP plants, providing heat to the local district heating systems. We have been provided with documents which outlines the details of curtailments imposed by the grid company in Inner Mongolia issued on October 20, 2009 and March 15, 2010 separately. According to them, grid cutailment time was from 11pm to 7am the next day and grid curtailment capacity depended on the power demands at that time for Saihan Wind Farm.

It is that 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. The biggest loss happened in February 2010 when there was Chinese New Year and power demand was lower than normal because most factories were closed for the holiday.

7.2.1.2 Conclusions

Wind turbines in Saihan Wind Farm Phase I were supplied by a well-recognized Chinese wind turbine manufacturer Goldwind that employs proven technologies. The O&M arrangements are well-managed with very good facilities at the site. For the issue of the small cracks we observed in one of the WTG foundations, Beijing Energy has checked all WTGs foundations and found some has the same problem. However they considered these small cracks are only in the surface of aprons. There is no impact on foundations currently. And according to foundation concrete test reports, it is qualified. Although there seems no problem now, we still suggest to check these foundations concrete on a regular basis.

Aside from this issue we are of the opinion that the wind farm was built to a good standard. Since commissioning was completed in June 2009, the wind farm capacity factor has been 0.29 which is typical for an onshore wind farm, the average WTG availability has been 98.11% which was higher than warranty availability 95% and the average wind speed at hub height has been 7.79 m/s which showed very good wind resource here. Although the most significant impact of the grid curtailments imposed by the grid company occurred in the winter months, a few part of the potential output of the wind farm, it is very common in Inner Mongolia and we would expect that this problem could be solved by future reinforcements of the network.

7.2.2 Zheligentu Wind Farm Phase I

Zheligentu Wind Farm is located in Zhengxiangbaiqi of Xilinhot in Inner Mongolia. It consists of two phases:

- Zheligentu Wind Farm Phase I (total capacity of 48.75 MW with thirty-nine Sewind SEC/1250 WTGs installed, operational since July 2009)

- Zheligentu Wind Farm Phase II (total capacity of 49.5 MW with thirty-three United Power UP-82/1500 kW WTGs installed, operational since December 2009)

Under our scope of work, we have reviewed Zheligentu Wind Farm Phase I.

7.2.2.1 Generation and Availability

Zheligentu Wind Farm Phase I is constructed on very flat and simple terrain and scrub/desert land with little vegetation. The site varies in altitude between 1230 – 1250 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 temperatures in winter. We have confirmed that all WTGs are low temperature version. The operating ambient temperature of Sewind SEC/1250 is from -30°C to +40°C and the standby ambient temperature is from -40°C to +40°C. According to Beijing Energy, there was no downtime because of the extremely cold weather up to date.

There is a compound area at the site which contains the substation, control building, store buildings, offices and other site facilities. The wind farm company which is the subsidiary of Beijing Energy employs one wind farm manager and three O&M teams operating in shift patterns; working two weeks on and one week off. Each team comprises a team leader and three engineers/ technicians. 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, during our visit we were able to visit a number of turbines and the substation building without any issue. We have confirmed with Beijing Energy that there are no problems for a crane to access in the wind farm and conduct a lift.

Sewind is a Chinese wind turbine manufacturer with a limited track record and number of installed units in China but belonging to a parent company with significant track record and experience in power generation. In response to our enquiries during the site visit, Beijing Energy informed us that they experienced problems during commissioning on the converter systems and control system signal cables. There were instances of individual monthly WTG availability which dropped below 90%, due to defects in power electronics components with long lead times. These have since been fully rectified.

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. Beijing Energy has supplied us with some of their monthly production reports.

During our site visit, we noticed some clear signs of oil/lubrication leakage on some of the WTGs. Upon raising this with Beijing Energy, we were told that the leakage was due to the insufficient torque of some bolts in the hydraulic and lubrication systems. These Sewind SEC/1250 WTGs were manufactured in the summer when bolts torque was enough. However in the winter there was tiny shrink for these equipments because of the cold weather. So bolts torque was not enough and oil leakage happened. Beijing Energy informed us that they has fastened those bolts as soon as they found this problem and no oil leakage happened since then.

A single met mast was considered for the wind resource analysis of the site, although this was removed in October 2009 after the feasibility study had been completed. Wind data from March 10, 2006 to March 9, 2007 was used in feasibility study to calculate the power production forecast and its integrity ratio was 99.994%.

At the time of our visit, the WTGs were covered by Sewind's warranty with a two year warranty period, guaranteeing a 96% availability level, although we understand that scheduled maintenance and grid downtime are excluded from this figure. Beijing Energy provided us with a selected power curve for one of the SEC/1250 WTGs from the SCADA system. It appeared to be broadly consistent with the standard power curves from the manufacturer.

Average annual wind speed at the hub height of the WTGs (68 m) has been calculated to be 6.76 m/s and the net capacity factor to be 0.24, which is typical for an onshore wind farm. The wind speed, availability and production data provided by Beijing Energy shows that the average WTG availability since operational was 98.28% (as shown in Table 7.3 below), higher than the warranted availability 96%. Since the actual constructed wind farm features different models and numbers of WTG units when compared with the feasibility study, the future production forecasts can only be based on actual production data. It was noticed that the average availabilities and wind speeds in July and August of 2009 were not available because the SCADA system was not updated and did not have this function at the very beginning of the commissioning period.

It should be noted that there is only one meter for on-grid generation from both Zheligentu Phase I and II installed in the wind farm substation. The on-grid generation figures in Table 7.3 was calculated by wind farm staff which we consider reasonable but may be not accurate enough.

Table 7.2: Operational Data of Zheligentu Phase I

Date	Average WTG Availability (%)	Total Generation (MWh)	On-grid Generation (MWh)	Equivalent Full-load Hours	Capacity Factor	Average Wind Speed at 65 m (m/s)
2010-06	98.57	4,250.8	4,211.1	86	0.12	4.80
2010-05	99.56	13,006.0	12,908.8	265	0.36	7.25
2010-04	99.39	13,856.5	13,726.0	282	0.39	7.58
2010-03	98.76	10,412.5	10,282.5	211	0.28	7.30
2010-02	98.53	4,483.5	4,363.9	90	0.13	5.63
2010-01	96.81	10,339.0	10,099.7	207	0.28	7.88
2009-12	96.00	10,788.6	10,478.5	215	0.29	7.20
2009-11	96.59	9,889.3	9,705.8	199	0.28	6.96
2009-10	99.06	1,0736.3	10,622.9	218	0.29	6.67
2009-09	99.51	8,576.8	8,494.1	174	0.24	6.30
2009-08	N/A	5,027.8	4,987.1	102	0.14	N/A
2009-07	N/A	4,299.8	4,263.8	87	0.12	N/A
Total/Average	**98.28**	**105,666.6**	**104,144.2**	**2,136**	**0.24**	**6.76**

In response to our request for information on grid curtailments, we were informed by Beijing Energy that it is very common for wind farms in Inner Mongolia to be subjected to grid curtailments. We understand that the curtailments usually occur at night in the 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 thermal power stations which operate closer to the centers of demand and operate as CHP plants, providing heat to the local district heating systems. According to documents which outlines the details of curtailments imposed by the grid company in Inner Mongolia issued on October 20, 2009 and March 15, 2010 separately, grid curtailment time for Zheligentu Wind Farm was from 11 pm to 7 am the next day and grid curtailment capacity depended on the power demands at that time.

It is clear that 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. The biggest loss happened in February 2010 when there was Chinese New Year and power demand was lower than normal because most factories were closed for the holiday.

7.2.2.2 Conclusions

The wind turbines installed in Zheligentu Wind Farm Phase I were supplied by an emerging Chinese WTG manufacturer Sewind with a limited track record and installed capacity but belonging to a parent company with significant experience in the power sector. 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. Assessment of the production data supplied to us by Beijing Energy suggests that the performance of the wind farm to date has been normal to reasonable, affected mainly due to grid curtailments as much 2% to 48% loss of the potential output of the wind farm.

Since operational in July 2009, the wind farm capacity factor has been 0.25, the average availability has been 98.28% which was higher than warranty availability 96% and the average wind speed at hub height has been 6.76 m/s. Although the most significant impact of the grid curtailments imposed by the grid company occurred in the winter months, it is very common in Inner Mongolia and we would expect that this problem could be solved by future reinforcement of the network.

During our site visit, we noticed some clear signs of oil/lubrication leakage on some of the WTGs. Upon raising this with Beijing Energy, we were told that the leakage was due to the insufficient torque of some bolts in the hydraulic and lubrication systems. Beijing Energy informed us that they has fastened those bolts as soon as they found this problem and no oil leakage happened since then.

7.2.3 Jixianghuaya Wind Farm Phase I and II

Jixianghuaya Wind Farm is located in Abagaqi, the southwest area of Xilin Gol in Inner Mongolia. Jixianghuaya Wind Farm consists of two phases:

- Jixianghuaya Wind Farm Phase I (total capacity of 49.5 MW with thirty-three Nordex S77/1500 kW WTG installed, operational since March 2009)
- Jixianghuaya Wind Farm Phase II (total capacity of 49.5 MW with thirty-three Suzlon S82/1500 kW WTG installed, commissioned on December 18, 2009)

Under our scope of work, we assessed the performance of Jixianghuaya Wind Farm Phase I and Phase II.

7.2.3.1 Generation and Availability

Jixianghuaya Wind Farm Phase I and Phase II are built on the desert grassland with an altitude of approximately 1350 m ASL. The terrain does not present any concerns regarding shading, channeling 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 Inner Mongolia, the climate is very cold, resulting in long periods of subzero temperatures. As a result, this area has a long and cold winter. Having been controlled by cold high pressure for a long time, Xilinhot has become a major channel of cold air from northern to southern area. There is the wind year-round in the area, more in spring and winter, wind resources are abundant. We were told by Beijing Energy that all WTGs are low temperature versions. We got the information from Beijing Energy that the cumulative downtime because of the extremely cold weather up to date was about 100 hrs. Beijing Energy has confirmed that this kind of fault has been resolved through increasing the approach of electrical heating devices.

A control building is located near the step-up substation of the wind farm. This building includes the control center, offices, spare parts store, switchgear housing, and other site facilities. Beijing Energy employs one wind farm manager and twelve operational personnel, deployed in three teams of four people. The building and facilities are of a high standard and appear 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 snow during the winter months. However, when we visited the site in July 2010, we were able to visit the control building, site facilities and wind turbines.

Wind resource data at the sites was recorded from four met masts installed on site before the construction. However, the wind data measured by the sensors on these masts has not been used to monitor records during the operational period after construction started. The wind data measured by the anemometers on the WTGs is used to monitor the wind during the operational period. We have been provided with the wind resources data since January 2009.

In response to our request for information on grid curtailments, we were informed by Beijing Energy that it is very common for wind farms in Inner Mongolia to be subjected to grid curtailments. We understand that the curtailments usually occur at night in the 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 thermal power stations which operate closer to the centers of demand and operate as CHP plants, providing heat to the local district heating systems. According to documents which outlines the details of curtailments imposed by the grid company in Inner Mongolia issued on October 20, 2009 and March 15, 2010 separately, grid cutailment time for Jixianghuaya Wind Farm was from 11pm to 7am the next day and grid cutailment capacity depended on the power demands at that time.

Currently the WTGs are covered by the manufacturer's warranty which guarantees the WTG availability at 95%. The warranty period is for two years. The average wind speed at hub height (70 m) has been calculated to be 7.6 m/s and the net capacity factor is calculated to be 25%; which is reasonable for an onshore wind farm. According to the production, wind, and availability data provided by Beijing Energy from SCADA system and listed in Table 7.5, Jixianghuaya Wind Farm Phase I has shown an average availability of 96.26% since January 2009. Most monthly availabilities are above the 95% guaranteed value. Comparing the actual annual generation of 114,930 MWh in 2009 with the annual forecast 113,807 MWh in the feasibility study, we find that the electricity generated by Jixianghuaya Wind Farm Phase I is a bit higher than targeted production.

Table 7.3: Operational Data of Jixianghuaya Wind Farm Phase I

Date	Average WTG Availability (%)	Total Generation (MWh)	Average Wind Speed at 70 m (m/s)
2009-01	82.07	4,923.9	7.57
2009-02	92.48	8,147.4	8.01
2009-03	96.84	11,513.4	7.37
2009-04	97.74	11,420.8	7.05
2009-05	94.56	14,389.0	8.59
2009-06	96.57	8,711.3	8.09
2009-07	97.63	8,247.5	6.63
2009-08	98.54	8,001.4	5.97
2009-09	98.48	11,223.8	8.15
2009-10	97.68	10,069.8	7.40
2009-11	98.54	10,633.1	8.01
2009-12	98.98	7,649.2	7.64
Total/Average in 2009	**95.84**	**114,930**	**7.54**
2010-01	91.91	8,789.9	8.4
2010-02	96.71	5,485.3	6.8
2010-03	99.40	12,230.5	8.3
2010-04	99.15	11,436.5	8.0
2010-05	98.02	11,928.7	8.4
2010-06	97.36	5,970.3	6.0
Total/Average	**96.26**	**170,771.8**	**7.6**

Since Jixianghuaya Wind Farm Phase II has only been operational since May 2010, there has been insufficient data (that is at least 12 month of normal operational data) we are therefore unable to comment on wind farm performance.

It is worth noting that the calculation of availability, as presented by Beijing Energy, includes a few caveats such as wind turbines considered as available when they are actually down due to scheduled maintenance.

7.2.3.2 Conclusions

Equipment at Jixianghuaya Wind Farm Phase I and Phase II was supplied by manufacturers well-known by the industry; that employs proven technologies or has credible track records within the market. We are of the view that the turbine technologies are in accordance with current industry standards, and the sites were built to a high standard. O&M is well-managed. The electricity production at Jixianghuaya Wind Farm Phase I is a slightly higher than the predicted. Since commissioning in Jixianghuaya Wind Farm Phase II was completed in April 2010, there has been insufficient data (at least 12 month of normal operational data) available to comment on the wind farm Phase II performance.

7.2.4 Chayouzhong Wind Farm Phase I

Chayouzhong Wind Farm is located in Chahaeryouyizhongqi of Wulanchabu in Inner Mongolia. It consists of two phases:

- Chayouzhong Wind Farm Phase I (total capacity of 49.5MW with thirty-three Nordex S70/1500kW WTGs installed, operational since July 2009)

- Chayouzhong Wind Farm Phase II (total capacity of 50MW with forty Suzlon S64/1250kW WTGs installed, operational since June 2009)

Under our scope of work, we have reviewed Chayouzhong Wind Farm Phase I.

7.2.4.1 Generation and Availability

Chayouzhon Wind Farm Phase I comprises 33 Nordex S70/1500 WTG units constructed on rolling hills, relatively complex in parts with mostly flat scrub/ desert land terrain. The site varies in altitude between 2000 m and 2131 m ASL (above sea level). 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 sever wind shear, inflow angles or turbulence.

The site is subjected to very low temperatures in winter. The client has told us that all WTG's are low temperature versions. The operating ambient temperature of Nordex S70 CCV is from -30°C to +45°C and the standby ambient temperature is from -40°C to +50°C. According to Beijing Energy, there was no downtime because of extreme cold weather up to date.

There is a compound area at the site which contains the substation, control building, store buildings, offices and other site facilities. The wind farm company which is the subsidiary of Beijing Energy employs one wind farm manager and three teams operating in shift patterns. Each team comprises a team leader and three engineers/ technicians; working two weeks on and one week off. The staff from Beijing Energy work closely with the Nordex engineers. Nordex have one site manager and two engineers based 12 km from the site. Nordex also monitor faults remotely in their service center in Beijing. The wind farm compound has very good facilities which are suitable for housing the teams and is well maintained.

The access roads to the WTGs are rough and may need remedial work in places to ensure access, expecially in winter months when visibility of the site road parameters may be obscured by snow. We were informed that there is a clear plan in place to use diggers to clear the access and site roads of snow during the winter months. However, we understand that last winter there was a reduction in access to all WTGs for a number of weeks, despite the use of a digger. We were able to visit all the areas we required during our site visit in July 2010. We have confirmed with Beijing Energy that there are no problems for a crane to access in the wind farm and conduct a lift.

Nordex is a leading European wind turbine manufacturer with a good track record and a significant number of installed units worldwide. In response to our enquiries during the site visit, Beijing Energy informed us that they replaced the gearboxes on two WTG units following the detection of a fault by the Nordex engineer in October 2009. It took around half a month to replace the gearboxes in both units. No compensation was paid by Nordex for this downtime 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. Beijing Energy has supplied us with all their monthly production reports.

Four met masts were considered for the wind resource analysis of the site, although only one was eventually used for the wind data from January to December 2002 to calculate the power production forecast. None of these masts were kept operational after the feasibility study had been completed and so there was no wind speed data for the operational period other than wind data measured by the nacelle anemometers on each WTG.

At the time of our visit, the WTGs of Chayouzhong Wind Farm Phase I were covered by a manufacturer's warranty from Nordex with a two year warranty period. Nordex guarantees a 95% availability level, although we understand that scheduled maintenance and of course grid downtime are excluded from this figure. Beijing Energy provided us the power curve for Nordex S70 from SCADA system. It appeared to be broadly consistent with the standard power curves from the manufacturer.

Average annual wind speed at the hub height of the WTGs (65 m AGL) has been calculated to be 9.22 m/s showing good wind resource in this area and the net capacity factor to be 0.30, which was good for an onshore wind farm. The wind speed, availability and production data provided by Beijing Energy shows that the average availability since operational was 94.96% (as shown in Table 7.6 below). Except for the initial 5 months in the comissioning period and a poor month in December 2009, all months were above the warranted availability level of 95% for the wind farm as a whole. It was noticed that the average availability in June 2009 was not available because the SCADA system was not updated and did not have this function at the very beginning of the commissioning period.

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 July 2009 to June 2010, the actual on-grid power production for the whole year was 139,514.35 MWh. In the feasibility study report the annual on-grid power generation forecast was 123,490 MWh which was lower than the actual production. However since the feasibility study did not account for any losses due to grid curtailment, we suggest that the future production forecast is based on actual production figures.

It should be noted that there is only one meter for on-grid generation from both Chayouzhong Phase I and II installed in the wind farm substation. The on-grid generation figures in Table 7.6 was calculated by wind farm staff which we consider resonable but may be not accurate enough.

Table 7.4: Operational Data of Chayouzhong Phase I

Date	Average WTG Availability (%)	Total Generation (MWh)	On-grid Generation (MWh)	Equivalent Full-load Hours	Capacity Factor	Average Wind Speed at 65 m (m/s)
2010-06	98.93	8,292.7	8,238.8	168	0.23	7.20
2010-05	99.10	17,270.0	17,176.4	349	0.47	9.75
2010-04	97.18	16,595.9	16,489.6	335	0.46	9.60
2010-03	98.79	15,534.2	15,391.9	314	0.42	11.12
2010-02	95.83	6,923.3	6,722.2	140	0.20	9.40
2010-01	95.64	15,898.6	15,705.9	321	0.43	10.88
2009-12	93.42	12,754.3	12,561.5	258	0.34	11.16
2009-11	95.71	13,586.9	13,439.4	274	0.38	9.70
2009-10	89.20	12,952.3	12,862.3	262	0.35	9.74
2009-09	93.52	7,814.0	7,754.3	158	0.22	7.93
2009-08	92.90	3,697.7	3,666.4	75	0.10	6.27
2009-07	89.25	4,831.3	4,796.4	98	0.13	7.34
2009-06	N/A	4,755.0	4,709.24	96	0.13	9.73
Total/Average	**94.96**	**140,906.14**	**139,514.4**	**2,818**	**0.30**	**9.22**

In response to our request for information on grid curtailments, we were informed by Beijing Energy that it is very common for wind farms in Inner Mongolio to be subjected to grid curtailments. We understand that the curtailments usually occur at night and in the 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 sacrifriced for thermal power stations which operate closer to the centers of demand and operate as CHP plants, providing heat to the local district heating systems. According to documents which outlines the details of curtailments imposed by the grid company in Inner Mongolia issued on October 20, 2009 and March 15, 2010 separately, grid cutailment time was from 11pm to 7am the next day or 11:30pm to 9am the next day and grid cutailment capacity depended on the power demands at that time.

It is clear that 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. The biggest loss happened in February 2010 when there was Chinese New Year and power demand was lower than normal because most factories were closed for the holiday.

7.2.4.2 Conclusions

The wind turbines installed for Chayouzhong Wind Farm Phase I were supplied by a well-known European WTG manufacturer Nordex with a proven track record and significant installed capacity worldwide. 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.

Since operational started in June 2009, the wind farm capacity factor has been 0.30 which was good for an offshore wind farm. The average availability has been 94.96% which was a bit lower than warranty availability 95% mainly due to lower availability in first five months of commissioning period. The average wind speed at hub height has been 9.22 m/s showing a very good wind resource here. Although the most significant impact of the grid curtailments imposed by the grid company occurred in the winter months, it is very common in Inner Mongolia and we would expect that this problem could be solved by future reinforcement of the network.

7.2.5 Wulanyiligeng Wind Farm

Wulanyiligeng Wind Farm is located in Wulatezhongqi of Bayannaoer in Inner Mongolia. It comprises two hundred Goldwind GW77/1500 kW WTG units and it started in operation in November 2009.

7.2.5.1 Generation and Availability

Wulanyiligeng Wind Farm was constructed on very flat and simple terrain and scrub/ desert land with the site varying in altitude between 1290-1380 m ASL (above sea level). 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 sever wind shear, inflow angles or turbulence.

The site is subjected to very low temperatures in winter. The operating ambient temperature of Goldwind GW77 is from -30°C to +40°C and the standby ambient temperature is from -40°C to +50°C which is similar to other wind turbine models as low temperature version although there is no special low temperature version for Goldwind. According to Beijing Energy, there was no downtime because of the extremely cold weather up to date.

There is a compound area at the site which contains the substation, control building, store buildings, offices and other site facilities. The wind farm company which is the subsidiary of Beijing Energy employs twenty staff in total including one wind farm manager and three teams operating in shift patterns; working two weeks on and one week off. Each team comprises a team leader and six to seven engineers/ technicians. 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, the access roads to the wind turbines appear to be in reasonably good condition. During our visit we were able to visit a number of turbines and the substation building without any issue.

Goldwind is a leading Chinese wind turbine manufacturer with a good track record and a significant number of installed units in China. In response to our enquiries during the site visit, Beijing Energy informed us that there were major component failures for the pitch motors of two WTGs and the pitch reduction device of one WTG. All of them have been replaced yet. 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. Beijing Energy provided us their monthly production figures to us.

We understand from the Beijing Energy that under Chinese Grid Code all the WTGs must have capability for low voltage ride through (LVRT). But the deadline has not been confirmed yet. It is our understanding that the Goldwind GW77/1500 WTG models installed in Wulanyiligeng Wind Farm do not currently have this capability.

During our site visit, we noticed some cracks in the concrete of the foundations of one of the WTGs (#87). Although the cracks appear to be minor, we consider that there may be an increased risk of water ingress, which could lead to problems especially in the winter months when freezing and thawing of any water could potentially lead to more severe issues. However Beijing Energy considered these small cracks are only in the surface of aprons. There is no impact on foundations currently. Beijing Energy has provided us Foundation Concrete Mixture Proportion Test Report and Foundation Concrete Compression Test Report which were done by the third party. Both reports show the foundation concrete are qualified. And Beijing Energy emphasized that they also pay close attention to this issue and will pour concrete to fill those cracks. In addition they observe the foundation settlement every year.

Three met masts were considered for the wind resource analysis of the site, although only one was eventually used for the wind data from May 2006 to June 2007 to calculate the power production forecast and its integrity ratio was 100%. None of these masts were kept operational after the feasibility study had been completed and so there was no wind speed data for the operational period other than wind data measured by the WTGs.

At the time of our visit, the WTGs of Wulanyiligeng Wind Farm were covered by the manufacturer Goldwind's warranty with a two year warranty period. Goldwind guarantee a 95% availability level, although we understand that scheduled maintenance is excluded from this figure. Beijing Energy provided us the power curve for Goldwind GW77 from SCADA system. It appeared to be broadly consistent with the standard power curves from the manufacturer.

The wind speed, availability and production data provided by Beijing Energy shows that the average availability since operational was 96.81% (as shown in Table 7.8 below). Average annual wind speed at the hub height of the WTGs (65 m) has been calculated to be 8.15 m/s showing good wind resource in this area and the net capacity factor to be 0.23, which was normal for an onshore wind farm. Except for initial 2 months in the commissioning period, all months were above the warranted availability level of 95% for the wind farm as a whole.

Although the actual constructed model and numbers and layout of WTG units are the same compared with the feasibility study, the operation period has been less than one year up to date. So the operation data was not enough compared with the figures in the feasibility study. However since the feasibility study did not account for any losses due to grid curtailment, we suggest that the future production forecast is based on actual production figures.

Table 7.5: Operational Data of Wulanyiligeng

Date	Average WTG Availability (%)	Total Generation (MWh)	On-grid Generation (MWh)	Equivalent Full-load Hours	Capacity Factor	Average Wind Speed at 65 m (m/s)
2010-06	98.30	54,192.4	53,834.1	179	0.25	7.13
2010-05	98.36	71,478.5	71,031.5	237	0.32	8.16
2010-04	97.72	65,986.0	65,387.4	218	0.30	7.85
2010-03	98.20	40,456.3	39,818.9	133	0.18	8.79
2010-02	97.19	26,160.3	25,331.0	84	0.13	7.53
2010-01	97.32	50,733.1	49,854.0	166	0.22	8.45
2009-12	94.70	54,352.4	53,542.9	178	0.24	8.99
2009-11	92.72	52,530.9	51,981.3	173	0.24	8.31
Total/Average	**96.81**	**415,889.9**	**410,781.0**	**1,369**	**0.23**	**8.15**

In response to our request for information on grid curtailments, we were informed by Beijing Energy that it is very common for wind farms in Inner Mongolia to be subjected to grid curtailments. We understand that the curtailments usually occur at night in the 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 thermal power stations which operate closer to the centers of demand and operate as CHP plants, providing heat to the local district heating systems. According to documents which outlines the details of curtailments imposed by the grid company in Inner Mongolia issued on October 20, 2009 and March 15, 2010 separately, grid curtailment time was from 11pm to 7am or 8:30am the next day and grid curtailment capacity depended on the power demands at that time.

In each monthly operational report compiled by the Client, figures have been provided to represent the lost production due to grid curtailments occurring that month. This is shown in Table 7.9. We enquired as to the methodology applied by the Client in calculating the lost production and broadly agree with their approach.

It is clear that 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. The biggest loss happened in February 2010 when there was Chinese New Year and power demand was lower than normal because most factories were closed for the holiday.

7.2.5.2 Conclusions

The wind turbines installed for Wulanyiligeng Wind Farm were supplied by a well recognized Chinese wind turbine manufacturer Goldwind that employs proven technologies. The O&M arrangements are well managed with very good facilities at the site. For the issue of the small cracks we observed in one of the WTG foundations, Beijing Energy considered these small cracks are only in the surface of aprons. There is no impact on foundations currently. And according to foundation concrete test reports, it is qualified. Beijing Energy emphasized that they also pay close attention to this issue and will pour concrete to fill those cracks. In addition they observe the foundation settlement every year. Aside 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 Beijing Energy suggests that the performance of the wind farm to date has been normal to reasonable, affected mainly due to grid curtailments between 18% and 67% loss of the potential output of the wind farm. It is very common in Inner Mongolia in winter and we would expect that this problem could be solved by future reinforcement of the network. Since commissioning was completed in March 2010, there has been insufficient data (at least 12 months of normal operational data) available to allow us to comment fully on the performance of the wind farm relative to the predicted annual output in the feasibility study.

7.2.6 Changtu Taiyangshan Wind Farm

Changtu Taiyangshan Wind Farm is located in Changtu County, the northern area of Tieling city in Liaoning province. With thirty-three Sinovel SL1500/77 WTGs installed, the total capacity at the site is 49.5 MW. It has been operational since July 2009.

7.2.6.1 Generation and Availability

Changtu Taiyangshan Wind Farm is built on the hills and mountains with an altitude of approximately 468 m ASL. The terrain does not present any concerns regarding shading, channeling or excessive gradient which could cause adverse wind conditions, such as severe wind shear, inflow angles, or turbulence.

Changtu County is located on the north bank of Liaohe River. Due to its special geographical location, the southwest monsoon runs in spring and summer and the northeast monsoon runs through the whole territory in autumn and winter. The wind resources in the area are abundant. The site is subjected to very low temperatures in winter. We were told from Beijing Energy that all WTGs are low temperature versions. According to Beijing Energy, there was no downtime because of the extremely cold weather up to date.

A control building is located near the step-up substation of the wind farm. This building includes the control center, offices, spare parts store, switchgear housing, and other site facilities. Beijing Energy employs one wind farm manager and twelve operational personnel, deployed in three teams of four people. The building and facilities are of a 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. We were also informed that diggers have to be used to clear the access and site roads of snow during the winter months. However, when we visited the site in July 2010, we were able to visit the control building, site facilities and wind turbines.

We understand from Beijing Energy that under Chinese Grid Code (Revision) all the WTG's must have capability for low voltage ride through (LVRT). It is our understanding that Sinovel WTG models installed at the site do not currently have this capability. Beijing Energy promised that Taiyangshan wind farm will implement the upgrade, if SGCC's upgrade requirement is received, in order to meet the relevant requirements.

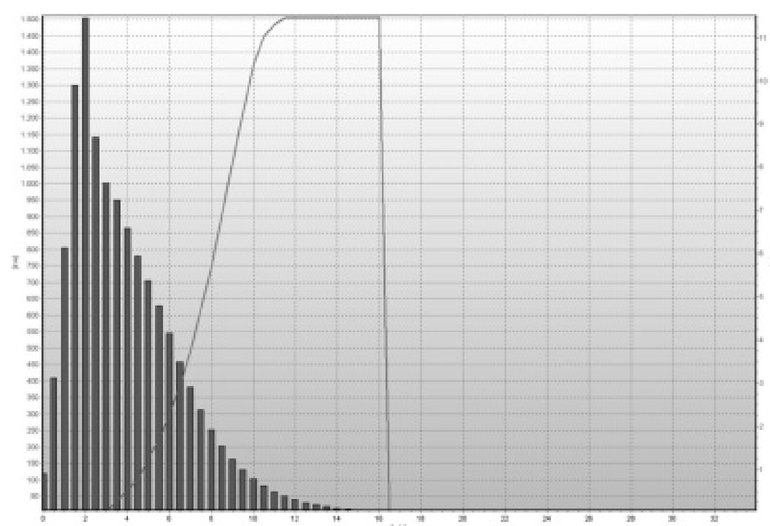
Wind resource data at the sites was recorded from two met masts installed on site before the construction. However, the wind data measured by the sensors on these masts has not been used to monitor records during the operational period after construction started.

The wind data measured by the anemometers on the WTGs is used to monitor the wind during the operational period. We have been provided with the wind resources data since July 2009.

In response to our request for information on grid curtailments, we were informed by Beijing Energy that there are no active curtailments being imposed on Changtu Taiyangshan Wind Farm.

Beijing Energy provided us with power curves from the SCADA system. We can see from Figure 7.1 that rated wind speed of No.12 WTG was around 11 m/s. Also the curve has shown that cut-in speed and cut off speed to rated speed were 3 m/s and 16.5 m/s and wind turbines usually operate within this range.

Figure 7.1: Power Curve of No.12



Currently the WTGs are covered by a manufacturer's warranty which guarantees the WTG availability at 95%. The warranty period is for two years. The average wind speed at hub height (70 m) has been calculated to be 6.74 m/s and the net capacity factor is calculated to be 25%; which is reasonable for an onshore wind farm. According to the production, wind, and availability data provided by Beijing Energy from SCADA system and listed in Table 7.10, Changtu Taiyangshan Wind Farm has shown an average availability of 98.39% since July 2009. All monthly availabilities are above the 95% guaranteed value. It is noted from Table 7.10 that the average wind speed at 70 m is 3.78 m/s which is much lower than the average wind speed of 6.74 m/s in the feasibility study report. Comparing the actual annual generation of 79,435.58 MWh with the annual forecast 99,000 MWh in the feasibility study, we find that the electricity generated by Changtu Taiyangshan Wind Farm is lower than targeted production. We understand from data review and analysis that it was mainly due to the wind speed during the operational period which was lower than the long-term average wind speed.

Table 7.6: Operational Data of Changtu Taiyangshan Wind Farm

Date	Average WTG Availability (%)	Total Generation (MWh)	Average Wind Speed at 70 m (m/s)
2009-07	98.91	3,930.5	3.00
2009-08	99.14	3,915.8	3.15
2009-09	99.04	6,150.8	3.94
2009-10	98.66	6,010.8	3.88
2009-11	97.85	8,796.8	4.74
2009-12	98.61	4,902.8	3.43
2010-01	98.58	6,694.0	2.40
2010-02	97.79	4,962.7	2.80
2010-03	98.49	9,368.8	4.00
2010-04	98.43	10,767.4	4.80
2010-05	97.20	10,205.7	5.16
2010-06	97.95	3,729.6	4.00
Total	98.39	79,435.6	3.78

It is worth noting that the calculation of availability, as presented by Beijing Energy, includes a few caveats such as wind turbines considered as available when they are actually down due to scheduled maintenance.

7.2.6.2 Conclusions

Equipment at Changtu Taiyangshan Wind Farm was supplied by manufacturers well-known by the industry; that employ proven technologies or has credible track records within the market. We are of the view that the turbine technologies are in accordance with current industry standards, and the sites were built to a high standard. O&M is well-managed. The electricity production at Changtu Taiyangshan Wind Farm is lower than the prediction. We understand from data review and analysis that lower annual average wind speed is the main reason for the lower performances.

7.2.7 Lumingshan Guanting Wind Farm Phase I

Lumingshan Guanting Wind Farm is located around Guanting Reservoir in the boundary of Beijing and Huailai county of Hebei province. It consists of four phases:

- Lumingshan Guanting Wind Farm Phase I (total 49.5 MW with thirty-three Goldwind GW77/1500 WTG installed, operational since January 2008 and commissioned since July 2008);
- Yanqing Difengsu Wind Farm (total 15 MW with ten Goldwind GW82/1500 WTG installed, operational since January 2010);
- Lumingshan Guanting Wind Farm Phase II (total 49.5 MW with thirty-three Goldwind GW82/1500 WTG installed, operational since March 2010); and
- Lumingshan Guanting Wind Farm Phase II Jiami (total 36 MW with twenty-four Goldwind GW82/1500 WTG installed, under testing and debugging).

Under our scope of work, we assessed the performance of Lumingshan Guanting Wind Farm Phase I located in the south of Guanting Reservoir.

7.2.7.1 Generation and Availability

Lumingshan Guanting Wind Farm Phase I comprises thirty-three Goldwind GW77/1500 WTG units constructed on relatively flat terrain along the south of Guanting Reservoir. The site features areas of crops, including large corn fields, which are harvested annually with the site varying in altitude between 476 – 479 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, although the influence of the crops should be considered when considering future production forecasts.

Unlike many of the sites in Inner Mongolia, this site was not subjected to very low temperatures in winter and so would be unlikely to require low temperature versions of the WTGs.

There is a compound area at the site which contains the substation, control building, store buildings, offices and other site facilities. The substation and SCADA facility was located a short distance across the road from the main compound. The wind farm company which is the subsidiary of Beijing Energy employs one wind farm manager and two O&M teams, each team comprising a team leader and thirteen engineers/ technicians. The large teams reflect the fact that there are four phases. The wind farm compound has very good facilities which are suitable for housing the teams and is well maintained.

During our visit we were able to visit a number of turbines and the substation building without any issue. For one of the WTGs visited during our site visit, there was insufficient room to allow a crane to setup, due to the encroachment of crops from the nearby corn fields. However Beijing Energy has replied us that if crane is needed they will pay the crops' owners to use the land temporarily. Otherwise there are no problems for this issue.

Goldwind is a leading Chinese wind turbine manufacturer with a good track record and a significant number of installed units in China. But according to the operational report for Lumingshan Guanting Wind Farm Phase I, the annual average WTG availability in the first year 2008 was only 84.29%. We were informed that Lumingshan Guanting Wind Farm Phase I was the first wind farm which installed Goldwind GW77 and it has been in operational gradually since January 2008. So in the first year there were some components failures and Goldwind engineers keeped on improving them all the time such as DP connector, converter controller, pitch cabinet, water cooling system, control parameters and so on. We can see that the annual average WTG availability has been much bigger since 2009.

We understand from Beijing Energy that under Chinese Grid Code all the WTGs must have capability for LVRT. The deadline has not been confirmed yet. It is our understanding that the Goldwind models installed at Lumingshan Guanting Wind Farm Phase I already have this capability according to Goldwind promise.

Six met masts were considered for the wind resource analysis of the site, although only one was eventually used for the wind data from August 2004 to July 2005 to calculate the power production forecast. Although one of these masts (located in the center of the wind farm near the reservoir) was kept, wind data was measured only by WTG anemometers after the feasibility study completed.

At the time of our visit, the WTGs of Lumingshan Guanting Wind Farm Phase I were covered by the manufacturer Goldwind's warranty with a 4 year warranty period from the end of 2007 to the end of 2011. In the first year of this warranty period, Goldwind was in charge of all O&M works covering not only wind turbines but also substation etc. Then in the remaining years of this warranty period, Goldwind was only in charge of O&M works covering their wind turbines. Now most O&M works can be done by Beijing Energy staff themselves and Goldwind engineers support them. It is different as usual. Beijing Energy provided us the power curve for Goldwind GW77 from SCADA system. It appeared to be broadly consistent with the standard power curves from the manufacturer. Goldwind guarantee a 95% availability level in year 1 and 98% level in years 2-4, although we understand that scheduled maintenance and grid downtime are excluded from this figure. The wind speed, availability and production data provided by Beijing Energy shows that the average WTG availability since operating was 95.69% (as shown in Table 7.11 below). Average annual wind speed at the hub height of the WTGs (65 m) has been calculated to be 6.37 m/s.

It should be noted that the values for total generation provided in Table 7.11 represent the gross energy production rather than the net production which account for electrical losses from the inter-array cabling and substation and so on. We would prefer to see net production metered only for phase I. However, we understand that there is only a single metering point for all phases of Lumingshan Guanting Wind Farm. However the net capacity factor based on on-grid power generation should be a bit lower than 0.27 which is typical for an onshore wind farm.

Although the actual constructed wind farms have the same models and numbers and layout of WTG units when compared with the feasibility study, the actual production can not be compared with the forecast in the feasibility study report because the actual on-grid power generation figures were not available.

In response to our request for information on grid curtailments, we were informed by Beijing Energy that there are no active curtailments being imposed on phase one of the wind farm.

Table 7.7: Operational Data of Lumingshan Guanting Phase I

Date	Average WTG Availability (%)	Total Generation (MWh)	Equivalent Full-load Hours	Capacity Factor(1)	Average Wind Speed at 65 m (m/s)
2010-06	96.74	3,598.7	73	0.10	4.68
2010-05	99.00	8,649.1	175	0.23	6.11
2010-04	98.40	11,246.3	227	0.32	6.83
2010-03	99.07	11,673.0	236	0.32	6.80
2010-02	97.04	10,011.2	202	0.30	6.20
2010-01	94.92	17,716.0	358	0.48	8.21
2009	96.05	100,080.6	2,022	0.23	6.01
2008	84.29	80,221.7	1,621	0.19	6.12
Total/Average	**95.69**	**243,196.6**	**4,913**	**0.27**	**6.37**

Note:

(1) Capacity Factor* here has been calculated based on total generation since on-grid power generation figures were not available.

7.2.7.2 Conclusions

The wind turbines installed for Lumingshan Guanting Wind Farm Phase I were supplied by a well recognized Chinese wind turbine manufacturer Goldwind that employs proven technologies. The O&M arrangements are well managed with very good facilities at the site. Although the actual constructed wind farms have the same models and numbers and layout of WTG units when compared with the feasibility study, the actual on-grid power generation figures were not available and comparison can not be made due to only one metering point in wind farm substation for all phases. However we can know that the net capacity factor should be a bit lower than 0.27 which is typical for an offshore wind farm.

We have informed about the reason for the low availability 84.29% in the first year. It was because Lumingshan Guanting Wind Farm Phase I was the first wind farm which installed Goldwind GW77 and it has been in operational gradually since January 2008. So in the first year there were some components failures and Goldwind engineers keeped on improving them all the time. We can see that the annual average WTG availability has been much bigger since 2009. In all we are of the opinion that the wind farm was built to a good standard.

7.3 General Conclusions

Of the eight representative wind farms we reviewed, two had different wind turbines types, number of units and layouts compared with those quoted in the feasibility study. Two wind farms had just completed commissioning this year and so did not have enough operational data (at least 12 months normal operational data) and one did not have on-grid power generation figures only for phase I separately available because one meter was shared for four phases of this wind farm. We could not assess whether their production of these five wind farms was in line with the forecasted figures in the feasibility studies.

Out of the three remaining wind farms, two had higher annual productions than forecasted in the feasibility study.

Changtu Taiyangshan Wind Farm showed lower performance than expected. We understand from the available information that low average wind speed was the main reason for the low production. According to the feasibility study, the annual average wind speed was 6.74 m/s which is much higher than the actual annual average wind speed 3.78 m/s. There is a considerable deviation, in the coming years the wind conditions may change.

Six of the eight representative wind farms are located in Inner Mongolia with excellent wind regimes. Their performances could be better if there were no grid curtailments which is very common in Inner Mongolia. We would expect this problem to be solved by future reinforcement of the network. However the wind farms located near Beijing and Tieling city in Liaoning province do not have any such concerns.

Overall, the equipments and facilities are well-maintained and of a good standard. The design, construction and installation are in line with our expectations.

8. Operation & Maintenance Execution of Wind Farms

8.1 Introduction

For the operation of its wind farm, Beijing Energy has a general strategy to rely on WTG manufacturers during the warranty period, before handing it over to their own O&M team on site. However, Guanting provided the 100 WTG used for this project and has signed a long term wind turbine maintenance agreement with Goldwind.

The warranty period for the Beijing Energy wind farms, provided by the WTG manufacturers, is two years. This is in line with our experience of other wind farms and industry standards, and acceptable for proven WTG technologies except Sewind. We consider a three year warranty to be reasonable for Sewind who did not provide a satisfactory track record. Or if Beijing Energy were planning to form a long term maintenance agreement, we would be satisfied with two years.

The O&M team will maintain the electrical equipment after expiry of the warranty period. A part from the Goldwind direct drive GW77, the technology is mature, so few faults have occurred on the devices. More attention needs to be given to the direct drive, which is based on a new concept. The voltage level, current and capacity of electrical equipments except WTG are all standard specifications. Before starting O&M work, the technicians will be trained by the manufacturer, and then further during work, based on the regulations issued by headquarters. In our view, the safety and performance targets should be achieved based upon adequate experience of technicians and compliance with proper procedures laid out by WTG manufacturers.

The road access maintenance is sub-contracted to a local transportation service and maintenance company, which is common practice. As required by the industry regulations, the export lines connected to the grid are maintained by the local grid company. Local resources are hired on a part-time basis, to monitor the condition of the WTG, in some wind farms.

8.2 O&M Structural Organization

We believe the staffing levels are adequate for each site. The number of permanent employees at each wind farm site is set by Beijing Energy's Headquarter based on internal principles (refer to table 8.1), and then approved by Jingneng Group. Staff are recruited and trained by the Beijing Energy's headquarters, which ensures control of the qualification and competency of the employees on site. Project companies propose an organizational structure which is then to be approved by Beijing Energy's Headquarters. They assign the general manager and other senior managers. Other O&M employees are hired by each project company.

Table 8.1: Human Resources Configuration for Wind Farms with Different Capacity

Capacity	100 MW	130 MW	300 MW
General Manager	1	1	1
Deputy General Manager	None	1	1
Execution Supervisor	1	1	1
General Manager Assistant	3	3	3
Senior O&M Staff	1 for each shift, totally 3	2 for each shift, totally 6	3 for each shift, totally 9
Intermediate O&M Staff	2 for each shift, totally 6	3 for each shift, totally 9	4 for each shift, totally 12
Junior O&M Staff	1 for each shift, totally 3	1 for each shift, totally 3	2 for each shift, totally 6
Total	17	24	33

Three divisions are usually set for production, maintenance and execution. The O&M team usually has three shifts, one foreman for each shift with two or three O&M employees who are in charge of both operation and maintenance. Daily requirements are therefore satisfied, i.e. replacement of consumable parts. This organization set-up minimizes 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 which is good for the revenues. Most of the wind farms visited were still covered by the warranty fee.

8.3 O&M Arrangements

High availability is critical for a wind turbine. A number of factors can affect this availability; the operational & maintenance (O&M) arrangements are likely to have a very high impact. Liquidated damages are the key protection against poor availability. 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 WTG supply contracts, even they are not comply with western practice.

Beijing Energy has set a control center in Hohehot, which monitors and controls seven wind farms and despatch the power generation according to the order from local grid company. The control center adopts open, layered and distributed system structure, total distribution database. The whole system is divided into two main layers, primary control layer of control center and distributed layer of wind farms. It achieves the real-time function from control center to every wind farm, through the different software, hardware system structure and system software, also through the integrated network communication program and operation control mode.

The configuration of primary hardware of the control center is: 2 servers of real-time database, 2 servers of history database, 4 operator work station, 1 charger work station and 1 engineer work station. 2 servers of real-time database mainly implement the collection and treatment of real-time data, and provide real-time data service to operator work station and charger work station; 2 servers of history database mainly implement the long-term storage of the operation data of wind farm monitoring system and all equipments systems of control center, also provide the service of data searching and collection; 4 operators work station mainly implement the man-machine dialog between the operator in control center and the wind farms, also implement the real-time monitoring and controlling. 1 charger work station, mainly implement the man-machine dialog between the dispatcher in control center and dispatcher in grid company, and implement the real-time monitoring and control function, also, release the operation order to operator work station to implement the relevant despatch and management work; 1 engineer work station implement the system maintenance, system program modification and test operation of new science research project.

This control center can directly control the real-time operation information of every wind turbine of these seven wind farms, including all the parameter of the wind turbine SCADA system. So far, this control center has completed the connection of the information interfaces in these seven wind farms which were related to the wind turbines of nine models of seven brands. The key condition data of wind turbines like wind speed, active power and electricity, rotating speed, frequency, voltage, power factor, current, temperature, angle, reactive power and electricity, deviation value, speed, emergency conditions, etc are sent to the control center from every wind turbine per 15 minutes. The monitoring and control system summarizes and records these operation data automatically, in order to analysis, compare and select optimization.

Except remote collection, monitoring and record of the operation data of every wind turbine, the control center also has been authorized to remote control every wind turbine of these seven wind farms, including the methods of startup, shut down, power generation, active power, yawing angle, etc. The wind turbine can be shut down directly and the maintenance team on site will be sent to repair, if emergency alert is found. When the fault is fixed, the maintenance team on site will report to control center, the control center will give the operation order then. When the speed reaches in the design range and the operation data of wind turbines are received by the control center, the control center will adjust the operation condition of wind turbines of every wind farm according to the despatch order from the despatch department of Inner Mongolia Grid Company, in order to make them reach despatch requirement of active power and reactive power of seven wind farms.

The weather forecast system of this control center adopts the weather forecast data from European. The weather forecast of coming 48 hours will be updated per 12 hours. The modeling scale of this weather forecast system can reach to 45 km x 45 km, and Beijing Energy has planned to improve to 5 km x 5 km soon. Comparing with the actual power generation, the accuracy of this weather forecast can be above 80%, when there is no despatch limit from grid. This accuracy has reached the upper level of same system in Europe.

This control center of Beijing Energy is the first established regional center of centralize monitoring and controlling of wind farms. The communication between the control center and wind farms as well as the grid company is using the data networking specially using in electricity grid, which assured the reliability of the transmission of data and order. Meanwhile, this system using original grid despatch communication channel as backup, once the communication fault occurred in control center, the grid despatch department can still despatch the seven wind farms directly. The advantages of this control center are:

First, saving human resources, no need to set operator on duty specially, only the professional O&M team is needed. At least, three employees are reduced in each wind farm, and more than twenty employees are saved in these seven wind farms;

Second, the complete control and monitoring of wind turbines of every model of every brand can be implemented, easy to compare the operation conditions of the wind turbines of same brand and same model, make the complete and general assessment within big scale. Find the abnormal operation condition among the huge history data, then set the rational emergency value and provide the improve guidance to the future operation.

Third, find the differences, advantages and disadvantages through the recording, analysis, comparing, summarizing and assessment of the reliability, power generation, generation efficiency, active power, fault rate and power curve, in order to provide the advice to the procurement of wind turbines in future.

Four, the professional operation and analysis people are only needed to be centralized in this control center to analysis, assess and control the operation of every wind turbines of seven wind farms. The quantity of professional analysis people can be reduced, as well as their transportation between wind farms. Meanwhile, it's also helpful to improve the professional level of these operation and analysis people. Furthermore, it's helpful to improve the operation management level of wind farms.

Five, through the weather forecast system of this control center, the weather forecast of these seven wind farms can be implemented at the same time. If there no control center, the weather forecast system should be bought for each wind farm, which means the cost will be much higher. Meanwhile, it's also helpful to manage the power generation as a whole, in order to reach the optimization.

Six, the main operation data of these seven wind farms can be summarized and selected through this control center, then transmit the key data which should be concerned by the headquarter of Beijing Energy to them. It could save the report work of every wind farm and also save the select and summarize work of Beijing Energy headquarter.

In December 2010, Beijing Energy organized several professional authorities of wind power sector and the operation center of Inner Mongolia Grid Company to do an acceptance test to this control center. In the conclusion of the acceptance test report, the authorities and Inner Mongolia Grid Company has agreed that this control center project passed the acceptance test.

Generally speaking, this control center is very helpful for improving the operation management level, saving human resources, reducing operation cost, improving operation analysis and control level, improving the steady and healthy operation of wind farms of Beijing Energy in this region. This kind of regional control center is very comply the actual practice of China wind power development, and very possibly to be spread and popularized.

Training programs arranged by the manufacturers are included in all O&M arrangement documents reviewed. These are comprehensive, and include at least 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 turbines, erection method for replacement parts, maintenance procedures, trouble shooting, and spare part management. We understand that Beijing Energy staff also assists the manufacturer's team during scheduled and unscheduled maintenance. We are satisfied that experience can be gained by the team through this arrangement.

Beijing Energy headquarters issue and publish the O&M regulations applied to each wind farm. 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 staff to find and follow them. All the main operational aspects are covered, e.g. the WTG, electrical equipments, I&C equipment, accommodation facilities etc, which are drafted based on relevant national and industry standards, codes and WTG manufacturers O&M requirements. We are satisfied with the regulations applied by Beijing Energy to the projects sites.

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 site, and interviews with the manufacturers' onsite staff, the scheduled maintenance has been carried out in accordance with definitions in the agreements. We note that the WTG Maintenance form elaborates on inspection and items which are to be checked by the manufacturer maintenance staff regularly. The form is comprehensive and includes all the main items. After expiry of the warranty period, site personnel from Beijing Energy will undertake the regular maintenance of WTGs, with the exception of Guanting wind farm, which has a long-term O&M agreement with the WTG manufacturer. Most of the WTG suppliers have a regional service center nearby the wind farms, so manufacturer servicing will still be accessible. We expect the manufacturer to respond rapidly to service requests as Beijing Energy is one of the major wind power producers in China.

In our view, plant maintenance by an external specialized company allows for more confidence in the quality of the service and is in line with industry practice at Western wind farms. However, we acknowledge that few companies have significant track record in the Chinese market. If Beijing Energy could consider and compare the quality, cost and efficiency of maintenance to be provided by the sub-contractor and them in the future when the qualified sub-contractor available, it's will be more adaptable to international practice.

In order to make it cost-effective, Beijing Energy is considering managing this service in some wind farms and sub-contracting maintenance service to WTG manufacturers at other wind farms which use large numbers of WTG from the same manufacturer. 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 must be put into this balance and a financial comparison must be made, in line with local conditions and flexible negotiation with WTG manufactures. This strategy is used by other companies with large wind portfolios. We consider that it is necessary, for training and O&M, to have a corporate strategy and guidance documents defining best practice principles during these activities, in order to ensure the same quality of maintenance and to share experience. Beijing Energy indicates that the guidance documents of O&M is in the drafting stage, and will be issued before the end of 2010. Currently, the O&M procedure and work of Beijing Energy wind farms follow two national O&M standards which are called 'DL/T 666-1999 Code on Operation of Wind Farm' and 'DL/T 797-2001 Code on Operation of Wind Farm' which were issued by the national authority.

At most of the visited wind farms, the storage of spare parts is well-registered, well-managed and well-recorded. The consumable parts e.g. sensors, tools, brake pieces and sealing are purchased by the site project company regularly at a fixed rate or a capped price. According to Beijing Energy headquarters' plan, spare parts procurement is a key part of its annual budget for O&M. Headquarters manage and purchase the major spare parts e.g. generators and gearboxes. The normal spare parts procurement which is based on the necessity, utilization frequency, supply period, domestic or import, consumable rate, is separately managed. In our view, the management of the spare parts by Beijing Energy seems efficient, practical and cost-effective. The major parts like generator and gearbox is integrately managed by Beijing Energy headquarter, due to the low fault rate, high cost and long supply period. However, for this sort of major component, Beijing Energy is lack of the complete strategy of the prediction of fault, the pre-arranged planning of emergency, the integrately storage and distribution. The extension of warranty agreement with manufactures is in negotiation.

We considered Beijing Energy 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 Beijing Energy headquarters and demonstrates 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 before they start working on site.

During our sites visit, other teams of safety assessors were checking the safety procedures and monitoring the risks at each wind farm site. An annual safety assessment is undertaken by HSE teams formed by external experts and invited by Beijing Energy. Their work seems very professional, detailed and careful. We are comfortable with Beijing Energy internal control procedures. Some sites have become tourist attractions and they have all been tactfully integrated into the surrounding environment. No major impact has been recorded on the environment after construction period or during operation. Quality, Health & Safety and Environmental manuals and relevant system files have been written and executed in accordance with Beijing Energy QHSE system requirements.

8.4 Conclusions

We consider the O&M arrangements to be suitable for Beijing Energy operations as they are based on currently recognized best practice models whilst being specifically developed for the Beijing Energy sites. Beijing Energy 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 few points.

The control center in Hohhot is very helpful for improving the operation management level, saving human resources, reducing operation cost, improving operation analysis and control level, improving the steady and healthy operation of wind farms of Beijing Energy in west region of Inner Mongolia. This kind of regional control center is very comply the actual practice of China wind power development, and very possibly to be spread and popularized.

Although we believe that improvements are needed in the preventive maintenance strategy for WTG main components, we believe that the treatment to the outage, the structural organization of O&M, the purchase and storage of spare parts and the QHSE requirements of Beijing Energy wind farms are generally acceptable and well-organized.

9. Technical Review of Gas-fired Power Plants

9.1 Jingfeng CCHP Power Plant Phase I

The Jingfeng Power Plant Phase I is a single shaft gas-fired CCHP power station comprising of one Mitsubishi M701F gas turbine (GT), one heat recovery steam generator (HRSG) and one steam turbine (ST) in combined cycle operation. The plant is situated in China's capital city Beijing and has a nominal total power generating capacity of 408.8 MW (gross).

The Jingfeng Power Plant is owned by Beijing Jingfeng Natural Gas-fired Power Co., Ltd., an incorporated and wholly owned subsidiary company of Beijing Energy.

Since 2007 the Jingfeng Power Plant has a natural gas supply contract with Beijing Gas Group Company to supply NG fuel to the plant which is delivered from the Yamen estuary Gas Pipelines at Lu Village Gate station, to site via a transmission pipeline. NG is received at the Gas Regulating and Metering Station (RMS) located in the plant area, about 500 m from the Gas Turbine house. Both the NG pipeline and the RMS are owned and operated by the Beijing Jingfeng Natural Gas-fired Power Co., Ltd. The NG is supplied at an inlet pressure of 16 bar_g. A compression station is installed in the plant, which boosts the gas pressure to meet the operating requirement of the gas turbine. The facilities and equipments inside the boundary of plant are belonged to the Jingfeng, who have to maintenance them. The gas supplier will maintain and resolve the faults if the accidents happen to facilities and equipments belonged to Jingfeng, and cost will be beared by Jingfeng.

The electricity offtaker is the Beijing Electricity Company (BEC) who is owned by Beijing local government. The Beijing Electricity Company provides the 220 kV single circuit overhead transmission lines which are connected to 220kV switchyard located at the plant. There is no record of output restriction due to transmission constraints.

9.1.1 Plant Construction and Configuration

9.1.1.1 Plant Construction

The plant was constructed completely in 2006 under a turnkey EPC contract by Mitsubishi, a reputable Japanese engineering contractor and process plant equipment supplier, having substantial experience in undertaking power plant and industrial process plant turnkey projects at home and abroad.

9.1.1.2 Plant Configuration

The CCGT unit is of a single-shaft design. The configuration consists of one gas turbine (GT) unit, one heat recovery steam generating (HRSG) unit and one steam turbine

(ST) unit. The GT and ST are coupled with generator in a single shaft (GT-ST-GEN). Balance of plant (BOP) facilities include the usual systems such as main and closed loop cooling water, water treatment, compressed air, fire protection, transformers and 220 kV station switchyard, and the distributed control system (DCS).

The following sub-sections give an overview of the main plant equipment and systems:

Gas turbine generator (GT)

The GT unit is a Mitsubishi M701F model with dry low NO_x combustion design. It has a single fuel combustor burning only natural gas. The GT is capable of both base load and two-shift operations and has a rated capacity of 270.3 MW at ISO conditions.

The hydrogen cooled generator is directly coupled to the steam turbine shaft.

The GT itself is the most significant plant item. From GT supplier (MHI) information, we understand that the fleet of similar GTs amounts to 101 units in total around the world, which have accumulated about 47,200 hours of operation collectively as of the end of 2006. We are not aware of any significant fleet issues outstanding, and consider the GT to be proven technology.

Heat recovery steam generator (HRSG)

The HRSG was supplied by Dongfang-Hitachi and consist of 3-pressure parts; high pressure, intermediate pressure and low pressure with reheat process and natural circulation type, designed to be suitable for operation in association with the GT under base load and two-shift operation regimes. Exhaust gas from the GT is ducted to the HRSG where it is used to generate steam for the steam cycle.

Two 100% duty boiler feed pumps supply feed water to the HP drum of the HRSG.

Steam turbine generator (ST)

The ST unit was supplied by Mitsubishi (MHI) and is capable of operating in full load and sliding pressure modes. The ST is designed in two-casing design having a combined HP and IP turbine casing and a double flow LP turbine section and a condenser with a circulating cooling water supply. There is no steam extraction from the ST. A total enclosed water-to-hydrogen cooled generator is coupled to the ST. Rated output of the unit is 138.5 MW. The ST has a 100% steam dump bypass system to the condenser. This is provided for start-up, shut-down and for dumping the steam into the condenser in an emergency. Two 100% duty condensate extraction pumps are provided to deliver the main condensate from the condenser hotwell to the LP drum of the HRSG.

Fuel gas compression system

A compressor station is provided to continuously supply compressed fuel gas at 38 bar_g to the GT. Major equipment of the system comprises 2 x 100% duty fuel gas compressors, fuel gas filters and liquid knock-out vessels.

Main cooling water system

The main CW system is a closed circuit cooling system. The 2 x 50% duty main CW pumps draw water from the cooling water basin to the main condenser to condense turbine exhaust steam. As there is no redundancy in the main CW pumps, loss of one CW pump could potentially restrict the generation capacity of the steam cycle. The extent of derating in such case depends on the available capacity margin in the remaining CW pump and the prevailing site conditions.

The source of the makeup water is approximately half from underground water, while the other half from a petrochemical factory adjacent to plant. We understand that in case the underground water supply will be decreased in the future, the Petrochemical Plant will not be able to increase water supply to Jingfeng power plant for makeup water. So the trend of reducing level of underground water will directly impact to the power plant. However, we need Jingfeng to confirm on the water reserve capacity for supplying to Jingfeng makeup water.

The source of the makeup water is from Yanhua and Sanyuan petrochemical factories adjacent to the power plant. As per information received on October 13, 2010, the annual capacity of water supply is 5 million cubic meters and the annual water consumption of power plant is 1.5 million cubic meters. It is considered the capacity of water supply is adequate for the power plant in long term operation. The underground water is also supplied to the power plant for around 300 in-house staff accommodation at annual capacity of 110,000 m^3. It is considered that the capacity of water supply is adequate for the purpose.

Closed cooling water system

The closed CW system supplies cooling water to various equipment (cooling points) located throughout the plant via a closed-loop piping system and transfers the heat load to the auxiliary cooling water via the water/water closed cooling water coolers.

Water treatment system

The water treatment system concise of 3 sets of ultrafiltration (108 m^3 / hr), 2 sets of ultrafiltration (125 m^3/ hr), 3 sets of reverse osmosis (73 m^3/ hr), 2 set of reverse osmosis 85 m^3 / hr, 3 sets of ion exchange (40 m^3 / hr).

W note that the water treatment plant capacity is sufficient.

Transformers and 220 kV station switchyard

Generator transformers of the GT and ST are connected by overhead lines to the corresponding feeder circuits in the 220 kV switchyard. The high voltage (HV) side of the auxiliary transformer connects to the GT transformer while the low voltage (LV) side connects to the 6.0 kV switchgear and provides power for normal start-up of station loads and services. The transformers basic specifications are outlined in Table 9.1:

Table 9.1: Plant Unit Transformer Specification

Item	Value/Type
Rating (MVA)	520
Voltage and tapping range (+ and -) (kV)	242±2×2.5%/20
On or off load tap changer	Off Load
Cooling method	ODAF
Transformer losses at rated output (MW)	408

Generated power is metered at the switchyard and transferred to 220 kV transmission lines.

Distributed Control System

The FOXBORO distributed control system (DCS) provides for the start-up, normal emergency shutdown, automatic and manual operation, sequential interlocking, data acquisition, control, supervising and monitoring of the plant. The DCS is typical of that found on similar CCGT power plants and we have no major concerns relating to this equipment.

9.1.1.3 Summary

The configuration of the BOP systems are in line with our expectations for CCGT plant of this type with the exception of the lack of redundancy in the CW pumps which could result in a loss of capacity as discussed above. Also, we have little concern about the stability of the makeup water supply in future due to the underground water supply, as we explained in section 'main cooling water system'.

9.1.2 Operational History

9.1.2.1 Capacity and Availability

The plant began commercial operation on May 1, 2006 and is intended to operate in the variable load regime. As per our information received for plant operation, long shutdown period comes from scheduled outage. MM reviewed the technical summary of 8000 equivalent hours maintenance in year 2006 and technical summary of 32000 equivalent hours maintenance in year 2008, which are recognized as complete content, careful test, qualified inspection, proper technical guidance and meet the technical requirements. Based on the information provided, capacity and availability factors for the past 5 years are tabulated in Table 9.2.

Table 9.2: Capacity & Availability Factor of Jingfeng CCGT Power Plant

Year	2006	2007	2008	2009	(To June 6,) 2010
Capacity Factor (%)	30	39	56	47	53
Availability Factor (%)	84	77	87	98	91
Net Generation (GWh)	1,080	1,418	2,016	1,695	939

Outages

The historical outage data for the plant indicates:

- For the first six months of 2010, there was one scheduled outage period of about 16 days and no recorded forced outages;
- In 2009, there was one scheduled outage period of about 6 days and no recorded forced outages;
- In 2008, there was one scheduled outage period of about 22 days and 4 forced outages with a total period about 47 hrs;

- In 2007, there was one long scheduled outage period of about 83 days and 3 forced outages with a total period of about 20 hrs; and

- In 2006, there was one schedule outage period of about 36 days and 3 forced outages with a total period of about 97 hrs.

The reported plant availability figures are generally below the value of 93%—94% that we would expect as a long term average from our experience of similar power plant worldwide. The long scheduled outages are the main cause of plant non-availability, which should be possible to better optimize. However, it's noted that the definition of availability of whole plant in China is different with western market, and also the regulations of availability of PPA and grid despatch apply different principle.

The plant Capacity Factor at an average of 45% is at high level among the similar gas-fired power plants in China. Though, it's slightly lower than western similar western gas-fired power plants, that's because its annual power generation amount is decided by the production plan issued by government authority at beginning of every 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 BEC despatches to decrease the purchased energy volume in a period. On the other hand there is no penalty payment in case the plant is unable to supply power to BEC. This is mainly due to task of Jingfeng CCGT plant, whose major task is the heat supply to local community, so the majority power generation is completed in heat-supply period.

9.1.2.2 Output

The design value of the capacity output of CCGT unit is 403.394 MW at ISO conditions (15°C; 1.013 bar_a; 60% RH; cooling water 15°C). The test value of the commissioning test report issued by NCEPRI (North China Electric Power Research Institute) is 408.252 MW, which meets the design requirement.

9.1.2.3 Heat Rate

The guaranteed heat rates at various plant loads are shown in the Table 9.3 below.

Table 9.3: Plant Guaranteed Heat Rate of Jingfeng CCGT Power Plant

%Load	30	50	75	100
Guaranteed Heat Rate (kJ/kWh)	8,595	7,101	6,539	6,263

The design value of the heat rate of CCGT unit is 6266 kJ/kWh at ISO conditions (15°C; 1.013 bar_a; 60% RH; cooling water 15°C). The test value of the commissioning test report issued by NCEPRI (North China Electric Power Research Institute) is 6264.59 kJ/kWh, which meets the design requirement.

9.1.3 Asset Condition

Based on our visual investigation the condition of the plant is generally in accordance with what we would expect for a facility of this type and age. All area of the plant is kept clean and is provided with suitable safety signs and a security system. Most of the indoor and outdoor equipment is in service without significant corrosion and 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.

9.1.4 Operation and Maintenance

The plant has 448 employees; 95 employees at management level; 126 operational employees; 188 employees for maintenance; and 39 employees as specialist contractors. This staffing level is significantly higher than the industry standard for similar western power plants. The majority of routine maintenance and inspection work is performed by in-house staff.

The plant uses Chinese specialist software (Management Information System) for O&M management. The system provides event data recording, maintenance planning and equipment ordering for the procurement process including monitoring, tracking and reporting.

MM reviewed the Long Term Spare Parts Management & Service Agreement (LTSPMSA) between plant and MHI. The LTSPMSA regulates the warranty period of every GT component, as well as the requirement of key component supply. plant always signs the independent agreement (MM didn't reviewed) of technical support before every schedule outage, which request MHI sends the professional engineers to plant to guide the maintenance. Jingfeng plant has adequate technical force and staff team to complete all the maintenance work under the guide of professional engineers from MHI. This arrangement seems more cost-effective and comply with plant condition, comparing to the Long Term Service Agreement.

It is a common industry practice (and usually a mandatory condition for lending institutions) for power plant operators to enter into some form of Long Term Service Agreement (LTSA) with the GT supplier. The LTSA can vary from a contract to supply parts at certain prices, through to a full support service where the GT manufacturer will supply standard and emergency parts, coupled to supervising and executing the overhauls. The merits are predictable costs and performance guarantees during the maintenance cycle. The downsides are higher costs and less freedom on operation and maintenance. The type of LTSA depends on relative costs and benefits and life management strategy.

The GT has been in service for four years and has accumulated actual operating hours (AOH) of about 26,392 hours, and equivalent operating hours (EOH) of about 32,441 hours. A combustion inspection (CI) and hot gas path inspection (HGPI) has been carried out. Routine exchange of life limited parts was carried out and no major problems were reported. The first GT major inspection is required to take place at 48,000 EOH and will be carried out during the next two years.

The HRSG is required to be inspected every year. Safety valves must also be tested annually.

It is indicated in the operation reports and other relevant documents that condition-based monitoring techniques are being implemented in the plant. This change in maintenance strategy is in line with modern power industry practice. Although this will increase short-term capital investment in monitoring equipment, analysis tools and staff training, the investment should pay off in the long term by lower maintenance costs and improved plant reliability due to the capability of the O&M team to identify impending equipment failures.

9.1.5 Spares

During our visit inspection it was apparent that there is a significant quantity of spares held on site. The Long-Term Service Agreement with GT supplier MHI has been reviewed, which is a good guarantee for the spare parts supply. We reviewed the spare parts list of GT, which is shorter than the western similar plants in western.

9.1.6 Environment, Health and Safety

The plant has been designed to meet the environmental limits on air emissions, effluent discharge and noise as set out in the Chinese Government Regulation. In particular, the actual NO_x emission level report has been within the range 17 ~ 35 ppm, below the regulation limit of 42 ppm. No major issue or environmental citation was noted during our review of operation records and relevant documents provided in the data room.

Heath and Safety record is 870 days with no lost-time injury.

9.1.7 Conclusions

We comment on the key conclusions relating to the Jingfeng CCHP as below:

- We consider the main generating plant items are of proven technology;
- Our review of the technical documents suggests that the overall condition of the plant is generally in accordance with our expectations for a facility of this age and type;
- Availability of the plant is somewhat below average industry standards, however, the definition and regulation of availability in China is different with western;
- The designed output and heat rate figures are in line with our expectations, actual performance values have been proved by in the commissioning test report;
- The plant Capacity Factor is at high level among the similar gas-fired power plants in China. Though, it's slightly lower than western similar western gas-fired power plants, that's because its annual power generation amount is decided by the production plan issued by government authority at beginning of every year. This is mainly due to task of Jingfeng CCGT plant, whose major task is the heat supply to local community, so the majority power generation is completed in heat-supply period;
- Redundancy design in major plant equipment is considered adequate with the exception of the main cooling water pumps;
- The operation records have not indicated any gas supply interruption during the past 4 years;

- MM reviewed the Long Term Spare Parts Management & Service Agreement (LTSPMSA) between plant and MHI. Plant always signs the independent agreement (MM didn't reviewed) of technical support before every schedule outage, which request MHI sends the professional engineers to plant to guide the maintenance. Jingfeng plant has adequate technical force and staff team to complete all the maintenance work under the guide of professional engineers from MHI. This arrangement seems more cost-effective and comply with plant condition, comparing to the Long Term Service Agreement.; and

- The Long Term Spare Parts Management & Service Agreement with GT supplier MHI has been reviewed, which is a good guarantee for the spare parts supply. We reviewed the spare parts list of GT, which is quite proper and adequate compare to the similar plants in western.

9.2 Taiyanggong CCHP Power Plant

Taiyanggong Power Plant is a multi-shaft gas-fired CCHP power station comprising two GE GT PG9351FA and two HRSGs in combined cycle with one ST. The plant is situated in Beijing and has a nominal total gross power generating capacity of 784.7 MW at ISO conditions.

The plant is owned by Beijing Taiyanggong Natural Gas- fired Power Company, its 74% equity interest being held by Beijing Energy Investment Company with the remaining 26% being held by GD Power Development.

The fuel for the plant is natural gas and the natural gas supplier is Beijing Gas Company, which is owned by the Beijing local government. Gas, delivered to site via a transmission pipeline, is received at the regulating and metering station (RMS) located in the plant area. Both the pipeline and the RMS are owned and operated by the Beijing Taiyanggong Natural Gas-fired Power Company. The gas is supplied at a pressure range of 22 bar_g. A compressor station installed in the plant boosts the gas pressure to that required by the GT.

The electricity offtaker is the Beijing Electricity Company (BEC) which is owned by the Beijing local government. BEC provides the 220 kV double circuit overhead transmission lines which are connected to the 220kV switchyard located at the plant. There is no record of output restriction due to transmission constraints.

9.2.1 Plant Construction and Configuration

9.2.1.1 Plant Construction

The plant was completed in 2007 under a turnkey EPC contract by General Electric (GE). GE is a main reputable engineering contractor and process plant equipment supplier having substantial experience in undertaking power plant and industrial process plant turnkey projects.

9.2.1.2 Plant Configuration

The CCGT unit is of a multi-shaft design. The combined cycle configuration consists of two GT, two HRSG and one ST in a multi- shaft. Balance of plant facilities include the usual systems such as main and closed loop cooling water, water treatment, compressed air, fire protection, transformers and 220 kV switchyard, and the distributed control system (DCS).

The following sub-sections give an overview of the main plant equipment and systems:

Gas turbine generator (GT)

The GT units are two GE PG9351FA model with dry low NO_x combustion design. This GT has a single fuel combustor burning only natural gas. The GTs are capable of both base load and two-shift operations and each GT has a rated capacity of 254.5 MW at ISO condition.

The hydrogen cooled generator is directly coupled to the GT shaft.

Heat recovery steam generator (HRSG)

The HRSG is supplied by Hangzhou Boiler Group and is of 3-pressure, reheat, natural circulation type, designed to be suitable for operation in association with the GT under base load and two-shift operation regimes. Exhaust gas from the GT is ducted to the HRSG where it is used to generate steam for the steam cycle. LP superheating generates steam for the LP steam turbine and also District Heating.

Two 100% duty HP boiler feed pumps supply feed water to the HP drum of the HRSG.

Two 100% duty IP boiler feed pumps supply feed water to the IP drum of the HRSG.

Steam turbine generator (ST)

The ST unit is supplied by Harbin and is capable of operating at full load and sliding pressure modes. The ST is of two-casing design having a combined HP and IP turbine casing and a double flow LP turbine section and a condenser with a circulating cooling water supply. There is one steam extraction from the IP Steam Turbine. A totally enclosed water-to-hydrogen cooled generator is coupled to the ST. Rated output of the unit is 275.6 MW. The ST has a 100% steam dump bypass system to the condenser. This is provided for start-up, shut-down and for dumping the steam into the condenser in an emergency. Three 50% duty condensate extraction pumps are provided to deliver the main condensate from the condenser hotwell to the LP drum of the HRSG.

Fuel gas compression system

A compressor station is provided to continuously supply compressed fuel gas pressure at 32 bar_g as required by the GT, (one compressor per GT). Major equipment of the system comprises 2 x 100% duty fuel gas compressors, fuel gas filters and liquid knock-out vessels.

Main cooling water system

The main CW system is a closed circuit cooling system. The 3 x 50% of 2 duty and 1 standby for main CW pumps draw in cooling water from the basin to the main condenser to condense turbine exhaust steam. This is typical of that found on similar CCGT power plants and we have no major concerns relating to this equipment.

Closed cooling water system

The closed CW system supplies cooling water to various equipment (cooling points) located throughout the plant via a closed-loop piping system and transfers the heat load to the auxiliary cooling water via the heat exchangers. The source of cooling water is the reclaimed water from municipal waste-water treatment utility, which could meet the supply quantity requirement. Also, the reclaimed water could be used after water quality pre-treatment. This is an impressive solution for raw water supply, which reuses the water and thus conserves water resources in Beijing.

Water treatment system

The water source are all come from reclaim water from Beijing municipal system. The water treatment plant production capacity is 27 m^3/hr and the plant configuration comprises of Ultra Filter, Reverse Osmosis, Ion Exchanger and also has 2x500m^3 Storage Tanks.

Transformers and 220 kV station switchyard

Generator transformers of the GT and ST are connected by overhead lines to the corresponding feeder circuits of the 220 kV switchyard. The auxiliary transformer provides power for normal start-up of station loads and services.

Distributed Control System

The FOXBORO distributed control system (DCS) provides for the start-up, normal emergency shutdown, automatic and manual operation, sequential interlocking, data acquisition, control, supervising and monitoring of the plant. The DCS is typical of that found on similar CCGT power plants and we have no major concerns relating to this equipment.

9.2.1.3 Summary

The configuration of the balance of plant systems are in line with our expectations for CCGT plant of this type with the exception of the lack of redundancy in the CW pumps which could result in a loss of capacity as discussed above.

9.2.2 Operational History

9.2.2.1 Capacity and Availability

The plant was constructed in 2007 and began commercial operation on May 20, 2008 and is intended to operate in the variable load regime. Based on the information provided, capacity and availability factors for the past three years are tabulated in Table 9.4:

Table 9.4: Capacity and Availability Factor of Taiyanggong Power Plant

Year	2008	2009	(to June 6,) 2010
Capacity Factor (%)	25	32	52
Availability Factor (%)	88	87	95
Net Generation (GWh)	1,187	2,160	1,770

Outages

The historical outage data for the plant indicates:

- For the first six months of 2010, unscheduled outages totaled 124 hours while scheduled outages were 1,111 hours. The longest unscheduled outage of 70 hours was due to damage to GT #1 carbon brush;
- In 2009, scheduled outages of about 1,111 hours occurred while unscheduled outages totaled 43 hours. The longest unscheduled outage of 24 hours was due to a fault of on the generator protection; and
- In 2008, the scheduled outages were 738 hours and unscheduled outage 14 hours.

The reported plant availability figures are generally below the value of 93%—94% that we would expect as a long term average from our experience of similar power plant worldwide. (Although lower figures during the first two years are not unusual due to 'teething' problems.) However, it's noted that the definition of availability of whole plant in China is different with western market, and also the regulations of availability of PPA and grid despatch apply different principle.

The plant Capacity Factor is at high level among the similar gas-fired power plants in China. Though, it's slightly lower than western similar western gas-fired power plants, that's because its annual power generation amount is decided by the production plan issued by government authority at beginning of every 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 BEC despatches to decrease the purchased energy volume in a period. On the other hand there is no penalty payment in case the plant is unable to supply power to BEC. This is mainly due to task of Taiyanggong CCGT plant, whose major task is the heat supply to local community, so the majority power generation is completed in heat-supply period.

9.2.2.2 Output

The design value of gross capacity output of the whole unit is 706.12 MW at 100% basic load at design conditions (-4.2°C; 1.024 bar_a; 43% RH; cooling water 16°C). The test value of the commissioning test report issued by TPRI (Xi'an Thermal Power Research Institute Co., Ltd) is 722.063 MW, 2.26% higher than the design value.

9.2.2.3 Heat Rate

The design value of gross heat rate of the whole unit is 5074.4 kJ/kWh at 100% basic load at design conditions (-4.2°C; 1.024 bar_a; 43% RH; cooling water 16°C). The test value of the commissioning test report issued by TPRI (Xi'an Thermal Power Research Institute Co., Ltd) is 4954.4 kJ/kWh, 1.84% lower than the design value.

9.2.3 Asset Condition

With only two years of operation, we would expect the plant to be in good condition and from our site inspection and the data available there is no indication of major concerns or significant investments required relating to plant items. The facilities and environment of Taiyanggong plant is really nice and clean. Taiyanggong is a demo CCGT Plant and a exhibition center of clean energy in China, which represent the highest level of similar plants.

9.2.4 Operation and Maintenance

The plant has 141 employees; 2 employees at management level (Managing Director and General Manager); 79 employees in operation, maintenance and technician; 7 employees in financial team; and 53 employees in administration and human resource team. This staffing level especially administration staffs is significantly higher than the industry standard for similar western power plants that is generally required around 76 employees: 5 employees at management level; 24 operational employees; 40 employees for maintenance; 7 administrative employees. The figure is 4 shift of operation team and the majority of routine maintenance and inspection work is performed by in-house staff. For minor and major maintenance program, the sub-contractor will be employed.

The plant uses Chinese specialist software (Management Information System) for O&M management. The system provides event data recording, maintenance planning and equipment ordering for the procurement process including monitoring, tracking and reporting.

Taiyanggong has signed a long-term Maintenance agreement with GE, for ten years under which GE will be in charge of the maintenance of GT.

From the data provided the current actual operating hours of GT1 is 9,841 while the equivalent figure for GT2 is 9,122 hours. It is indicated in the operation reports and other relevant documents that condition-based monitoring techniques are being implemented in the plant. This change in maintenance strategy is in line with modern power industry practice. Although this will increase short-term capital investment in monitoring equipment, analysis tools and staff training, the investment should pay off in the long term by lower maintenance costs and improved plant reliability due to the capability of the O&M team to identify impending equipment failures.

9.2.5 Spares

During our visit inspection it was apparent that there is a significant quantity of spares held on site, which are stored in good condition. We reviewed full inventory list of spare parts, instruments and tools, which are considered to include complete items, adequate quantity and proper models for all major systems. In particular, the situation regarding major spare parts for the GT including those required for HGPI and major inspections can meet the requirement of regular inspections and scheduled inspections.

9.2.6 Environment, Health and Safety

The plant has been designed to meet very low environmental limits on air emissions, effluent discharge and noise as set out in the Government Regulation. In particular, the actual NO_x emission level reported is less than 20 mg/M^3, well within the limit of 100 mg/M^3. No major issue or environmental incidents were noted during our review of operational records and relevant documents provided in the data room.

9.2.7 Conclusions

We comment on the key conclusions relating to the Taiyanggong CCHP as below:

- We consider the main generating plant items are of proven technology;
- Our review of the technical documents suggests that the overall condition of the plant is generally in accordance with our expectations for a facility of this age and type;
- Availability of the plant is somewhat below average industry standards, however, the definition and regulation of availability in China is different with western;
- The designed output and heat rate figures are in line with our expectations, which are proved by actual performance values in the commissioning test report;
- The plant Capacity Factor is at high level among the similar gas-fired power plants in China. Though, it's slightly lower than western similar western gas-fired power plants, that's because its annual power generation amount is decided by the production plan issued by government authority at beginning of every year. This is mainly due to task of Taiyanggong CCGT plant, whose major task is the heat supply to local community, so the majority power generation is completed in heat-supply period;
- Redundancy design in major plant equipment is considered adequate.
- The operation records have not indicated any gas supply interruption during the past 2 years;
- The LTSA with GE is beneficial as specialist support is available to the project. The adoption of condition-based maintenance follows modern industry practices; and
- Spare parts are stored in good condition on site. The full inventory list of spare parts is considered to include complete items, adequate quantity and proper models for all major systems. In particular, the situation regarding major spare parts for the GT including those required for HGPI and major inspections can meet the requirement of regular inspections and scheduled inspections.

Appendices

Appendix A. List of Key Documents Reviewed

Ref	Document Title
1	Beijing Energy's feedback to MM's Questionnaires for eight respective wind farms
2	Feasibility study report for each wind farm
3	Grid connection report for each wind farm
4	Wind Turbine Supply Agreement for each wind farm
5	WTG tech Specification for several wind farms
6	Power Curve from SCADA system for each wind farm
7	Reliability Evaluation Code for Wind Power Generating Equipment (Trial)
8	Single Line Diagram for each wind farm
9	Wind resource data from nacelle for each wind farm
10	WTG Layout for each wind farm
11	Operational monthly data (availability, generation, curtailment) for each wind farm
12	Spare parts list for each wind farm
13	Technical specification (main transformer, WTG transformer, inter-array cables, export cables) for several wind farms
14	Grid connection agreement for each wind farm
15	Grid Code for connecting the Wind Farm
16	Grid curtailment instructions issued by Inner Mongolia Power Company
17	SGCC and Inner Mongolia Power Company's websites
18	Safety requirement and assessment of Wind Farm Grid Connection
19	QA list from Beijing Energy
20	MM internal information
21	Information from public website
22	Foundation Concrete Mixture Proportion Test Report for Saihan phase I and Wulanyiligeng wind farms
23	Foundation Concrete Compression Test Report for Saihan phase I and Wulanyiligeng wind farms
24	State Electricity Regulatory Commission's website
25	Monthly operation reports of gas-fired plants
26	Price purchase agreements of gas-fired plants
27	Gas purchase contracts of gas-fired plants
28	Water purchase contracts of gas-fired plants
29	Heat sales contracts of gas-fired plants
30	Consents of EIA
31	PID drawings of gas-fired plants
32	NG analysis reports of gas-fired plants
33	Emission standards of noise, waste water and waste gas pollution
34	Feasibility study report of gas-fired plants
35	Maintenance and unscheduled outage records of Jingfeng CCHP Plant

Ref	Document Title
36	Annual overhaul records of Jingfeng CCHP Plants
37	Commissioning test report of Jingfeng CCHP Plant
38	Summary of main maintenance work in the future
39	Layout drawings of gas-fired plants
40	Technical data sheet of main equipments and systems of gas-fired plants

Glossary

AGL	Above Ground Level
AOH	Actual Operating Hours
ASL	Above Sea 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
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.
CW	Cooling Water
CWEA	China Wind Energy Association
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
NO_x	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	meter (length)
m^2	square meter (area)
m/s	meter 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.

I. TAXATION IN THE PRC

1. Taxes Applicable to Joint-Stock Limited Companies

(1) Enterprise Income Tax

Under the Enterprise Income Tax Law of the RPC promulgated on March 16, 2007 and effective as of January 1, 2008 (《中華人民共和國企業所得稅法》 the "Enterprise Income Tax Law"), enterprises that are established inside China are resident enterprise, they shall pay enterprise income tax at the rate of 25% on its incomes derived from both inside and outside China.

Pursuant to the provisions of the State Council, for enterprises that were established prior to the promulgation of the Enterprise Income Tax and enjoyed lower tax rates according to the provisions of the then effective tax laws, administrative regulations or equivalent documents, the preferential income tax rates enjoyed by them shall be gradually transferred to the tax rate set forth in this law within five years after the Enterprise Income Tax Law is promulgated; and enterprises that have enjoyed preferential treatment of tax exemption for a fixed term may continue to enjoy such treatment after the promulgation of this law until the fixed term expires, however, for those that have failed to enjoy the preferential treatment due to failure to make profits, the term of preferential treatment may be counted from 2008.

(2) Business Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例》) promulgated by the State Council on December 13, 1993, amended on November 5, 2008, and effective as of January 1, 2009 and the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) issued by the MOF and the SAT on December 25, 1993, amended for the first time on December 15, 2008, for the second time on October 28, 2011 and effective as of November 1, 2011, amended on October 28, 2011 by MOF, all entities or individuals providing taxable labor services, transferring intangible assets or selling real estate within the PRC shall pay business tax. Taxable labor services in these two regulations refer to the taxable services in the industries of transport, construction, finance and insurance, post and telecommunications, cultural and sports, entertainment and service; the expression "provision of labor services, transfer of intangible assets or the sale of real estate within the territory of the PRC" as mentioned in these two regulations refers to: (1) the entities or individuals providing or accepting labor services are within the territory of the PRC; (2) the entities or individuals accepting the transferred intangible assets (excluding land use rights) are within the territory of the PRC; (3) the land in respect of which the use right is transferred or leased is within the territory of the PRC; and (4) the real estate sold or leased is within the territory of the PRC.

(3) Value Added Tax (VAT)

Under the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, amended on November 5, 2008 and effective as of January 1, 2009 and the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) issued by the MOF and the SAT on December 25, 1993, amended for the first time on December 15, 2008, for the second time on October 28, 2011 and effective as of November 1, 2011, amended on October 28, 2011 by MOF all entities and individuals selling goods or providing processing or repairing services or importing goods within the territory of the PRC shall pay VAT; general tax payers shall pay VAT at the rate of 13% for selling or importing grain, edible vegetable oil, tap water, heating supply, air-conditioning, hot water, 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; general tax payers shall pay VAT at the rate of 17% for selling or importing goods other than the abovementioned items and providing processing or repairing services. The amount of the payable tax which general tax payers shall pay for selling products or providing taxable labor services shall be the difference between the amount of their output tax for the period and the amount of their input tax for the same period.

(4) Stamp Tax

Under the Provisional Regulations of the People's Republic of China on Stamp Duty (《中華人民共和國印花稅暫行條例》) promulgated by the State Council on August 6, 1988 and effective as of October 1, 1988 and the Detailed Rules for Implementation of the Provisional Regulations of the People's Republic of China on Stamp Tax (《中華人民共和國印花稅暫行條例施行細則》) promulgated by the MOF on September 29, 1988 and effective as of October 1, 1988, all entities and individuals executing or receiving taxable documents within the PRC shall pay stamp tax. The scope of taxable documents covers 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 contractual documents, title transfer deeds, business account books, certificates of rights, licenses and other taxable documents specified by the MOF.

2. Taxes Applicable to Shareholders of Companies

(1) Dividend-related Tax

For Individual Investors: Under the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法》, the "Individual Income Tax Law") adopted by the Standing Committee of the National People's Congress of the PRC, effective as of September 10, 1980, amended for the first time on October 31, 1993, for the second time on August 30, 1999, for the third time on October 27, 2005, for the fourth time on June 29, 2007, for the fifth time on December 29, 2007 and for the sixth time on June 30, 2011 and the Regulation on the Implementation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》) promulgated by the State Council on January 28, 1994, amended for the first time on December 19, 2005, for the second time on February 18, 2008, and for the third time on July 19, 2011, any and all foreign individuals that are non-Chinese resident shall pay individual income tax at the rate of 20% for any interest, dividend or bonus received by them from any company, other enterprise or other economic organization or natural person in the territory of the PRC.

It is specified in the Circular of the SAT on Issues Concerning the Taxation of Profits from the Transfer of Stocks (Stock Rights) and Dividend Income of Foreign-invested Enterprises, Foreign Enterprises and Foreign Individuals (《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》) (Guo.Shui.Fa [1993] No.045) as promulgated by the SAT on July 21, 1993 and Letter of the SAT on Taxation Issues regarding Dividends Received by Foreign Individuals Holding Shares of China-based Listed Companies (《關於外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函》) (Guo.Shui.Han.Fa ([1994] No.440) as promulgated by the SAT on July 26, 1994 that dividends (capital bonuses) received by foreign individuals holding B-shares or overseas shares (including H-shares) from China-based enterprises which issued such shares are temporarily exempted from individual income tax. However, Circular Guo.Shui.Fa [1993] No.045 was repealed by the SAT Public Notice on Issuing the List of Tax Regulations that are Fully or Partially Repealed (《國家稅務總局關於公布全文失效廢止、部分條款失效廢止的稅收規範性文件目錄的公告》, "Public Notice 2011 No.2"), issued by the SAT on January 4, 2011. Further, pursuant to the Notice on Issues relating to Administration of Individual income Tax after the Repeal of Guo.Shui.Fa 1993 No.045 (《國家稅務總局關於國稅發 [1993] 045 號文件廢止後有關個人所得稅征管問題的通知》, Guo.Shui.Han [2011] No.348), issued by the SAT, on June 28, 2011, dividends paid by a PRC company that is not a Foreign Invested Enterprise on its H shares are subject to individual income tax in China generally at a rate of 10%, unless the tax treaty or agreement that China concluded with relevant jurisdictions, where applicable, provides a lower or higher rate. We are obliged to withhold such individual income tax. Any shareholder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in the relevant tax treaties or arrangements, is lower than 10% is entitled to a refund of the excess tax withheld by us after approval of the competent tax authority. Further, any shareholder residing in a jurisdiction where the applicable tax rate for such dividends, as stipulated in the relevant tax treaties or arrangements, is higher than 10% but lower than 20% is subject to individual income tax in China at the treaty rate without the need of any tax registration at or approval from the tax authority. However, any shareholders residing in a jurisdiction where no tax treaty or agreement applies are subject to individual income tax in China at a rate of 20% on the dividends.

For Enterprises: Under the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the regulations for its implementation, non-resident enterprises having no office or premise inside China, and for a non-resident enterprises whose incomes have no actual connection to its office or premises inside China shall pay enterprise income tax at the rate of 10% on their income received from China. Under the Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Oversea H-share Holders (Enterprise shareholders) from Chinese 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》) (國稅函[2008]897號) issued by the SAT on November 6, 2008, enterprise income tax at the rate of 10% shall be levied on dividends of H-shares for 2008 and thereafter years received by any oversea enterprise shareholders that are non-Chinese residents from Chinese resident enterprises. The Response to Questions on Tax over Dividend of B-Shares Received by Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》(國稅函[2009]394號)) issued by the SAT on July 24, 2009 further provides that any Chinese resident enterprise that publicly issued A-shares, B-shares or overseas shares on stock exchanges in or outside China shall withhold enterprise income tax at the rate of 10% over the dividend of the shares for 2008 or later years distributed by them to non-resident enterprises; if such non-resident enterprise shareholders have the right to enjoy preferential tax treatment under a taxation treaty to which China is a party, the taxation treaty shall be complied in withholding such tax.

(2) Capital Gains Tax

For Individual Investors: Under the Law of the People's Republic of China on Individual Income Tax Law and the regulation for its implementation, individuals shall pay individual income tax at the rate of 20% for their incomes from transfer of property. The rules for implementation of the law also provides that the MOF shall draft the measures for collection of individual income tax over income from transfer of shares, and such measures are subject to the approval of the State Council. However, so far no legislation has expressly provided whether individual income tax shall be collected over the income received by non-Chinese resident individuals from sale of the shares issued by China-based companies listed on overseas stock exchanges, and in practice the taxation administrations never collect individual income tax over such income.

For Enterprises: Under the Enterprise Income Tax Law of the RPC and the regulation for its implementation, non-resident enterprises shall pay enterprise income tax at the rate of 10% over their income received by them from the territory of the PRC (including the income from the sale of equity in China-based companies). Therefore, non-resident enterprises shall pay enterprise income tax at the rate of 10% over their income received by them from sale of the shares in the companies listed on overseas stock exchanges. However, in practice, the taxation administrations have not collected such tax over the income received by non-resident enterprises from their transfer of the above-mentioned shares. But, the possibility can not be entirely excluded that taxation administrations will collect enterprise income tax from non-resident enterprises over their income received by them from sale of the shares in the companies listed on overseas stock exchanges by means of withholding.

3. PRC Laws and Regulations Related to Foreign Exchange Administration

Strict foreign exchange administration system is applied in the PRC and it has been reformed several times. The Regulation of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and effective as of April 1, 1996, amended for the first time on January 14, 1997 and for the second time on August 5, 2008 is now the principal foreign exchange legislation and governs receipt and payment by domestic entities and individuals of foreign exchange and their other commercial activities regarding foreign exchange and receipt and payment by overseas entities and individuals in China and their other commercial activities regarding foreign exchange which happen in China. The Regulations on Settlement, Purchase and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) issued by the People's Bank of China on June 20, 1996 and effective as of July 1, 1996 provides for some rules and procedures for domestic entities, resident individuals, foreign entities and persons in China settling and purchasing foreign exchange, opening foreign exchange account and paying foreign exchange to outside of China among others.

Under the current Regulation on Foreign Exchange Administration, domestic entities and individuals are allowed to keep foreign exchange and are not required to sell their foreign exchange to the People's Bank of China, and their foreign currency may be deposited outside of China or transferred to China. In China, now the currencies in current account are exchangeable. Enterprises may, according to their requirements, determine to keep their foreign exchange income under the current account or sell them to the financial institutions in the business of settlement and sale of foreign exchanges. To meet requirements for payment of foreign exchange under current account, domestic enterprises may pay such foreign exchange from foreign exchange owned by themselves or from the foreign exchange they purchased from financial institutions in such business. In China, RMB currency under capital account is not yet exchangeable, and the capital account is still regulated strictly. If an overseas entity or individual makes direct investment or issues or trades valuable securities or their derivatives in the PRC, or a domestic entity or individual makes direct investment or issue or trade valuable securities or their derivatives outside of China, it or he shall go through the procedure for foreign exchange approval and registration. If a domestic enterprise borrows loan from overseas lenders or provides security in favor of an overseas entity or person, it shall go through the procedure for registration of foreign loan and registration of foreign-oriented guarantee security. Domestic entities or individuals may keep foreign exchange income under the capital account for themselves or sell such income out to a financial institution in the business of settlement and sale of foreign exchange, but both subject to the approval of the relevant foreign exchange administration, unless otherwise provided by a law or national regulation. Foreign exchange fund and the fund for purchasing foreign exchange under the capital account shall be used as approved by the foreign exchange administration and other relevant approval administration.

Managed floating exchange rate system on the basis of market supply and demand is applied to the exchange rate of RMB. The banks appointed by the People's Bank of China to run foreign exchange business shall determine their sales price and purchase price of foreign currencies, handle foreign exchange settlement and sell foreign currencies in accordance with the middle rate of the currencies and the difference between sales and purchase prices published by the People's Bank of China everyday.

In addition, as for the administration of the foreign exchange of the domestic enterprises which are listed on overseas stock exchange, CSRC and SAFE have issued the following provisions:

(1) The Circular on the Administration of Foreign Exchange of Domestic Enterprises Listed on Overseas Stock Exchanges (《關於境外上市企業外匯管理有關問題的通知》) (Zheng.Jian.Fa.Zi, [1994] No.8) jointly issued by CSRC and SAFE on January 13, 1994 provides that:

- The fund raised by domestic enterprises through issuing shares on overseas stock exchanges shall fall into the scope of income under capital account, and upon the approval of SAFE, such enterprises may open foreign exchange account and keep such foreign exchange in China.

- After a domestic enterprise issues shares outside China, it shall, within 10 days after the fund in foreign exchange is received by it, transfer total of such fund into China and deposit such fund into a foreign exchange account as approved by SAFE.

- When a domestic enterprise needs to distribute dividend or bonus to its overseas shareholders, upon approval by the SAFE, its bank may pay and remit such dividend or bonus from its foreign exchange account, and its other use of foreign exchange shall be handled in accordance with other relevant regulations.

- If the sum of foreign-currency funds raised by a domestic enterprise through the issuance of shares in foreign countries reaches 25% or more of the enterprise's total net asset, 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 identified as 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.

(2) The Notice Concerning Further Improving Foreign Exchange Control of Overseas-listed Enterprises (《國家外匯管理局、中國證監會關於進一步完善境外上市外匯管理有關問題的通知》(匯發[2002]77號)) jointly issued by CSRC and SAFE on August 5, 2002 and effective as of September 1, 2002 provides that:

- Domestic enterprises listed on overseas stock exchange shall, within 30 days after obtaining CSRC's approval for issuing shares in foreign countries, handle the procedure with SAFE for foreign exchange registration of overseas-listed shares.

- Domestic enterprises listed on overseas stock exchange shall, within 30 days after they have received the funds raised through issue of shares, transfer into China the remaining amount of the funds after deduction of associated costs and expenses, and shall not retain the funds in foreign countries without permission of SAFE. The funds transferred back into China shall be subject to control as if they were funds directly injected by foreign investors and may be kept in dedicated accounts or be used for foreign exchange settlement if approved by SAFE.

- Foreign-currency funds, obtained by domestic shareholders of domestic companies with shares listed overseas through selling their shares in the listed companies, shall be transferred back into China within 30 days after the funds become available and after deduction of associated costs and expenses, and such funds shall not be detained in foreign countries without approval of SAFE. Foreign exchange settlement shall be made for such funds as approved by 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 SAFE for opening overseas foreign exchange accounts, of which the maximum term shall be 3 months from the date of account opening.

- If domestic enterprises with shares listed overseas need to repurchase their own shares listed and circulated in foreign countries, they shall, after obtaining the approval from CSRC, follow procedures set by 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.

(3) On September 9, 2003, SAFE issued the Notice Concerning Improving Foreign Exchange Control of Overseas Listings (《關於完善境外上市外匯管理有關問題的通知》(匯發[2003]108號)) to clarify some relevant issues in the Notice Concerning Further Improving Foreign Exchange Control of Overseas Listings (《關於進一步完善境外上市外匯管理有關問題的通知》(匯發[2002]77號)). On February 1, 2005, SAFE issued the Notice Concerning Foreign Exchange Control of Overseas Listings (《關於境外上市外匯管理有關問題的通知》(匯發[2005]6號)) to further revise and supplement the abovementioned notices as follows:

- The period within which domestic enterprises listed outside of China shall transfer the funds raised by them into China shall be extended to "6 months after receipt of the funds", the period within which they may hold an overseas dedicated account for the foreign currency shall be extended to "2 years after opening the account".

- If foreign-currency funds, obtained by domestic shareholders of domestic companies with shares listed overseas through selling their shares in the companies, will be transferred back into China, they may apply for an approval from their local foreign exchange administration for opening a dedicated account (or using an existing account) to keep the funds. Foreign exchange settlement shall not be made for such funds unless approved by the local foreign exchange administration.

II. TAXATION IN HONG KONG

1. 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.

2. 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 are likely to be regarded as deriving trading gains rather than capital gains (for examples, financial institutions, insurance companies and securities dealers) 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 realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

3. 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.

4. 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.

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities regulations relating to our operation and business. It also contains a summary of certain Hong Kong legal and regulatory provisions.

1. PRC LAWS AND REGULATIONS

(a) The PRC legal system

According to the *PRC Constitutional Law* (《中華人民共和國憲法》), the *Law of Organization of the People's Courts of the PRC* (《中華人民共和國人民法院組織法》) and the *Law of Organization of the People's Procuratorates of the PRC* (《中華人民共和國人民檢察院組織法》), 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 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 local people's courts at all levels and all special people's courts. The people's procuratorates also have the power to exercise legal supervision over the litigation activities of people's courts at the same level or below.

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 in accordance with the procedures provided by laws. The judgment or the ruling of the second instance by the intermediate people's courts, the higher people's courts and the Supreme People's Court 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, it has the authority to review the case itself or order the lower-level people's court to conduct a retrial.

The *Civil Procedure Law of the PRC* (《中華人民共和國民事訴訟法》) (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. An action involving a contractual dispute shall come under the jurisdiction of the people's court in the defendant's place of domicile or where the contract is performed. The parties to a contract may agree in the written contract to choose the people's court of the place where the defendant is domiciled, where the contract is performed, where the contract is signed, where the plaintiff is domiciled or where the subject matter of the contract is located to be the competent court, provided that the provisions of the Civil Procedure Law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and liabilities as a citizen or legal person of the PRC. Should the courts 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 in the PRC, the other party may apply to the people's court for the compulsory enforcement of the judgment or ruling. For an effective award made by an arbitration tribunal and a people's court has not issued a ruling prohibiting the enforcement of such an award, if a party fails to comply with the award, the other party may apply to the people's court for the compulsory enforcement of the 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.

(b) The PRC Company Law, Special Regulations and Mandatory Provisions

On December 29, 1993, the Company Law of the PRC (《中華人民共和國公司法》) was adopted by the standing committee of the Eighth National People's Congress, (hereinafter referred to as the " 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 "Company Law") came into effect on January 1, 2006.

The Special Provisions were adopted by the State Council on July 4, 1994 and took effect on August 4, 1994. The Special Provisions applies to the overseas share subscription and listing of joint stock limited companies.

The Mandatory Provisions were promulgated by the former Securities Commission of the State Council and the former 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).

Set out below is a brief summary of the Company Law and the major provisions of the Special Regulations and the Mandatory Provisions. Copies of the Chinese text of the Company Law, Special Regulations and the Mandatory Provisions together with copies of their unofficial English translations thereof are available for inspection as mentioned in "Appendix X—Documents Delivered to the Registrar of Companies and Available for Inspection".

(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 company may invest in other enterprises. 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, and at least half of the promoters have their domicile in the PRC.

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 a portion of the total shares of the company, generally not less than 35%, and the remaining shares can be offered to the public or specific persons.

The registered capital of a company should be RMB5 million at a minimum. Pursuant to the *Securities Law of the PRC* (《中華人民共和國證券法》) adopted on December 29, 1998 by the standing committee of the NPC and amended for the first time on August 28, 2004, and the second time on October 27, 2005 (hereinafter refereed to as 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 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 company registration authority; 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 company registration authority.

The promoters shall convene an inaugural meeting within 30 days after the issued shares have been completely paid up and capital verification institutions have issued certificates to prove full payment of the subscription money, 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 the promoters and subscribers holding shares representing more than 50% of the total issued shares of the company. The inaugural meeting shall exercise certain functions and powers including adopting the draft articles of association and electing the board of directors and the supervisory committee of the company (in case there are directors or supervisors appointed from representatives of staff and workers, such directors and supervisors shall be elected by the staff and workers of the company or the representatives of the staff and workers by democratic means). 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 once the registration has been approved by the relevant company registration authority and a business license 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.

(iii) ***Share capital***

The promoters may make capital contribution in currency or in non-currency property that may be valued in currency and lawfully transferable such as physical objects, intellectual property and land use rights, non-currency property contributed as capital shall be valued and verified. The amount of capital contribution in currency by all shareholders shall not be less than 30% of the company's registered capital.

A company may issue registered or bearer shares. However, Shares issued by a company to a promoter or a legal person shall be registered shares and shall bear the name of such promoter or legal person. No separate account with a different name may be opened for such shares, nor may such shares be registered in 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.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. According to the Special Regulations, upon approval of the 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.

The share offering price may be equal to or greater than par value, but may 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 Chinese laws or by administrative regulations. Bearer shares are transferred by delivery of the 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.

Shares held by a promoter of a company may not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offering may not be transferred within one year from the date of listing of the shares of the company on a stock exchange. During their term of office, directors, supervisors and senior management of a company shall not transfer over 25% of the total shares held by each of them in the company each year. They shall, within one year, not transfer any share of the company held by each of them after the listing date, and may not transfer the shares in the company they holds within six months after they leave office.

(iv) ***Increase in capital***

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, 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 in its financial and accounting documents over the last three years, or other significant irregularities; (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 of new 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:

(a) the company shall prepare a balance sheet and an inventory of assets;

(b) the reduction of general meeting registered capital must be approved by shareholders in the general meeting;

(c) 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;

(d) creditors of the company may require the company to clear its debts or provide guarantees covering the debts; and

(e) 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:

(a) to reduce the registered capital;

(b) to merge with another company (companies) holding its shares;

(c) to grant shares as a reward to the staff of the company;

(d) to purchase the company's own shares upon request of its shareholders who object to a resolution of the shareholders' general meeting regarding the merger or division of the company.

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 the adoption of a resolution in accordance with procedures provided in the articles of association of the company and obtainment of approvals from relevant supervisory authorities, a company may, for the aforementioned purposes, repurchase its issued shares by following means: a) making a general offer in the same proportion to all shareholders; b) purchase through open transactions on a stock exchange; c) repurchase by an agreement outside a stock exchange.

A company may not accept its own shares as the subject matter of a pledge.

(vii) ***Transfer of shares***

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. Bearer shares are transferred by delivery of the share certificates to the transferee.

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.

(viii) ***Shareholders***

The articles of association of a company set forth the shareholders' rights and liabilities and are binding on all the shareholders. Pursuant to the Company Law and the Mandatory Provisions, a shareholder's rights include:

(a) the right to receive dividends and other profit distributions based on the number of shares held;

(b) 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;

(c) the right to supervise and manage the company's business operation, and to put forward proposals or raise questions;

(d) the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;

(e) the right to obtain surplus assets of the company upon its termination or liquidation based on the number of shares held;

(f) the right to claim against other shareholders who abuse their rights of shareholders for the damages;

(g) If the procedure for convening the shareholders' meeting or shareholders' general meeting or the meeting of the board of directors, or the method of voting violates laws, administrative regulations or the articles of association of the company, or if the contents of a resolution violate the articles of association of the company, a shareholder may present a petition to a people's court for cancellation of resolution.

(h) any other shareholders' rights specified in laws, regulation and the articles of association.

The liabilities 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 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 the limited liability of shareholders to damage the interests of the creditors of the company; and any other liability specified in the articles of association of the company.

(ix) ***Shareholders' general meeting***

The shareholders' general meeting shall be the organ of authority of the company and shall exercise the following functions and powers in accordance with the Company Law:

(a) to decide on the business policies and investment plans of the company;

(b) to elect and replace directors and supervisors that are not appointed from representatives of staff and workers, and to decide on matters concerning the remuneration of directors and supervisors;

(c) to consider and approve reports of the board of directors;

(d) to consider and approve reports of the supervisory board or supervisors;

(e) to consider and approve the company's proposed annual financial budgets and final accounts;

(f) to consider and approve the company's profit distribution plans and plans for making up losses;

(g) to pass resolutions on the increase or reduction of the company's registered capital;

(h) to pass resolutions on the issuance of corporate bonds;

(i) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change of the corporate form of the company;

(j) to amend the articles of association of the company; and

(k) other functions and powers specified in the articles of association of the company.

The shareholders' annual general meeting shall be held once every year. An extraordinary shareholders' general meeting shall be convened within two months of the occurrence of any of the following circumstances:

(a) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association of the company;

(b) the losses of the company that have not been made up reach one-third of the total paid-up share capital;

(c) it is requested by a shareholder that independently holds, or by the shareholders that hold in aggregate, 10% or more of the company's shares;

(d) it is considered necessary by the board of directors;

(e) it is proposed by the supervisory board; or

(f) other circumstances specified by the articles of association of the company.

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 45 days before the general meeting pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting as well as the date and place of the meeting, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting. There is no specific provision 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 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 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.

According to the Company Law, a shareholder that independently holds, or the shareholders that hold in aggregate, 3% or more of the shares of the company may submit an extraordinary resolution in writing to the board of directors at least 10 days before a shareholders' general meeting is held. 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. 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. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present (including in person and by proxy) at the general meeting, except that such resolutions as the amendment to the articles of association, increase or reduction of registered capital, merger, division or the change in the form of the company shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present at the general meeting.

(x) *Directors*

A company limited by shares shall have a board of directors of 5 to 19 members. The members of the board of directors may include representatives of the staff and workers of the company. The representatives of the staff and workers among the members of the board of directors shall be democratically elected by the staff and workers of the company through the staff and workers' congress, the staff and workers' general meeting or other means. 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 re-election.

Under the Company Law, the board of directors exercises the following functions and powers:

(a) to convene the shareholders' meeting and to report on its work to the shareholders' meeting;

(b) to implement the resolutions of the shareholders' meeting;

(c) to decide on the business plans and investment plans of the company;

(d) to formulate the company's proposed annual financial budgets and final accounts;

(e) to formulate the company's profit distribution plans and plans for making up losses;

(f) to formulate plans for the company's increase or reduction of the registered capital or for the issuance of corporate bonds;

(g) to formulate plans for the merger, division, dissolution or change of corporate form of the company;

(h) to decide on the establishment of the company's internal management organization;

(i) to decide on the employment or dismissal of the manager of the company and his remuneration, and to decide on the employment or dismissal of the deputy manager(s) and person(s) in charge of financial affairs of the company according to the recommendations of the manager and on their remuneration;

(j) to formulate the basic management system of the company; and

(k) other functions and powers specified in the articles of association of the company.

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 convened at least twice a year. A notice of meeting shall be given to all directors and supervisors 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.

Meetings of the board of directors may be held only if attended by more than half of the directors. Resolutions of the board of directors must be adopted by more than half of all directors. If a director for any reason is unable to attend the meeting, he may appoint another director in writing to attend the meeting on his behalf, and the power of attorney shall specify the scope of authorization.

The directors shall bear liability for the resolutions of the board of directors. If a resolution of the board of directors violates any law or administrative regulation, or the company's articles of association or a resolution of the shareholders' general meeting, thereby causing the company to incur serious losses, the directors that took part in such resolution shall be liable to the company for compensation. However, if a director is proved to have expressed his objection to the resolution at the time of voting and the objection is recorded in the minutes of the meeting, such director may be released from such liability.

The board of directors shall have one chairman of the board and may have a vice-chairman (or vice-chairmen) of the board. The chairman and vice-chairman (or vice-chairmen) of the board shall be elected by more than half of all directors. The chairman of the board shall convene and preside over the meetings of the board of directors and inspect the implementation of the resolutions of the board of directors.

The office of legal representative of a company shall be served by the chairman of the board, the executive director or the manager of the company as stipulated in the articles of association of the company.

(xi) *Supervisors*

A company shall have a supervisory board of no fewer than three members. The supervisory board shall include representatives of the shareholders and an appropriate ratio of the representatives of the company's staff and workers, where the ratio of the staff and workers' representatives shall not be less than one-third. Directors and senior management personnel may not concurrently serve as supervisors. The term of office of a supervisor shall be three years. If re-elected upon expiration of his term of office, a supervisor may serve consecutive terms.

The supervisory board shall exercise the following functions and powers:

(a) to examine the company's financial affairs;

(b) to supervise the execution of company duties by the directors and the senior management personnel and to recommend the removal of directors and senior management personnel that violate laws, administrative regulations, the articles of association of the company or the resolutions of the shareholders' meeting;

(c) when an act of a director or senior management personnel is harmful to the company's interests, to require the director or senior management personnel to rectify such act;

(d) to propose the convening of extraordinary shareholders' meetings and to convene and preside over the shareholders' meeting when the board of directors fails to perform the duties of convening and presiding over the shareholders' meeting;

(e) to give proposals to the shareholders' meeting;

(f) to institute proceedings against the directors and senior management personnel upon shareholders' request if a director or senior management personnel violates the provisions of laws, administrative regulations or the articles of association of the company in the execution of company duties, thereby causing losses to the company;

(g) other functions and powers specified in the articles of association of the company.

(xii) ***Manager and other senior management personnel***

A company shall have a manager, who shall be engaged or dismissed by the board of directors. The board of directors of a company may decide that a member of the board of directors shall serve concurrently as the manager.

According to the Company Law, the manager shall be accountable to the board of directors and shall exercise the following functions and powers:

(a) to be in charge of the production, operation and management of the company, and to organize the implementation of the resolutions of the board of directors;

(b) to organize the implementation of the annual business plans and investment plans of the company;

(c) to draft the plan for the establishment of the company's internal management organization;

(d) to draft the basic management system of the company;

(e) to formulate the specific rules and regulations of the company;

(f) to request the employment or dismissal of the deputy manager(s) and person(s) in charge of financial affairs of the company;

(g) to decide on the employment or dismissal of management personnel other than those to be employed or dismissed by the board of directors; and

(h) other functions and powers delegated by the board of directors.

Where the articles of association of the company have other provisions on the functions and powers of the manager, such provisions shall prevail.

Pursuant to the Company law, besides manager, the other senior management personnel include deputy manager and person in charge of financial affairs of a company, the secretary to the board of directors and other personnel specified in the articles of association.

(xiii) ***Qualifications and obligations of directors, supervisors and senior management personnel***

According to the Company Law, a person may not serve as a company's director, supervisor or senior management personnel if he is:

(a) a person with no or limited capacity for civil acts;

(b) a person that was sentenced to criminal punishment for the crime of corruption, bribery, encroachment of property, misappropriation of property or disruption of the order of the socialist market economy, and not more than five years has elapsed since the expiration of the enforcement period; or a person that was deprived of his political rights for committing a crime, and not more than five years has elapsed since the expiration of the enforcement period;

(c) a director, factory director or manager of a company or enterprise liquidated upon bankruptcy that was personally responsible for the bankruptcy of the company or enterprise, and not more than three years has elapsed since the date of completion of the bankruptcy liquidation;

(d) the legal representative of a company or enterprise that had its business license revoked and had been closed down by order for violation of law, for which such representative bears individual liability, and not more than three years has elapsed since the date on which the business license of the company or enterprise was revoked; and

(e) a person with a comparatively large amount of personal debts due and unsettled.

A director, supervisor, manager 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. The Company Law, the Special Regulations and the Mandatory Provisions also provide that a director, supervisor, manager and other senior officers of a company owe fiduciary duties and diligence duties to the company, in the exercise of their rights or discharge of their obligations, they shall perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances, and shall not place themselves in a position where there is a conflict between their personal interests and their duties. The obligation and credibility of the Company's directors, supervisors, manager and other senior management personnel does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the company's trade secrets shall remain upon termination of their office.

A director, supervisor, manager and other senior management personnel who violates any law, regulation 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.

(xiv) ***Financial affairs and accounting***

Companies shall establish their own financial and accounting systems in accordance with laws, administrative regulations, and regulations of the finance department of the State Council. Companies shall prepare financial and accounting reports at the end of each fiscal year. Such reports shall be audited by an accounting firm according to law.

The financial and accounting reports of the company shall be made available at the company for the perusal of shareholders 20 days before the annual shareholders' general meeting is held. Companies that issue shares to the public must announce their financial and accounting reports.

When a company distributes its after-tax profits for a given year, it shall allocate 10% of profits to its statutory common reserve. A company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve exceeds 50% of its registered capital. If a company's statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profit for the current year prior to making allocations to the statutory common reserve. A company may, if so resolved by the shareholders' general meeting, make allocations to the discretionary common reserve from its after-tax profits after making allocations to the statutory common reserve from the after-tax profits.

A company's after-tax profits remaining after it has made up its losses and made allocations to its common reserve shall be distributed in proportion to the shareholdings of its shareholders, unless the articles of association of the company stipulate that the profits shall not be distributed in proportion to the shareholdings.

A company shall enter under its capital common reserve the premiums earned from the issue of shares above par and such other revenue as the finance department of the State Council requires to be entered under the capital common reserve.

A company may apply its common reserve to making up their losses, increasing their production and business operations, or increasing their capital by means of conversion. However, the capital common reserve may not be used to make up the losses of the company. When funds from the statutory common reserve are converted to capital, the funds remaining in such reserve shall amount to not less than 25% of the increased registered capital.

(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 and the Mandatory Provisions 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, 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. According to the Mandatory Provisions, any amendment of provisions incorporated in the articles of association in connection with the matters provided for in the Mandatory Provisions will only be effective after approval by the companies' approval department authorized by the State Council and the 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*

Under the Company Law, a company shall be dissolved as a result of the following:

(a) when the term of operation as specified in the company's articles of association expires or another reason for dissolution as specified in the company's articles of association arises;

(b) if the shareholders' meeting or shareholders' general meeting resolves to dissolve the company;

(c) if dissolution is necessary as a result of the merger or division of the company;

(d) its business license has been revoked, or it is ordered to close down or is banned according to law; or

(e) it is ordered to be dissolved by the people's court where there are serious difficulties in the operation and management of the company and the continual existence would cause major losses to the rights and interests of the shareholders, and the matter cannot be resolved through other means, shareholders representing 10% or more of the voting rights of all shareholders of the company present a petition to the people's court for dissolution of the company.

When a company is to be dissolved pursuant to the above Item a), b), d) or e), it shall establish a liquidation committee and commence liquidation within 15 days of the date of occurrence of the grounds for dissolution, such liquidation committee shall be composed of persons decided upon by the shareholders' general meeting. If no liquidation committee is established within the time limit, creditors may request the people's court to designate relevant persons to form a liquidation committee and carry out liquidation.

A liquidation committee shall notify creditors within a period of 10 days commencing from the date of its establishment and, within 60 days, make newspaper announcement of the liquidation. Creditors shall, within a period of 30 days commencing from the date of receipt of the written notification, or within a period of 45 days commencing from the date of the announcement for those who do not receive written notification, declare their claims to the liquidation committee.

A liquidation committee shall exercise the following functions and powers during liquidation:

(a) to thoroughly examine the property of the company and prepare a balance sheet and a schedule of property, respectively;

(b) to notify creditors by notice or announcement;

(c) to dispose of and liquidate relevant unfinished business of the company;

(d) to pay all outstanding taxes in full as well as taxes arising in the course of liquidation;

(e) to clear the claims and debts;

(f) to dispose of the property remained after full payment of the company's debts; and

(g) to participate in civil litigation activities on behalf of the company.

If the liquidation committee, having thoroughly examined the company's property and prepared a balance sheet and a schedule of property, discovers that the company's property is insufficient to pay its debts in full, it shall apply to the people's court for declaration of insolvency according to law. If the company's property is sufficient to pay its debts, the liquidation committee shall formulate a liquidation plan and submit the same to the shareholders' general meeting or the people's court for confirmation. The property of a company remained after the property is respectively applied to payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of staff and workers and the outstanding taxes, and to full payment of the debts of the company shall be distributed in proportion to the shareholdings of its shareholders.

Following the completion of liquidation, the liquidation committee shall compile a liquidation report and submit the same to the shareholders' general meeting or the people's court for confirmation, as well as to the company registry for applying for cancellation of the company's registration, and announce the company's termination.

(xix) *Overseas listing*

A company may issue shares to overseas investors after obtaining approval from the securities regulatory authority of the State Council and its shares may be listed overseas.

(xx) *Loss of H share certificates*

The Special Regulations and the Mandatory Provisions provide that in the case of loss of share certificates by the shareholders of foreign capital shares listed overseas, an application for re-issue may be handled in accordance with the law or rules of the securities exchanges or other relevant regulations of the place where the original copy of the register of shareholders of foreign capital shares listed overseas is kept.

(xxi) *Suspension and termination of listing*

The Securities Law provides that where a listed company is in one of the following circumstances, the stock exchange shall decide to suspend the listing and trading of its shares:

(a) there is a change in the total share capital, equity distribution, etc., of the company and the listing conditions are no longer fulfilled;

(b) the company fails to disclose its financial status as required, or there are falsehoods in the financial and accounting reports that may mislead investors;

(c) the company has committed a major illegal act;

(d) the company has suffered continuous losses for the most recent three years; or

(e) other circumstances stipulated in the listing rules of the stock exchange.

Under the Securities Law, the relevant stock exchange shall have the right to terminate the listing of the shares of the company in the following cases: in the event that the conditions for listing are not satisfied within the period stipulated by the relevant stock exchange as described in a) above, or the company has refused to rectify the situation in the case described in b) above, or the company fails to become profitable in the next subsequent year in the case described in d) above, or the company is dissolved or declared bankrupt, the relevant stock exchange shall have the right to terminate the listing of the shares of the company.

(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 that is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

(c) Securities law and other relevant regulations

The PRC has promulgated a number of laws and regulations that relate to the issue and trading of the Shares. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was the competent authority in charge of macro administration of national securities market, its major responsibilities include co-ordinating the drafting of securities laws and regulations, researching into and formulating securities-related policies, planning the development of securities markets, directing, coordinating, supervising and inspecting all securities-related work in the PRC and administering the CSRC. The CSRC was the regulatory body of the Securities Committee and responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating the offering and trading of securities, regulating public offers of securities by PRC companies in the PRC or overseas.

On April 22, 1993, the State Council promulgated the Interim Provisions on the Administration of Issuing and Trading Securities (《股票發行與交易管理暫行條例》). These provisions set forth the relevant rules to be complied with for conducting issuing, trading and other related activities in the PRC, including the conditions and procedures for issuing and trading stocks, acquisition of listed companies, information disclosure by listed companies, investigation and penalties and dispute settlement. These provisions also provided expressly that a company must obtain the approval of the Securities committee to offer its shares outside the PRC directly and indirectly and carry out offshore trading of its stock, the specific measures would be formulated separately.

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 (《國務院關於股份有限公司境內上市外資股的規定》). These regulations mainly deal with the issuance, subscription, trading and declaration of dividends and information disclosure related to joint stock limited liability companies with domestically listed foreign shares.

On July 14, 1999, the CSRC issued the Circular on Problems Relating to Applying for Overseas Listing of Enterprises (《關於企業申請境外上市有關問題的通知》), mainly dealing with the conditions, application documents and approval procedures for companies that applied for overseas listing.

The Securities Law, revised on October 27, 2005 for the second time and coming into effect on January 1, 2006, comprehensively regulates activities in the PRC securities market. This law regulates, 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 provides that a PRC company must obtain prior approval from the State Council's regulatory authorities to offer securities to overseas investors directly or indirectly and list its shares outside the PRC. The Securities Law also provides that specific measures in respect of shares of companies in the PRC which are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council.

(d) Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (hereinafter referred to as the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994 and became effective on September 1, 1995. It is applicable to contract disputes and other property disputes between equal 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. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case unless the arbitration agreement is null and void.

Under the Arbitration Law and the 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 of PRC arbitration body 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 (《承認和執行外國仲裁裁決公約》) (hereinafter referred to as the "New York Convention") on December 2, 1986, the New York Convention has took effect in China since April 22, 1987. 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 application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations. The Supreme People's Court and Hong Kong have reached agreements on the mutual enforcement of awards, in June 1999, the Supreme People's Court adopted the Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong SAR (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), which has taken effect since February 1, 2000. Pursuant to this Arrangement, the People's courts of the Mainland agree to enforce awards made in Hong Kong SAR pursuant to the Arbitration Rules of Hong Kong SAR, and the courts of Hong Kong SAR agree to enforce awards made by the arbitration institutions of the Mainland pursuant to the Arbitration Law.

(e) Judicial judgment and its enforcement

Under the *Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and Hong Kong SAR Pursuant to Agreed Jurisdiction by Parties Concerned* (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) issued by the Supreme People's court on July 3, 2008 and taking effect since August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between mainland court and Hong Kong SAR court in civil and commercial case with written jurisdiction agreement, the parties concerned shall apply to mainland people's court or Hong Kong SAR court for recognition and enforcement based on this arrangement. "Choice of court agreement in written" in this arrangement refers to a written agreement defining the exclusive jurisdiction of either the mainland people's court or Hong Kong SAR in order to revolve dispute with particular legal relation occurred or likely to occur by the partied concerned since effective date of this arrangement. According to this arrangement, the parties concerned may apply to the courts in the mainland or Hong Kong to recognize and enforce the final judgment made by the courts in Hong Kong or the Mainland that meet certain conditions under this arrangement.

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 at 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 advisor***

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 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

Tian Yuan Law Firm, our legal adviser on PRC law, has sent to us a legal opinion dated December 12, 2011 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 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.

This Appendix contains a summary of the principal provisions of the Articles of Association, which was adopted on November 16, 2010 and will become effective on the date that our H Shares are listed on the Hong Kong 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 "Appendix X—Documents Delivered to the Registrar of Companies and Available for Inspection".

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 fixed 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 expected value of the contemplated disposition; and (ii) the total value obtained for disposition of fixed assets in the period of four months immediately preceding the proposal of the contemplated 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 the preceding paragraph, disposition includes an act involving a transfer of an interest in assets other than provision of guarantee with its fixed assets.

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: the provisions shall be made, when there is a takeover of the Company, 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. 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 such Director or Supervisor and not deducted from the sum distributed.

(d) Loans to Directors, Supervisors and other management officers

The Company may not directly or indirectly provide a loan or loan guarantee to the Directors, Supervisors, or senior management officers of the Company or its parent company. The Company may also not provide any loan or loan guarantee to any connected person to such Directors, Supervisors, or senior management officers.

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 and conditions 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 lender did not know the relevant connection when the Company provided the loan to the connected person of the Directors, Supervisors, or senior management officers of the Company or its parent company, or

(ii) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

The following transactions are not subject to the provisions above:

(i) providing loans or loan guarantees to the subsidiary of the Company;

(ii) providing loans or loan guarantees or any other funds to the Directors, Supervisors, or senior management officer of the Company to pay the expenditure in accordance with the employment contract approved by the shareholders' general meeting, for the purposes of the Company or for the purpose of performing the duties of the Directors, Supervisors, or senior management officers; and

(iii) if the business scope of the Company includes providing loans, loan guarantees, then the Company may provide loans or loan guarantees to its Directors, Supervisors, senior management officers or their connected persons subject to normal commercial terms.

For the content above, guarantees include undertaking responsibilities as a guarantor or providing properties to secure the obligor to perform its obligations.

(e) Giving of financial assistance to purchase the shares of the Company

Subject to the Articles of Association:

(i) neither the Company nor any of its subsidiaries (including associates) 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 born any liability as a result of the acquisition of shares in the Company; and

(ii) neither the Company nor any of its subsidiaries (including associates) 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.

"Bear liability" includes bearing liability for an agreement or arrangement (whether enforceable or unenforceable, and whether bearing independently or collectively with any other person) or for any other means changing his financial situation.

"Financial assistance" includes, without limitation to:

(i) donating;

(ii) guarantee (including undertaking responsibilities as a guarantor or providing properties to secure the obligor to perform its obligations), compensation (other than an compensation due to the Company's own default), releasing or waiving rights;

(iii) providing a loan or entering into an agreement under which the Company needs to perform its liabilities ahead of the other contracting parties; or changing contracting parties or assigning rights under such loan or such agreement; or

(iv) providing financial assistance in any other manner when the Company is insolvent or has no net assets or its net assets would thereby be reduced materially.

The following behaviors are not prohibited:

(i) providing financial assistance with purpose genuinely for the Company's interests, and not for the purpose of acquiring the Company's shares, or such financial assistance is an incidental part of an overall plan of the Company;

(ii) distribution of the Company's properties as dividend lawfully declared;

(iii) distribution of dividends by way of shares;

(iv) reduction of registered capital, repurchase of shares of the Company, adjustment of the shareholding structure in accordance with the Articles of Association;

(v) providing loans for normal business subject to the Company's business scope, (but the Company's net assets should not be thereby reduced or, even reduced, the financial assistance is provided from distributable profits; and

(vi) providing funds for the employees' share schemes (but the Company's net assets should not be thereby reduced or, even reduced, the financial assistance is provided from distributable profits).

(f) Disclosure of interests in and voting on contracts with the Company

When a Director, Supervisor, or senior management officer of the Company is in any way, directly or indirectly, materially interested in an existing or planned contract, transaction or arrangement with the Company (other than the contracts of employment), he shall disclose the nature and extent of such interests to the Board at the earliest opportunity, whether or not the relevant matter is subject to the approval of the Board of directors.

Unless the interested Director, Supervisor, or senior management officer has disclosed his interests in accordance with the preceding paragraph 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 Company has the right to rescind the contract, transaction or arrangement except as against a bona fide party thereto acting without notice of the breach of such duties by the Director, Supervisor, or management officer. A Director, Supervisor, and senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties have interest.

If a Director, Supervisor, or senior management officer of the Company gives the Board a notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements which may subsequently be entered into by the Company, then within the content stated in the notice he shall be deemed to have made a disclosure in accordance with the relevant provisions in the Articles of Association, if such notice shall have been given before the Company considered to enter into such contract, transaction or arrangement in the first time.

(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. The said emoluments include:

(i) emoluments as Director, Supervisor or senior management officer of the Company;

(ii) emoluments as Director, Supervisor or senior management officer of any subsidiary of the Company;

(iii) emoluments in connection with other management services for the Company or any subsidiary thereof; and

(iv) compensation to such Director or Supervisor for loss of office, or retirement.

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 any deserving benefits mentioned above.

(h) Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor, or senior management 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 socialist 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 or was ordered to close down due to a violation of the law and were personally responsible for such revocation, where less than three years have elapsed since the date of the completion of the revocation;

(v) persons who have failed to pay a relatively large debt when due and outstanding;

(vi) persons who have committed criminal offences and are still under investigation by judicial authorities;

(vii) persons who have been given a punishment by the securities regulatory authority of the State Council as prohibition from access to securities market which has not expired;

(viii) persons who have been convicted of offences of violating 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) persons who are not natural persons; and

(x) other persons stipulated by laws, administrative regulations, department provisions, the rules of the securities regulatory authorities and the stock exchange where the Company's shares are listed.

The validity of the conduct of Directors, senior management 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, or senior management 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 written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be given to the Company at least seven days before the date of convening the general meeting. Each candidate of Director and Supervisor shall be proposed in a separate motion to the shareholders' general meeting for resolution.

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 within term of office (without prejudice to any claim for damages under any contract) may be removed by ordinary resolutions at a Shareholders' general meeting.

The term of office of the chairman, vice chairman and other Directors shall be three years and is renewable upon re-election.

The General Manager, or other senior management officer may serve concurrently as the director, however, the concurrently directors acted by the General Manager, other senior management officer as well as by staff representatives shall not exceed 1/2 of the total number of Board of directors.

(i) Borrowing powers

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 provisions which give the Board of Directors the power to formulate proposals for the issuance and listing of debentures by the Company; and 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, and senior management officers of the Company owe fiduciary duties and duties of diligence to the Company. In addition to any rights and remedies provided in relevant laws and administrative regulations, the Company is entitled to adopt the following measures where a Director, Supervisor, or senior management officer is in breach of his duties owed to the Company:

(i) to claim against such a Director, Supervisor, or senior management officer for losses incurred by the Company as a result of his breach;

(ii) to rescind any contract or transaction entered into between the Company and the Director, Supervisor, or senior management officer and a third party (when such third party know or should have known the breach of such duties of the Director, Supervisor, or senior management officer who representing the Company);

(iii) to claim for the profits made by the Director, Supervisor, or senior management officer as a result of his breach;

(iv) to recover any monies received by the Director, Supervisor, or senior management officer which should have been received by the Company, including, without limitation, commissions;

(v) to demand the Director, Supervisor, or senior management officer to return of the interest earned or which may have been earned on any monies which should have been delivered to the Company; and

(vi) to execute legal procedures ruling that the interest of a Director, Supervisor, or senior management officer earned through his breach of duty belongs to the Company.

Each Director, Supervisor, and senior management officer of the Company should abide by his fiduciary principles in the implementation 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 be ultra vires;

(iii) to exercise the discretion vested in him personally and not allow himself to act under the direction of another; unless and to the extent permitted by law, administrative regulation or by the shareholders general meeting with the knowledge of the relevant facts, not to delegate the exercise of his discretion to any others;

(iv) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(v) 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;

(vi) not to use the Company's properties for his personal benefit in any manner without the informed consent of shareholders in general meeting;

(vii) not to use his position to accept bribes or other illegal income and not to misappropriate the Company's properties in any manner, including (without limitation) opportunities beneficial to the Company;

(viii) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders in general meeting;

(ix) 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;

(x) except with the informed consent of shareholders given in general meeting, not to abuse its power to seek business opportunity for himself (herself) or others that shall have been attributed to the Company, and not to operate for himself (herself) or others the same kind of business as that of the Company, and not to compete with the Company in any way;

(xi) not to misappropriate the Company's funds, not to open any bank account in his own name or other name for the deposit of the Company's assets or funds;

(xii) not to act against the Articles of Association hereof to lend to others the Company's funds and to provide guarantees with the Company's assets for debts of shareholders of the Company or any other individuals without the approval of the shareholders' general meeting or the Board of directors;

(xiii) not to harm the interests of the Company by way of connected relationship;

(xiv) 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) under the compulsion of law; (ii) under the requirement of the public interest; or (iii) under the requirement of the personal interests of the Director, Supervisor, or senior management officer.

A Director, Supervisor, or senior management officer of the Company shall not instigate the following persons or institutions to do what such Director, Supervisor, or senior management officer is not permitted to do:

(i) the spouse or minor child of such a Director, Supervisor, or senior management officer;

(ii) a trustee for such a Director, Supervisor, or senior management officer or of any person referred to in (i) above;

(iii) a partner of such a Director, Supervisor, or senior management officer or of any person referred to in (i) and (ii) above;

(iv) a company in which that a Director, Supervisor, or senior management officer, alone or jointly with one or more persons referred to in above (i), (ii) and (iii) or with any of other Directors, Supervisors, or senior management officers of the Company, have de facto control; or

(v) a Director, Supervisor, or senior management officer of a company referred to in (iv) above.

The fiduciary duties of a Director, Supervisor, and senior management officer of the Company might not cease with the termination of his tenure. The duty of confidentiality in relation to commercial 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 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, obligations of a Director, Supervisor, or senior management officer arising from the violation of a specific duty may be released by shareholders in general meeting on an informed basis.

In addition to duties imposed by relevant laws, administrative regulations or the listing rules of the securities exchange on which the Company's shares are listed, Directors, Supervisors, and senior management officers shall bear the following duties to the shareholders when exercising their functions and powers:

(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 properties, 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 distributions 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, and senior management officers of the Company shall exercise his powers and fulfill his duties as a reasonably prudent person with due care, diligence and skill under the similar circumstances.

Where the Company incurs losses as a result of a Director or senior management officer having violated any provision of law, administrative regulation or the Articles of Association in the execution of company duties, 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 supervisory board to initiate proceedings in a court; where the Company incurs losses as a result of the supervisory board having violated any provision of law, administrative regulation or the Articles of Association in the execution of company duties, shareholders may request the Board of directors in writing to initiate proceedings in a court.

If the supervisory board or the Board of directors 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 Articles of Association 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 management officer has breached the laws, administrative regulations or the Articles of Association resulting in impairing the interests of shareholders.

2 AMENDMENT OF THE ARTICLE OF ASSOCIATION

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

Where the amendments to in the Articles of Association passed by the shareholders' general meeting need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval; where the registration proceedings are involved, the registration shall be handled lawfully.

3 VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSIFIED SHARES

The Company may not vary or abrogate rights attached to any class of shares 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 rights of a classified shareholder:

(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 to or more than that of 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 affect an exchange or grant 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 acquire accrued dividends or cumulative dividends of the shares of such class;

(iv) to reduce or remove a dividend preference or a liquidation preference for distribution of assets attached to the 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 the shares of such class;

(vi) to remove or reduce rights of the shares of such class to receive payable payments from the Company in any particular currency;

(vii) to create a new class of shares having voting or distribution rights or privileges equal to or more than that of 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 restructuring plan will result in different classes of shareholders bearing a disproportionate burden in such restructuring; and

(xii) to vary or abrogate the relevant provisions in the Articles of Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings previously, shall nevertheless have the right to vote at the shareholders' meetings of such class 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 the shareholders' meetings of such class.

An "Interested Shareholder" is:

(i) in the case of a repurchase of shares by the Company by offers to all shareholders in the same portion or public dealing on a stock exchange in accordance with the Articles of Association, a controlling shareholder within the meaning of the Articles of Association;

(ii) in the case of a repurchase of shares by the Company by an contract outside the stock exchange under the Articles of Association, a shareholder to whom the contract is related;

(iii) in the case of a restructure plan 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.

Resolutions of the meeting 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 convening 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 convening 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 one half or more 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 shareholders' meetings need only be delivered to the shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a similar way as closely as possible to that of general meetings of shareholders. 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 shareholders of other class shares, shareholders of Domestic Shares and Overseas Listed Shares are deemed to be shareholders of different classes.

Voting by shareholders of different classes of Shares is not applicable 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 Overseas Listed 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 Overseas Listed Shares; and

(iii) where the shareholder of the domestic shares transfers his shares to foreign investors for listing and trading on an overseas stock exchange, subject to the approval of the securities regulatory authority of the State Council.

4 SPECIAL RESOLUTIONS—MAJORITY REQUIRED

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than half of the voting rights represented by shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than two thirds of the voting rights represented by the shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of the resolution.

5 VOTING RIGHTS (GENERAL RIGHT 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 voting rights that they represent, each share shall have one vote.

At any shareholders' meeting, voting shall be with registered voter. A shareholder (including his proxy) entitled to two or more votes may not cast all his votes in favor of or against a resolution.

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 in accordance with the laws, administrative regulations and PRC accounting standards formulated by the relevant 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 required by applicable laws, administrative regulations or directives promulgated by competent local governments or 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 in the notes of 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.

The above financial report shall, at least 21 days before the date of convening the general meeting, be delivered by pre-paid post to the registered address of every holder of Overseas Listed Shares or by other means (including by issuing the notice on the website of the Company or other websites as designated by the stock exchange on which the Company's shares are listed) permitted by such stock exchange.

The interim results or financial information that the Company announces or discloses shall be in according to both PRC accounting standards, rules and regulations, and international accounting standards or accounting standards of the place on 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 the statutory one.

(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.

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 present its views at the shareholders' general meeting.

Where the accountants firm resigns, 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 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 that its resignation is not connected with any circumstance 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 as of receiving the resignation notice, send a copy of the notice to the relevant governing authority. If the notice contains a statement under circumstance (ii) 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 shares at the address registered in the register of shareholders, or pursuant to applicable laws, regulations and listing rules, by issuing the notice on the website of the Company or other websites as designated by the stock exchange on which the Company's shares are listed.

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 SHAREHOLDER'S GENERAL MEETING AND AGENDA

The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Unless under special circumstances, such as the Company is in a crisis, the Company shall not enter into any contract with any person other than a Director, Supervisor, the senior management officer whereby such person is entrusted with the management of the whole or a material part of any business of the Company without the approval of shareholders in general meeting with a special resolution.

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 paid-up share capital;

(iii) when shareholders individually or collectively holding 10% or more of the Company's shares request in writing the convening of an extraordinary general meeting;

(iv) when the Board of directors considers necessary;

(v) when the supervisory board requests;

(vi) other situations stipulated by laws, administrative regulations, and the Articles of Association.

The independent directors and the supervisory board have the right to propose the convention of an extraordinary general meeting to the Board of directors, the Board of directors shall, in accordance with laws, regulation and the Articles of Association, made written feedback concerning approval or disapproval its convention within ten (10) days as of its receipt of the proposal. Where the Board of directors approves the convention of the extraordinary general meeting, it shall issue the notice thereof within five (5) days after the decision has been made by the Board. If the Board of directors disapproves the proposal of the independent directors to convene an extraordinary general meeting, it shall explain the reason thereof and announce the same. If the Board of directors disapproves the proposal of the supervisory board to convene an extraordinary general meeting or fails to make feedback within ten (10) days as of its receipt of the proposal, it shall be deemed incapable to fulfill the obligation and the supervisory board may thereby convene and preside over the conference.

Shareholder(s) alone or in aggregate holding in aggregate 10% or more of the shares have the right to require the Board to convene a shareholders' extraordinary meeting or class meeting by the following procedures:

(i) by signing one or more counterpart written requisition(s) stating the object of the meeting, require the Board of directors to convene an extraordinary general meeting or a class shareholders' meeting. The Board of directors shall, within ten (10) days after receipt of such written requisition(s), make a written reply with regard whether or not to convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).

(ii) Where the Board of directors disagree with the request to convene the extraordinary general meeting or class shareholders' meeting or fail to make reply within ten (10) days upon receipt of the above written request, shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares of the Company may request by written requisition(s) the supervisory board to convene the extraordinary general meeting or class shareholders' meeting.

(iii) Where the supervisory board fails to issue notice of convening meeting within specified time, shareholder(s) individually or collectively holding ten percent or more shares of the Company for over ninety consecutive days may thereby convene and preside over the conference on their own accord.

When the Company is to convene a general meeting, the Board of directors, the supervisory board and the shareholders individually or collectively holding 3% or more of shares shall have the right to put forward proposals to the Company.

To convene a general meeting, the Company shall give written notices 45 days before the date of convening 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.

The Company shall calculate, according to the written replies received 20 days before the date of convening the meeting, the number of shares carry voting rights that the shareholders intending to attend 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:

(i) specify the place, the date and the time of the meeting;

(ii) state the matters to be discussed at the meeting;

(iii) specify the date of the share register listing the shareholders that have the right to attend and vote at the shareholders' meeting;

(iv) provide such information and explanation as are necessary for the shareholders to make a wise decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, buy-back of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;

(v) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, the General Manager, or other senior management officer in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such Director, Supervisor, the General Manager and other senior management personnel in his capacity as shareholder and the way in which such matter would affect other shareholders of the same class;

(vi) contain the whole text of any special resolution proposed to be passed at the meeting;

(vii) contain a conspicuous 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 proxy may not be a shareholder;

(viii) specify the time and place for delivering the letter of proxy for the relevant 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, or pursuant to applicable laws, regulations and listing rules, by issuing the notice on the website of the Company or other websites as designated by the stock exchange on which the Company's shares are listed. 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 the period from 45 days to 50 days prior to the date of convening 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.

Upon issuance of the notice of the shareholders' general meeting, the shareholders' general meeting shall neither be delayed nor cancelled without proper reasons. Motions listed in such notice shall not be revoked. Once the general meeting is delayed or cancelled, the convener shall make a public announcement stating the reasons at least two (2) working days prior to the date originally scheduled for convening the meeting.

The resolutions of a shareholders' general meeting including ordinary resolution and special resolution. The matters which require the sanction of an ordinary resolution at a shareholders' general meeting shall include:

(i) deciding on the business policy and investment plans of the Company;

(ii) the election and removal of the members of the Board and Supervisors not representing the workers and staff, their remuneration;

(iii) the approval of reports of the Board;

(iv) the approval of reports of the Supervisory board;

(v) the approval of the annual budget and final financial plan;

(vi) the approval of plans for the distribution of profits and for making up losses;

(vii) the appointment and dismissal of the accounting firm of the Company;

(viii) the approval of the provision of guarantees to a third party which requires the consideration and approval of the shareholders' general meeting pursuant to the Articles of Association;

(ix) the approval of the change in use of raised proceeds; and

(x) all other matters required to be adopted by the shareholders' general meeting by laws, administrative regulations, department provisions, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The matters which require the sanction of a special resolution at a shareholders' general meeting include:

(i) the increase or reduction of registered share capital;

(ii) the merger, division, dissolution, liquidation or change of the corporate form of the Company;

(iii) the issue of debentures or other securities of the Company and plan for listing;

(iv) amendments to the Articles of Association;

(v) the approval of buying or selling the assets of the Company exceeding 30% of the latest audited total asset value of the Company within one year;

(vi) the approval of a share incentive scheme; and

(vii) other matters that may have material influence on the Company and the laws, administrative regulations, the Articles of Association, or the shareholders' general meeting (by an ordinary resolution), consider such matters need to be adopted by a special resolution.

Where any shareholder is, under applicable laws, regulations and the listing rules of the place where the Company's shares are listed, 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 such shareholder (or his proxy) in contravention of such requirement or restriction shall not be counted.

If the content of 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 laws, administrative regulations or the 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 regulatory authority of the State Council, holders of 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.

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 management 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 management 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 management officers 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 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 reason, unless:

(i) a fee (for each instrument of transfer) of HK$2.50 or any higher fee as agreed by the Board has been paid to the Company for registration of the instruments of transfer or other documents which is related to or will affect ownership of the shares, such fee or fees shall not exceed the maximum fees prescribed by the Hong Kong Stock Exchange from time to time in its Listing Rules;

(ii) the instrument of transfer only involves H Shares listing in Hong Kong;

(iii) the stamp duty chargeable on the instrument of transfer has been paid;

(iv) the relevant share certificate and, upon the reasonable request of the Board, any other evidence in relation to the right of the transferor to transfer the shares 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 (4);

(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 others under legal disability.

The alteration and rectification of each part of the shareholders' 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 prior to the reference date set by the Company for the purpose of 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 of the Company;

(iii) granting shares as incentive 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 (i), (ii), (iv) of the preceding paragraph, the Company shall cancel or transfer such shares within the period prescribed by laws, regulations and listing rules. If the Company repurchases its own shares in accordance with item (iii) of the preceding paragraph, the funds used for the purchase shall be taken from the after-tax profits of the Company, and the shares so repurchased shall not exceed the maximum proportion prescribed by laws and regulations, and shall be transferred to the employees within the prescribed time.

The Company may, upon the approval of the relevant state governing authorities, repurchase its shares in one of the following ways:

(i) making an offer of repurchase to all its shareholders in the same portion;

(ii) repurchasing Shares through public dealing on a stock exchange;

(iii) repurchasing by an 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 a contract outside the stock exchange 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 hereunder.

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:

    (1) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

    (2) 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 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:

(1) acquisition of rights to repurchase Shares;

(2) variation of any contract to repurchase Shares; and

(3) release of any of the Company's liabilities under a contract to repurchase Shares.

(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).

11 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by way of cash or bonus shares (or both).

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 receiving agents for holders of Overseas Listed Shares. Such agents shall receive on behalf of such shareholders dividends and other monies payable by the Company in respect of their Shares.

The receiving agent appointed for holders of overseas listed shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

After the resolution in respect of profit distribution has been adopted at the shareholders' general meeting, the Board of the Company is required to complete the distribution of dividends (or shares) within two (2) months after such meeting is convened.

12 PROXIES OF SHAREHOLDERS

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 of such 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; and

(iii) the right to vote by raising hands or ballot unless otherwise provided by the listing rules of the stock exchange on which the Company's shares are listed or other applicable securities laws and regulations; however, if the number of proxies entrusted is more than one, such proxies must vote by ballot.

The shareholder shall appoint a proxy in writing with the signature of the principal or his attorney duly authorized in writing, or if the principal is a legal person either under seal or with the signature of its 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 voting. If such instrument is signed by another person under a power of attorney or other authorization documents given by the principal, 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 principal 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 principal'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 principal, the proxy may vote at his own discretion.

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 principal 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.

13 INSPECTION OF REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company shall keep a register of shareholders according to the vouchers provided by securities registration institutions.

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 Overseas Listed Shares overseas and appoint overseas agent(s) to manage such share register. The original register of H Shares shall be maintained at Hong Kong.

Duplicates of the share register for holders of Overseas Listed Shares shall be maintained at the Company's domicile. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register at all times.

If there is any inconsistency between the original and the duplicate of share register for holders of Overseas Listed 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 shares kept in the place of the stock exchange(s) where those Overseas Listed 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 reference date set by the Company for the purpose of 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 shareholders, the Board of directors or the convening person 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 after the stock market trading hours 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 (title) on, or delete his name (title) from, the register may apply to the court with jurisdiction to amend the register.

The shareholders have the rights to acquire relevant information in accordance with the Article of Association includes, but without limitation, the following:

(i) obtain a copy of the Articles of Association after payment of costs;

(ii) inspect and copy, subject to payment of a reasonable fee:

(1) all parts of the register of members;

(2) personal particulars of each of the Company's Directors, Supervisors, and senior management officers;

(3) the status of the Company's share capital issued;

(4) 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 last accounting year and the aggregate amount paid by the Company for this purpose;

(5) corporate bond certificates, minutes of the general meetings of shareholders, resolutions of the Board of directors' meeting, resolutions of the supervisory board, and financial and accounting reports;

(6) the latest audited financial statements, and report of Directors, report of auditors and report of supervisory board;

(7) copies of the latest annual inspection report which have been filed with the Industry and Commerce administration and other competent authority in the PRC;

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents proving 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.

14 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 more than half of the total number of Shares carrying voting rights; if not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may convene the shareholders' general 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 such meeting comprise more than half of the total number of such shares of the class carrying voting rights; if not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting and the date and place of the meeting in the form of a public announcement. Upon notification by public announcement, the Company may convene the class shareholders' meeting.

15 RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

In addition to the liabilities 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 may detract from the interests of all or partial 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 way, 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 of distributions and voting, but not including a restructuring of the Company submitted to and approved by shareholders' general meeting in accordance with the Articles of Association.

16 PROCEDURE ON LIQUIDATION

The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

(i) other situations of dissolution that regulated by the Articles of Association;

(ii) a resolution for dissolution is passed by a shareholders' general meeting;

(iii) dissolution is necessary due to a merger or division of the Company;

(iv) the Company is legally declared insolvent due to its failure to repay debts due;

(v) the Company's business license is revoked or the Company is ordered to close down according to law, the Company is revoked; or

(vi) 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 10% of the voting rights of all shareholders make requisition to the People's Court to liquidate the Company and the People's Court makes the ruling to liquidate the Company.

A liquidation group shall be set up within 15 days after the dissolution of the Company due to the above Item (i), (ii), (v) and (vi), and starts the liquidation procedures. The liquidation group of the Company shall comprise persons appointed by the directors or the shareholders' meeting. If the liquidation group is not set up within the stipulated period of time, creditors may request the People's Court to designate the relevant personnel to form a liquidation group to conduct the liquidation. Where the Company is dissolved by virtue of the reasons set out in the above Item (iv), the People's Court shall, in accordance with relevant laws, organize the shareholders, the relevant authorities and the professional 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 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 recognized by the stock exchange where the shares of the Company are listed. Creditors shall, within a period of 30 days commencing from the date of receipt of the written notification, or within a period of 45 days commencing from the date of the announcement for those who do not receive written notification, declare their claims to the liquidation committee.

When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting material. Claims shall be registered by the liquidation committee. During the period of declaration of claims, the liquidation committee may not repay the debts to the creditors.

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 and the taxes occurred during the liquidation process;

(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 verified by the PRC certified public accountants and submitted to the shareholders' general meeting or the people's court for confirmation. The liquidation group shall also within 30 days after such confirmation, submit the aforementioned documents to the company registration authority and apply for cancellation of registration of the Company announce the termination of the Company.

17 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 enterprises; however, unless stipulated otherwise by law, it may not become an investor that bears joint and several liability for the debts of the enterprise in which it invests.

The Articles of Association of the Company shall be a legally binding document that regulates the rights and liabilities between the Company and the shareholders and among the shareholders. Shareholders may sue shareholders in accordance with the Articles of Association of the Company, shareholders may sue directors, supervisors and senior management officers of the Company, shareholders may sue the Company, the Company may also sue shareholders, directors, supervisors and senior management officers.

For the purposes of the above paragraph, the term "sue" shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

(b) Shares and transfers

The Company may increase its capital by the following methods:

(i) offering shares publicly;

(ii) private issue of shares;

(iii) allotting bonus shares to its existing shareholders;

(iv) conversion of capital common reserve; and

(v) any other ways permitted by laws, administrative regulations and the regulatory authorities.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association.

The Company may reduce its registered capital in accordance with the provisions of the Company Law, other applicable regulations and 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.

The term "overseas investors" shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan District that subscribe for shares issued by the Company, and the term "domestic investors" shall refer to investors inside the People's Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Shares issued by the Company to domestic investors and to be subscribed for in Renminbi shall be referred to as "Domestic Shares". Shares issued by the Company to overseas investors and to be subscribed for in foreign currency shall be referred to as "Foreign Shares". Foreign shares listed outside the PRC shall be referred to as "Overseas Listed Shares".

Subject to the approval of the securities authority of the State Council, holders of the Domestic Shares may transfer their shares to overseas investors, and such transferred shares may be listed and traded on an overseas stock exchange. Any listing and 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 the person who lawfully holds shares of the Company and has his name recorded on the register of shareholders. A shareholder has rights, and is subject to liabilities, according to the class and number of shares he holds. Holders of the same class of shares have the same rights and subject to the same liabilities.

The ordinary shareholder of the Company shall have the following rights:

(i) to obtain dividends and other distributions in proportion to the number of shares held by him;

(ii) to request, convene, preside, attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

(iii) to supervise the Company's business operations, and to present proposals and inquiries;

(iv) to transfer, give or pledge shares in accordance with the laws, administrative regulations the listing rules of the stock exchange on which the shares of the Company are listed and the Articles of Association;

(v) 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 resolution adopted by the shareholders' meeting approving the merger or division; and

(viii) other rights conferred by laws, administrative regulations, department provisions 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 not to disclose their interests to the Company.

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 management officers of the Company, the share certificates shall also be signed by such senior management 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 be under the authority of the Board of directors. The signatures of the legal representative or other senior management officers of the Company on the Share certificates may be printed in mechanical form. Where the shares are issued or traded on a paperless basis, the Company shall comply with the relevant regulations of the securities regulatory authority where the shares of the Company are listed.

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.

Applications for the replacement of share certificates from holders of foreign shares listed outside the PRC who have lost their certificates may be dealt with in accordance with the laws, regulations, rules of the stock exchange and other relevant regulations of the place where the original register of holders of Overseas Listed shares are kept.

If a shareholder of H share loses his share certificate and applies for a replacement new share certificate, the replacement 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 of such shares;

(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 thirty (30) days for a period of ninety (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 ninety (90) days.

In the case of an application to issue a replacement new certificate being made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

(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 replacement of shares, 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 guarantee is provided by the applicant for such expenses.

(d) Untraceable shareholders

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 prescription.

The Company may exercise power to cease sending dividend warrants by post to a holder of Overseas Listed Shares when such warrants have not be cashed twice in a row. However, such power may also be exercised after the first occasion on which such a warrant is returned undelivered.

The Company may exercise power to sell the shares of an overseas shareholder who is untraceable in the manner considered appropriated by the Board if:

(i) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(ii) on expiry of the 12 years the Company, gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers and notifies the stock exchange where such shares are listed 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;

(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 merger, demerger, dissolution or change of the form of the Company;

(viii) to prepare plans for material acquisition, purchase of the Company's shares;

(ix) to decide on the Company's investment, transaction of assets, mortgage of assets, provision of guarantees, entrust financing and connected transaction, etc. with the authorization of the shareholders' general meeting;

(x) to decide on the establishment of the Company's internal management structure;

(xi) to decide on the establishment of the Special Committee of the Board, to appoint or dismiss the chairman of the special committee of the Board;

(xii) to appoint or dismiss the Company's General Manager and the Board secretary of the Company; pursuant to the General Manager's nominations to appoint or dismiss vice General Manager and chief accountant of the Company and to decide on their remuneration;

(xiii) to formulate the Company's basic management system;

(xiv) to formulate plans for the amendment to the Articles of Association;

(xv) to formulate the Company's share incentive scheme;

(xvi) to deal with disclosures of information of the Company;

(xvii) to propose to the shareholders' general meetings the appointment or replacement of the auditor of the Company;

(xviii) to receive work reports submitted by the Company's General Manager, and to review the work of the General Manager;

(xix) to appoint or replace any Directors and Supervisors representing shareholders of the wholly owned subsidiaries of the Company, and to nominate shareholders' representatives, directors (candidates) and supervisors representing shareholders (candidates) of controlling and holding subsidiaries; to nominate candidates for senior management officers of wholly-owned subsidiaries or subsidiaries in which the Company is a majority shareholder;

(xx) to approve provision of guarantee to a third party which does not require the approval of shareholders at a general meeting in accordance with the Articles of Association;

(xxi) to exercise other functions and powers conferred by laws, administrative regulations, department provisions, the listing rules of the stock exchange on which the shares of the Company are listed, the Articles of Association and the shareholders' general meetings.

In case that the listing rules of the stock exchange on which the shares of the Company are listed provide that any of the matters within the above mentioned functions and powers of the Board, or any transaction or arrangement of the Company require the approval of the shareholders' general meeting, then such matter shall be submitted to the shareholders' general meeting for approval.

Resolutions relating to the above, with the exception of Item (vi), (vii) and (xiv) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the Directors.

Meetings of the Board shall be held regularly at least twice 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 a Board meeting except where the Board is considering a connected transaction in accordance with the Articles of Association.

In the event that a Director is connected to companies 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 of the attendance of more than half of the Directors without such connected relationship. Resolutions shall be approved by more than half of the Directors without such connected relationship at the Board meeting. When there is less than three Directors without connected relationship present at the Board meeting, such matters shall be submitted to the shareholders' general meeting for consideration.

Meetings of the Board of directors shall be attended by the directors in person. If a director for any reason is unable to attend the meeting, he may appoint another director in writing to attend the meeting on his behalf, and the power of attorney shall specify the scope of authorization. Directors attending board meetings on behalf of other directors 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.

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 either. The Board shall propose at the shareholders' general meeting for the removal of such Director.

When voting on a resolution of the Board of directors, each member shall have one vote. Where the number of votes cast for and against a resolution is equal, the Chairman shall have the right to cast an additional vote.

(f) Independent Directors

Members of the Board of the Company shall include at least one-third or more of the independent Directors, and the number of independent directors shall not be less than three.

(g) Secretary of the Board of directors

The Company shall have a 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) Supervisory board

The Company shall have a supervisory board. The supervisory board shall be composed of three members, one of whom shall be the chairman of the supervisory board. The election or removal of the chairman of the supervisory board shall be decided by two-thirds or more of the Supervisors.

The supervisory board shall be composed of the shareholders' representatives and the representatives of the Company's staff and workers. The shareholders' representatives shall be elected and removed by the shareholders' general meeting. The ratio of the staff and workers' representatives in the supervisory board shall not be lower than one-third, and the representatives of the Company's staff and workers shall be democratically elected and removed by the Company's staff and workers.

Meetings of the supervisory board may be held only if attended by more than half of the supervisors. Decisions of the supervisory board 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 senior management officers of the Company shall not act concurrently as Supervisors.

The supervisory board 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 management officers in their performance of duties and to propose the removal of Directors and senior management officers who have contravened any law, administrative regulations, the Articles of Association or shareholders' resolutions;

(iii) to demand any Director, the senior management 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 advance proposals at a shareholders' general meeting;

(vii) to propose to convene an extraordinary meeting of the Board of directors;

(viii) to institute a suit to the Directors or senior management officers of the Company pursuant to the Company law;

(ix) to conduct investigation into any irregularities in the Company's operations identified; if necessary, professionals such as accounting firms and law firms may be hired to provide assistance at the expense of the Company, and

(x) other functions and powers conferred the Articles of Association.

Supervisors may attend meetings of the Board of directors and may make inquiries or suggestions to the matters to be resolved by the Board of directors.

(i) General Manager

The Company shall have one General Manager, who shall be appointed and dismissed by the Board. The General Manager 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 the Company's basic management system;

(vi) to formulate detailed rules and regulations of the Company;

(vii) to propose to the Board the appointment or dismissal of the Company's vice General Manager and Chief Accountant;

(viii) to appoint and dismiss management personnel other than those required to be appointed or dismissed by the Board;

(ix) other functions and powers conferred by the 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 its shares held by the Company.

The common reserve fund of the Company shall be used to make up its losses, increasing the scale of production and operation of the Company or converting the same into the capital of the Company to increase the amount thereof, provided that the capital common reserve fund shall not be applied for making up the losses of the Company.

At the time of converting the statutory common reserve fund into registered capital, the amount retained in such common reserve fund shall not be less than 25% of the registered capital before the said conversion.

(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 1) the Company and its Directors or senior management officers; and 2) between shareholders of overseas listed shares and the Company; between shareholders of overseas listed shares and the Directors, Supervisors, the General Manager or other senior management officers of the Company; between shareholders of overseas listed shares and shareholders of domestic invested shares, that arise based on the rights and liabilities stipulated in the Articles of Association, the Company Law and other relevant laws and administrative regulations, any such disputes or claims shall be referred by the relevant parties to arbitration.

(ii) Where a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, Directors, Supervisors, the General Manager 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 abide by arbitration.

(iii) Disputes regarding definition of shareholders and the register of members shall not be required to be settled by means of arbitration.

(iv) 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 arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral institution elected by the claimant.

(v) 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.

(vi) Unless otherwise provided in the laws and administrative regulations, the laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred in Item (i) above, and

(vii) The decision made by the arbitral institution shall be final and shall be binding on the parties.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A Incorporation

Our Company was established as a foreign-invested joint stock limited company under the PRC Company Law on August 25, 2010, converting from our predecessor Beijing Jingneng Technology. Our Company has established a place of business at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under part XI of the Hong Kong Companies Ordinance on February 14, 2011. Ms. LO, Yee Har Susan and Ms. LEUNG, Wai Han Corinna have been appointed as our agents 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 share capital

(a) Beijing Energy Investment, the predecessor of Beijing Jingneng Technology, which is our predecessor, had a registered capital of RMB30,000,000 as at the date of its establishment in February 1993.

(b) Pursuant to the Reply on the Transformation of Beijing Energy Investment (《關於北京市能源投資公司改制的批復》) issued by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (the "SASAC Beijing Branch") dated June 1, 2006, the name of Beijing Energy Investment was changed to Beijing Jingneng Technology with its registered capital increased by RMB470,000,000, all contributed by BEIH in cash. After the capital increase, the registered capital of Beijing Jingneng Technology was RMB500,000,000.

(c) On May 25, 2009, BEIH increased the registered capital of Beijing Jingneng Technology by RMB500,000,000, among which, RMB400,000,000 was paid in cash and the remaining RMB100,000,000 was paid by transferring capital accumulation fund to registered capital. After the capital increase, the registered capital of Beijing Jingneng Technology was RMB1 billion.

(d) In December 2009, a capital increase agreement was entered into between BEIH and BIEE, pursuant to which, the registered capital of Beijing Jingneng Technology was increased by RMB6,441,224. BIEE paid the additional capital. After the capital increase, the registered capital of Beijing Jingneng Technology was RMB1,006,441,224.

(e) On January 21, 2010, a capital increase agreement was entered into by and among Beijing Jingneng Technology, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays, pursuant to which, the registered capital of Beijing Jingneng Technology was increased by RMB159,771,088. After the capital increase, the registered capital of Beijing Jingneng Technology was RMB1,166,212,312.

(f) At the time of our establishment as a joint stock limited liability company, our initial registered share capital was RMB5,000,000,000 divided into 5,000,000,000 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 increase to RMB6,032,200,000, made up of 4,524,130,000 Domestic Shares and 1,508,070,000 H Shares fully paid up or credited as fully paid up, representing approximately 75% and 25% of the registered share capital, respectively (assuming that the Over-allotment Option is not exercised).

Save as disclosed in this appendix, there has been no alteration in our Company's share capital since our date of incorporation.

C Proceedings at the Company's shareholders' meetings held on November 16, 2010 and November 9, 2011

At an extraordinary general meeting of our Company held on November 16, 2010, 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 30% of the aggregate nominal value of the Company's share capital in issue immediately following completion of the Global Offering but before the exercise of the Over-allotment Option and such H Shares be listed on the Stock Exchange;

(b) 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 relevant regulatory authorities; and

(c) subject to the completion of the Global Offering, a general mandate to our Board to allot and issue Domestic Shares and H Shares at any time, either separately or concurrently, within a period of up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association and to file such amendments to the relevant administration bureau for industry and commerce for registration, provided that, the number of Domestic Shares or H Shares to be issued shall not exceed 20% of the number of each of our Domestic Shares and H Shares in issue, respectively, as at the Listing Date.

(d) the above-mentioned resolutions shall remain in effective until expiration of the 12-month period following the passing of those resolutions.

The effective period of above-mentioned resolutions has been extended for another 12-month by a resolution passed at the Company's shareholders' meeting on November 9, 2011.

D Our Reorganization

We underwent our Reorganization, details of which are set out in the section headed "Our History, Reorganization and Corporate Structure." As confirmed by Tian Yuan Law Firm, our PRC legal advisor, we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganization. These approvals include:

(a) Beijing Municipal Commission of Development and Reform issued an approval document (Jing Fa Gai [2010] No.366) on March 19, 2010 and Beijing Municipal Commission of Commerce issued an approval document (Jing Shang Wu Zi Zi [2010] No.214) on March 25, 2010 approving the conversion of the Company from domestic company into a sino-foreign joint venture company;

(b) 北京天健興業資產評估有限公司 (Beijing Pan-China Assets Appraisal Co., Ltd.*) appraised the assets which were to be injected into the Company as of April 30, 2010 and issued an appraisal report (Tian Xing Ping Bao Zi (2010) No.179) on June 12, 2010; the appraisal report was filed with SASAC Beijing Branch;

(c) On June 30, 2010, SASAC Beijing Branch issued an approval document (Jing Guo Zi Chan Quan [2010] No.99) approving the appraisal report;

(d) On August 3, 2010, the SASAC issued an approval document (Guo Zi Chan Quan [2010] No.757) approving the proposal relating to the state-owned property management;

(e) On August 12, 2010, the Ministry of Commerce issued an approval (Shang Zi Pi [2010] No.822) approving the establishment of our Company as a foreign-invested joint stock limited company;

(f) On August 18, 2010, promoters of the Company convened an inaugural meeting of the Company for the establishment of the Company as a joint stock limited company; and

(g) On August 25, 2010, a new business license was issued by the Beijing Administration for Industry and Commerce, whereupon we were formally established as a joint stock limited company.

2. SUBSIDIARIES

Our principle subsidiaries as of the date of the prospectus are listed in the accountants' report as included in Appendix I. 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 New Energy

(a) On June 2, 2010, the registered capital of New Energy was increased from RMB880,000,000 to RMB1,663,470,000.

(b) On February 10, 2011, the registered capital of New Energy was increased from RMB1,663,470,000 to RMB1,844,660,000.

(c) On April 8, 2011, the registered capital of New Energy was increased from RMB1,844,660,000 to RMB1,999,670,000.

B Sanlian Power

(a) On June 3, 2010, the registered capital of Sanlian Power was increased from RMB88,000,000 to RMB137,250,000.

(b) On July 20, 2011, the registered capital of Sanlian Power was increased from RMB137,250,000 to RMB155,690,000.

C Beijing Huafu Energy

(a) On June 3, 2010, the registered capital of Beijing Huafu Energy was increased from RMB108,540,000 to RMB169,540,000.

(b) On December 21, 2010, the registered capital of Beijing Huafu Energy was increased from RMB169,540,000 to RMB199,170,000.

D Chayouzhong Energy

(a) On June 29, 2010, the registered capital of Chayouzhong Energy was increased from RMB188,951,404 to RMB313,641,404.

E Shangdu

(a) On June 30, 2010, the registered capital of Shangdu was increased from RMB70,000,000 to RMB207,520,000.

F Xilinguole Power

(a) On June 29, 2010, the registered capital of Xilinguole Power was increased from RMB216,728,400 to RMB324,468,400.

G Wulanyiligeng Power

(a) On June 30, 2010, the registered capital of Wulanyiligeng was increased from RMB242,000,000 to RMB655,520,000.

H Yingjiang Huafu

(a) On June 22, 2010, the registered capital of Yingjiang Huafu was increased from RMB108,540,000 to RMB168,540,000.

(b) On December 27, 2010, the registered capital of Yingjiang Huafu was increased from RMB168,540,000 to RMB198,170,000.

I Tengchong HydroPower

(a) On January 27, 2010, the registered capital of Tengchong HydroPower was increased from RMB25,000,000 to RMB48,000,000.

J Jingqiao Power

(a) On December 6, 2010, the registered capital of Jingqiao Power was increased from RMB366,000,000 to RMB403,204,807.21.

(b) On March 31, 2011, the registered capital of Jingqiao Power was increased from RMB403,204,807.21 to RMB500,751,127.

K Ningxia New Energy

(a) On March 16, 2011, the registered capital of Ningxia New Energy was increased from RMB5,000,000 to RMB91,200,000.

(b) On May 20, 2011 the registered capital of Ningxia New Energy was increased from RMB91,200,000 to RMB126,700,000.

L Keyouzhong Energy

(a) On March 28, 2011, the registered capital of Keyouzhong Energy was increased from RMB3,000,000 to RMB53,000,000.

(b) On July 27, 2011, the registered capital of Keyouzhong Energy was increased from RMB53,000,000 to RMB78,000,000.

M Balinyou Wind Power

(a) On May 30, 2011, the registered capital of Balinyou Wind Power was increased from RMB3,000,000 to RMB79,000,000.

N Huolinguole Power

(a) On May 20, 2011, the registered capital of Huolinguole Power was increased from RMB99,220,000 to RMB129,220,000.

O Lingwu Wind Power

(a) On May 25, 2011, the registered capital of Lingwu Wind Power was increased from RMB5,000,000 to RMB35,000,000.

P Qigan Power

(a) On July 19, 2011, the registered capital of Qigan Power was increased from RMB3,000,000 to RMB73,000,000.

Q Wengong Wula Wind Power

(a) On July 7, 2011, the registered capital of Wengong Wula Wind Power was increased from RMB5,000,000 to RMB35,000,000.

(b) On 12 August, 2011, the registered capital of Wengong Wula Wind Power was increased from RMB35,000,000 to RMB65,000,000.

Save as disclosed in this prospectus, there has been no alteration in the share capital of any of our subsidiaries mentioned above within the two years immediately preceding the date of this prospectus.

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:

(1) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 14, 2009 in respect of the transfer of the entire equity interest in New Energy for nil consideration;

(2) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 16, 2009 in respect of the transfer of the entire equity interest in Sanlian Power for nil consideration;

(3) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 16, 2009 in respect of the transfer of the entire equity interest in Beijing Huafu Energy for nil consideration;

(4) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 16, 2009 in respect of the transfer of a 74% equity interest in Taiyanggong Power for nil consideration;

(5) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 16, 2009 in respect of the transfer of a 78% equity interest in Jingqiao Power for nil consideration;

(6) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 16, 2009 in respect of the transfer of the entire equity interest in Jingfeng Power for nil consideration;

(7) an equity transfer agreement entered into between BEIH as the transferor and Beijing Jingneng Technology as the transferee on December 16, 2009 in respect of the transfer of a 9.28% equity interest in Beijing Jingneng International for nil consideration;

(8) an equity transfer agreement entered into between BEIH as the transferor and New Energy as the transferee on December 16, 2009 in respect of the transfer of 100% equity interest in Huolinguole Power for nil consideration;

(9) a capital increase agreement entered into by and among Beijing Jingneng Technology, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays on January 21, 2010 in respect of a capital increase of Beijing Jingneng Technology of RMB1,250,000,000, pursuant to which, BSAMAC, BDHG, Shenghui, BEETI

and Barclays contributed RMB420,000,000, RMB30,000,000, RMB120,000,000, RMB400,000,000 and RMB280,000,000, respectively, of the additional capital;

(10) a wind power project transfer agreement entered into between Jingke Power as the transferor and Keyouzhong Energy as the transferee on March 31, 2010 in respect of the transfer of the development, construction and operation rights of a wind power project for a consideration of RMB3,423,011.91;

(11) an equity transfer agreement entered into between 騰沖恆益礦產實業有限公司 (Tengchong Hengyi Mineral Industrial Co., Ltd.*) as the transferor and Beijing Jingneng Technology as the transferee on May 21, 2010 in respect of the transfer of 100% equity interest in Tengchong HydroPower for a consideration of RMB52,000,000;

(12) the Reorganization Agreement entered into between Beijing Jingneng Technology and BEIH on June 13, 2010 in respect of the Reorganization;

(13) an equity transfer agreement entered into between Beijing Jingneng International as the transferor and New Energy as the transferee on November 25, 2010 in respect of the transfer of 100% equity interest in Balinyou Wind Power for a consideration of RMB3,000,000;

(14) an equity transfer agreement entered into between New Energy as the transferor and BEIH as the transferee on December 29, 2010 in respect of the transfer of a 60% equity interest in Shandong Jingneng Energy for a consideration of RMB19,263,600;

(15) an equity transfer agreement entered into between New Energy as the transferor and BEIH as the transferee on December 29, 2010 in respect of the transfer of a 40% equity interest in Guodian Tangyuan for a consideration of RMB15,782,000;

(16) an equity transfer agreement entered into between BEIH as the transferor and the Company as the transferee on April 28, 2011 in respect of the transfer of 100% equity interest in Gaoantun Power for a consideration of RMB81,320,000;

(17) a non-competition agreement entered into between BEIH and the Company on June 13, 2011 in respect of the non-competition undertakings as more particularly set out in the section headed “Relationship with our Controlling Shareholder”;

(18) a supplemental non-competition agreement entered into between BEIH and the Company on December 2, 2011 to further amend the non-competition agreement dated June 13, 2011, particulars of which are set out in the section headed “Relationship with our Controlling Shareholder”;

(19) a corporate investment agreement dated December 8, 2011 entered into among the Company, Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS, ABCI and SAIF Partners IV L.P., a summary of which is set out in the section headed “Cornerstone Investors”;

(20) a corporate investment agreement dated December 8, 2011 entered into among the Company, Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS, ABCI and Everbright Inno Investments Limited, CSOF Inno Investments Limited, Windsor Venture Limited and China Special Opportunities Fund III, L.P., a summary of which is set out in the section headed “Cornerstone Investors”;

(21) a corporate investment agreement dated December 8, 2011 entered into among the Company, Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS, ABCI and Jetcote Investments Limited, a summary of which is set out in the section headed “Cornerstone Investors”;

(22) a corporate investment agreement dated December 8, 2011 entered into among the Company, Goldman Sachs, UBS, BOCI, Barclays, Daiwa, CMS, ABCI and Goldwind New Energy (HK) Investment Limited, a summary of which is set out in the section headed “Cornerstone Investors”; and

(23) the Hong Kong Underwriting Agreement.

* *denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purpose only*.

B Our intellectual property rights

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks.

No.	Applicant	Trademark	Place of Registration	Trademark No.	Class	Term
1	Jingfeng Power	京丰电力 Jingfeng Power	PRC	3928695[1]	39	October 7, 2006 to October 6, 2016
2	Jingfeng Power	京丰电力 Jingfeng Power	PRC	3928694[1]	1	August 28, 2006 to August 27, 2016
3	Jingqiao Power		PRC	4206616	40	January 7, 2008 to January 6, 2018

Note:

(1) This trademark is jointly owned by Jingfeng Power and Jingfeng Thermal Power.

As at the Latest Practicable Date, we have registered the following trademarks in Hong Kong:

No.	Owner	Trademark	Place of Registration	Trademark No.	Class	Term
1	Company	BJCE	Hong Kong	301781361	4	December 6, 2010 to December 5, 2020
2	Company	BJCE	Hong Kong	301781361	40	December 6, 2010 to December 5, 2020
3	Company	BJCE	Hong Kong	301781361	42	December 6, 2010 to December 5, 2020
4	Company	JNCEC	Hong Kong	301781370	4	December 6, 2010 to December 5, 2020
5	Company	JNCEC	Hong Kong	301781370	40	December 6, 2010 to December 5, 2020
6	Company	JNCEC	Hong Kong	301781370	42	December 6, 2010 to December 5, 2020
7	Company	BJCE	Hong Kong	301793223	4	December 20, 2010 to December 19, 2020
8	Company	BJCE	Hong Kong	301793223	40	December 20, 2010 to December 19, 2020

No.	Owner	Trademark	Place of Registration	Trademark No.	Class	Term
9 .	Company	BJCE	Hong Kong	301793223	42	December 20, 2010 to December 19, 2020
10	Company	JNCEC	Hong Kong	301793232	4	December 20, 2010 to December 19, 2020
11	Company	JNCEC	Hong Kong	301793232	40	December 20, 2010 to December 19, 2020
12	Company	JNCEC	Hong Kong	301793232	42	December 20, 2010 to December 19, 2020
13	Company	BJCE	Hong Kong	301793241	4	December 20, 2010 to December 19, 2020
14	Company	BJCE	Hong Kong	301793241	40	December 20, 2010 to December 19, 2020
15	Company	BJCE	Hong Kong	301793241	42	December 20, 2010 to December 19, 2020
16	Company	JNCEC	Hong Kong	301793250	4	December 20, 2010 to December 19, 2020
17	Company	JNCEC	Hong Kong	301793250	40	December 20, 2010 to December 19, 2020
18	Company	JNCEC	Hong Kong	301793250	42	December 20, 2010 to December 19, 2020
19	Company	BJCE	Hong Kong	301793269	4	December 20, 2010 to December 19, 2020
20	Company	BJCE	Hong Kong	301793269	40	December 20, 2010 to December 19, 2020
21	Company	BJCE	Hong Kong	301793269	42	December 20, 2010 to December 19, 2020
22	Company	JNCEC	Hong Kong	301793278	4	December 20, 2010 to December 19, 2020
23	Company	JNCEC	Hong Kong	301793278	40	December 20, 2010 to December 19, 2020

No.	Owner	Trademark	Place of Registration	Trademark No.	Class	Term
24	Company		Hong Kong	301793278	42	December 20, 2010 to December 19, 2020

As of the Latest Practicable Date, the following trademarks were licensed to our Company:

No.	Applicant	Trademark	Place of registration	Application Number	Class	Term
1	BEIH		PRC	5220456	35	March 7, 2010 to March 6, 2020
2	BEIH		PRC	5220457	36	September 14, 2009 to September 13, 2019
3	BEIH		PRC	5220458	37	September 14, 2009 to September 13, 2019
4	BEIH		PRC	5220459	38	September 14, 2009 to September 13, 2019
5	BEIH		PRC	5220460	39	June 14, 2009 to June 13, 2019
6	BEIH		PRC	5220461	40	September 14, 2009 to September 13, 2019
7	BEIH		PRC	5220462	41	April 28, 2010 to April 27, 2020
8	BEIH		PRC	5220463	42	April 28, 2010 to April 27, 2020
9	BEIH		PRC	5220464	43	September 14, 2009 to September 13, 2019
10	BEIH		PRC	5220465	1	January 14, 2010 to January 13, 2020
11	BEIH		PRC	5220466	2	November 21, 2009 to November 20, 2019
12	BEIH		PRC	5220467	4	June 28, 2009 to June 27, 2019
13	BEIH		PRC	5220468	5	January 28, 2010 to January 27, 2020
14	BEIH		PRC	5220469	6	April 14, 2009 to April 13, 2019
15	BEIH		PRC	5220470	7	July 28, 2009 to July 27, 2019

No.	Applicant	Trademark	Place of registration	Application Number	Class	Term
16	BEIH		PRC	5220471	9	April 14, 2009 to April 13, 2019
17	BEIH		PRC	5220472	11	May 14, 2009 to May 13, 2019
18	BEIH		PRC	5220473	12	April 14, 2009 to April 13, 2019
19	BEIH	京能集团	PRC	5220435	20	June 14, 2009 to June 13, 2019
20	BEIH	京能集团	PRC	5220436	35	June 14, 2009 to June 13, 2019
21	BEIH	京能集团	PRC	5220437	36	September 14, 2009 to September 13, 2019
22	BEIH	京能集团	PRC	5220438	37	September 14, 2009 to September 13, 2019
23	BEIH	京能集团	PRC	5220439	38	September 14, 2009 to September 13, 2019
24	BEIH	京能集团	PRC	5220440	39	June 14, 2009 to June 13, 2019
25	BEIH	京能集团	PRC	5220441	40	September 14, 2009 to September 13, 2019
26	BEIH	京能集团	PRC	5220442	41	August 21, 2009 to August 20, 2019
27	BEIH	京能集团	PRC	5220443	42	August 21, 2009 to August 20, 2019
28	BEIH	京能集团	PRC	5220444	43	September 14, 2009 to September 13, 2019
29	BEIH	京能集团	PRC	5220445	1	June 28, 2009 to June 27, 2019
30	BEIH	京能集团	PRC	5220446	2	June 28, 2009 to June 27, 2019
31	BEIH	京能集团	PRC	5220447	4	June 28, 2009 to June 27, 2019
32	BEIH	京能集团	PRC	5220448	5	July 7, 2009 to July 6, 2019
33	BEIH	京能集团	PRC	5220449	6	April 14, 2009 to April 13, 2019
34	BEIH	京能集团	PRC	5220450	7	April 14, 2009 to April 13, 2019
35	BEIH	京能集团	PRC	5220451	9	April 14, 2009 to April 13, 2019
36	BEIH	京能集团	PRC	5220452	11	April 14, 2009 to April 13, 2019

No.	Applicant	Trademark	Place of registration	Application Number	Class	Term
37	BEIH	京能集团	PRC	5220453	12	April 14, 2009 to April 13, 2019
38	BEIH	京能集团	PRC	5220454	19	July 7, 2009 to July 6, 2019
39	BEIH	BEIH	PRC	5220315	43	September 14, 2009 to September 13, 2019
40	BEIH	BEIH	PRC	5220316	42	July 7, 2009 to July 6, 2019
41	BEIH	BEIH	PRC	5220317	41	March 7, 2010 to March 6, 2020
42	BEIH	BEIH	PRC	5220318	40	September 14, 2009 to September 13, 2019
43	BEIH	BEIH	PRC	5220319	39	June 14, 2009 to June 13, 2019
44	BEIH	BEIH	PRC	5220320	38	September 14, 2009 to September 13, 2019
45	BEIH	BEIH	PRC	5220321	37	September 14, 2009 to September 13, 2019
46	BEIH	BEIH	PRC	5220322	36	September 14, 2009 to September 13, 2019
47	BEIH	BEIH	PRC	5220323	35	June 14, 2009 to June 13, 2019
48	BEIH	BEIH	PRC	5220324	20	July 28, 2009 to July 27, 2019
49	BEIH	BEIH	PRC	5220425	1	June 28, 2009 to June 27, 2019
50	BEIH	BEIH	PRC	5220426	2	June 28, 2009 to June 27, 2019
51	BEIH	BEIH	PRC	5220427	4	June 28, 2009 to June 27, 2019
52	BEIH	BEIH	PRC	5220428	5	January 14, 2010 to January 13, 2020
53	BEIH	BEIH	PRC	5220429	6	April 14, 2009 to April 13, 2019
54	BEIH	BEIH	PRC	5220430	7	April 14, 2009 to April 13, 2019
55	BEIH	BEIH	PRC	5220431	9	April 14, 2009 to April 13, 2019
56	BEIH	BEIH	PRC	5220432	11	April 14, 2009 to April 13, 2019

No.	Applicant	Trademark	Place of registration	Application Number	Class	Term
57	BEIH	BEIH	PRC	5220433	12	April 14, 2009 to April 13, 2019
58	BEIH	BEIH	PRC	5220434	19	July 7, 2009 to July 6, 2019

4. DISCLOSURE OF INTERESTS

A Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the following persons (other than our Director or chief executive) will have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly, interested in 10% 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:

Shareholder	Class of Shares held after the Global Offering	Nature of interest	Number of Shares held immediately after the Global Offering and assuming the Over-allotment Option is not exercised	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering and assuming the Over-allotment Option is not exercised(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering and assuming the Over-allotment Option is not exercised(2)
BEIH(3)	Domestic Shares	Beneficial interest and interest of controlled company	4,217,360,071(L)	93.22%	69.91%
BSAMAC(4)	Domestic Shares	Beneficial interest and interest of controlled company	4,442,302,231(L)	98.19%	73.64%
BEETI(5)	H Shares	Beneficial interest	219,200,000(L)	14.54%	3.63%
Barclays(6)	H Shares	Beneficial interest	153,450,000(L)	10.18%	2.54%
Barclays PLC(7) ..	H Shares	Interest of controlled company	153,450,000(L)	10.18%	2.54%
SAIF Partners IV L.P.(8)	H Shares	Beneficial interest	233,532,000(L)	15.49%	3.87%
SAIF IV GP, L.P.(9)	H Shares	Interest in controlled company	233,532,000(L)	15.49%	3.87%

Shareholder	Class of Shares held after the Global Offering	Nature of interest	Number of Shares held immediately after the Global Offering and assuming the Over-allotment Option is not exercised	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering and assuming the Over-allotment Option is not exercised(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering and assuming the Over-allotment Option is not exercised(2)
SAIF IV GP Capital Ltd.(9) . .	H Shares	Interest in controlled company	233,532,000(L)	15.49%	3.87%
Andrew Y. Yan(9)	H Shares	Interest in controlled company	233,532,000(L)	15.49%	3.87%
Goldwind New Energy (HK) Investment Limited(10)	H Shares	Beneficial interest	140,118,000(L)	9.29%	2.32%
Xinjiang Goldwind Science & Technology Co., Ltd.(10)	H Shares	Interest in controlled company	140,118,000(L)	9.29%	2.32%
CSOF Inno Investments Limited(11)	H Shares	Beneficial interest	94,414,000(L)	6.26%	1.57%
China Special Opportunities Fund III. L.P.(11)	H Shares	Interest in controlled company	94,414,000(L)	6.26%	1.57%
Jetcote Investments Limited(12)	H Shares	Beneficial interest	140,118,000(L)	9.29%	2.32%
China Aerospace Science and Technology Corporation(12) .	H Shares	Interest in controlled company	140,118,000(L)	9.29%	2.32%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (as applicable) of the Company after the Global Offering and the mid-point of the indicative Offer Price range.

(2) The calculation is based on the total number of 6,032,200,000 Shares in issue after the Global Offering and the mid-point of the indicative Offer Price range.

(3) BEIH is beneficially interested in 4,190,384,605 Domestic Shares, representing 69.47% of the total share capital of the Company. BEIH wholly owns BIEE and therefore, is deemed to be interested in 26,975,467 Domestic Shares held by BIEE, representing 0.45% of the total share capital of the Company.
(4) BSAMAC is beneficially interested in 224,942,160 Domestic Shares, representing 3.73% of the total share capital of the Company. BSAMAC wholly owns BEIH and therefore, is deemed to be interested in 4,217,360,071 Domestic Shares held by BEIH and BIEE, representing 69.91% of the total share capital of the Company.
(5) BEETI is beneficially interested in 219,200,000 H Shares, representing 3.63% of the total share capital of the Company.
(6) Barclays holds 153,450,000 H Shares, representing 2.54% of the total share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option has not been exercised), which is expected to be 10.18% of the total H Shares in issuance at that time. Barclays entered into a transaction in May 2010 with an Independent Third Party for which it passed through the economic interests on 137,008,928 of those Shares but retained all rights and obligations as a shareholder in all of the Shares and is subject to the applicable lock-ups. By virtue of such transaction, Barclays may need to report such transaction as a short position for the purposes of Part XV of the SFO.
(7) Barclays PLC wholly owns Barclays and therefore, is deemed to be interested in 153,450,000 H Shares held by Barclays, representing 2.54% of the total share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option has not been exercised), which is expected to be 10.18% of the total H Shares in issuance at that time.
(8) SAIF Partners IV L.P., an exempted limited partnership registered in the Cayman Islands. See "Cornerstone Investors" section.
(9) SAIF Partners IV L.P. is an exempted limited partnership registered in the Cayman Islands whose sole general partner is SAIF IV GP, L.P., a limited partnership established in the Cayman Islands. SAIF IV GP, L.P. holds the entire voting power of SAIF Partners IV L.P. The sole general partner of SAIF IV GP, L.P. is SAIF IV GP Capital Ltd., an exempted limited liability company incorporated in the Cayman Islands, which is wholly owned and controlled by Mr. Andrew Y. Yan. SAIF IV GP Capital Ltd. holds the entire voting power of SAIF IV GP, L.P. Therefore, each of SAIF IV GP, L.P., SAIF IV GP Capital Ltd. and Mr. Andrew Y. Yan is deemed to be interested in 233,532,000 H Shares held by SAIF Partners IV L.P., representing 3.87% of the total issue share capital of the Company.
(10) Goldwind New Energy (HK) Investment Limited is a limited liability company incorporated in Hong Kong and is wholly owned by Xinjiang Goldwind Science & Technology Co., Ltd.. See "Cornerstone Investors" section.
(11) CSOF Inno Investments Limited is incorporated in British Virgin Islands and is wholly-owned by China Special Opportunities Fund III, L.P.. See "Cornerstone Investors" section.
(12) Jetcote Investment Limited is a limited company registered in British Virgin Islands and is a wholly owned subsidiary of China Aerospace Science and Technology Corporation. See "Cornerstone Investors" section.

B Disclosure of the Directors' and Supervisors' interests in the registered capital of our Company or its associated corporations

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 corporations (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 Interests of the substantial shareholders of any member of our Group (other than our Company)

So far as our Directors are aware, and taking no account of any shares which may be taken up under the Global Offering and assuming no exercise of the Over-allotment Option, the following persons will, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Member of Our Group	Total Registered Capital	Person with 10% or More Interest (Other than us)	Percentage of the Substantial Shareholder's Interest
Taiyanggong Power	RMB700,000,000	GD Power Development	26%
Jingqiao Power	RMB500,751,127	BDHG	19.97%

D Particulars of service contracts

Each of the executive Directors and non-executive Directors, has entered into a service contract with our Company on May 23, 2011. The principal particulars of these service agreements are (a) for a term of ending on the expiry of the term of the first session of the Board 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 rules.

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 May 23, 2011.

E Directors' and Supervisors' remuneration

The aggregate amounts of remuneration paid and benefits in kind granted to the Directors and the Supervisors in respect of each of the three years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2011 were approximately RMB165,000, RMB217,000, RMB587,000 and RMB333,000, respectively. Save as disclosed under Note 12 to the financial statements 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, 2008, 2009 and 2010 and the six months ended June 30, 2011.

Under the current arrangements, the Directors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2011 under arrangement in force as at the date of this prospectus which is expected to be approximately RMB1,000,000 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, 2011 under arrangement in force as at the date of this prospectus which is expected to be approximately RMB330,000 in aggregate.

F Personal guarantees

The Directors and Supervisors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

G Agency fees or commissions received

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.

H 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 43 to the financial statements in the accountants' report set out in Appendix I.

I Disclaimers

Save as disclosed in this prospectus:

(a) none of the 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 the 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 the 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 the 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 the Directors or Supervisors or their respective associates or any Shareholders of our Company (who to the knowledge of the 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

Save as disclosed in "Business—Legal Compliance and Proceedings", as at 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 by or against our Company and our subsidiaries.

C Joint Sponsors

The Joint Sponsors have declared their independence pursuant to Rule 3A.07 of the Listing Rules. The Joint Sponsors has 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 RMB132,546,000. 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
Goldman Sachs (Asia) L.L.C.	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) of the regulated activities under the SFO
UBS AG, Hong Kong Branch	Registered institution under the SFO to conduct type 1 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) of the regulated activities under the SFO
BOCI Asia Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	Property Valuer
Tian Yuan Law Firm	PRC Legal Advisor
Mott MacDonald Limited	Independent Technical Consultant

F No material adverse change

The Directors confirm that there has been no material adverse change in our financial or trading position since June 30, 2011.

G Compliance Advisor

We have appointed Somerley Limited as our compliance advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules.

H 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.

I Bilingual prospectus

The English language and Chinese language version 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).

J Miscellaneous

(a) save as disclosed in this prospectus, 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) save as disclosed in this prospectus, 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) save as disclosed in this prospectus, 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; and

(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. We currently do not expect to be subject to the PRC Sino-foreign Joint Venture Law.

K 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.

L Promoters

The Promoters of our Company are BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays.

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.

M The Selling Shareholders

An aggregate of 103,220,000 Sale Shares are to be sold by the Selling Shareholders (assuming that the Over-allotment Option is not exercised). Particulars of the Selling Shareholders who will be selling Shares in the International Offering are as follows:

- BEIH, a company incorporated in the PRC whose registered address is at 9th Floor, Tianyin Plaza A West, No. 2 Jia Fuxingmen Nandajie, Xicheng District, Beijing (北京市西城區復興門南大街2號甲天銀大廈A西9層);
- BIEE, a company incorporated in the PRC whose registered address is at No. 68, Minying Science and Technology Park, Qingyundian Town, Daxing District, Beijing (北京市大興區青雲店鎮民營科技園區68號);
- BSAMAC, a company incorporated in the PRC whose registered address is at No. 2, Huaibaishu Street, Xuanwu District, Beijing (北京市宣武區槐柏樹街2號); and
- BDHG, a company incorporated in the PRC whose registered address is at No. 1 Xidawang Road, Chaoyang District, Beijing (北京市朝陽區西大望路1號).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **white**, **yellow** and **green** Application Forms; (ii) copies of each of the material contracts referred to the section "Further Information About Our Business" in "Appendix IX—Statutory and General Information"; (iii) the written consents referred to in the section "5. Other Information—K Consents" in Appendix IX; and (iv) a list of the names, addresses and descriptions of the Selling Shareholders.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Freshfields Bruckhaus Deringer at 11th floor, Two Exchange Square, 8 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 of the Company;

(b) the accountants' report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I;

(c) the report in relation to unaudited pro forma financial information, the text of which is set out in Appendix II;

(d) the letters from Deloitte Touche Tohmatsu and the Joint Sponsors in relation to profit forecast, the texts of which are set out in Appendix III;

(e) the letter, summary of values and valuation certificates relating to our property interests prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV and the full valuation report (in the English language) of Jones Lang LaSalle Sallmanns Limited referred to in Appendix IV;

(f) the technical report prepared by Mott MacDonald Limited as set out in Appendix V;

(g) the PRC legal opinions issued by Tian Yuan Law Firm, our legal advisors on PRC law, dated December 12, 2011 in respect of our general matters and property interests of the Group;

(h) the material contracts referred to in paragraph 3 of Appendix IX;

(i) the written consents referred to in paragraph 5 of Appendix IX.

(j) the service agreements referred to in the paragraph 4 of Appendix IX;

(k) a list of the names, addresses and descriptions of the Selling Shareholders; and

(l) the Company Law, the Mandatory Provisions and the Special Regulations together with copies of their unofficial English translations.

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司